

CITY OF LA CROSSE



HOUSING REHABILITATION PROGRAM

GUIDELINES

Revised 2019

CITY OF LA CROSSE
HOUSING REHABILITATION PROGRAM GUIDELINES
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BACKGROUND INFORMATION

A. LEGAL AUTHORITY FOR HOUSING REHABILITATION LOANS

Housing Rehabilitation Grants and Loans are authorized under the Housing and Community Development Act of 1974, as amended, Public Law 93-383 and Implementing Regulations at 24 CFR Part 570, also known as the Community Development Block Grant Program.

B. PROGRAM OBJECTIVES

1. To eliminate housing conditions which are detrimental to health, safety and public welfare through code enforcement and rehabilitation.
2. To eliminate blight and deteriorating property.
3. To conserve and expand the City of La Crosse's housing stock by providing a suitable living environment.
4. To provide "decent, safe and sanitary housing principally for persons of low- and moderate- income households."

C. PROJECT CONTINUATION

Projects authorized under the Housing Rehabilitation Grant and Loan Program Guidelines approved May, 1979 will continue under the terms of the guidelines that were in effect when those projects were approved. All new projects and reopened projects approved after the date of the acceptance of the guidelines revised October, 1981, 1989, and 2005 will be processed under those guidelines. Projects approved after March, 2013 will be subject to the guidelines as written at the time of loan approval.

D. USE OF REPAID HOUSING REHABILITATION LOAN FUNDS

Loan principal and interest funds returned to the City of La Crosse in full or partial satisfaction of a Repayment Agreement are considered program income for the Community Development Block Grant Program and can be used for any eligible Community Development Block Grant activity.

E. AUTHORITY TO ADMINISTER REPAYMENT AGREEMENTS

The Director of City Planning and the Housing Subsidy Agency (HSA) are authorized, by the Common Council of the City of La Crosse to administer Federal funds in connection with the Housing Rehabilitation Program Loans. Administration includes, but is not limited to, interpreting program guidelines, determining suitability and economic feasibility, approving or disapproving applicants and loans, entering into the agreements and obligating the City in accordance with the objectives and provisions of these guidelines. The HSA is not held personally liable for conducting projects in accordance with their judgment and interpretation of the Housing Rehabilitation Program and/or these guidelines.

CHAPTER 1

DEFINITIONS

1. **Accessory Buildings** shall mean a building subordinate to the main building on the lot, and used for purposes customarily incidental to those of the main building.
2. **Basement** shall mean a story partly underground but having at least one-half of its height above the mean level of the adjoining ground. A basement shall be counted as a story for the purpose of height measurements if the vertical distance between the ceiling and the mean level of the adjoining ground is more than 5 feet, or if used for business purposes, or if used for dwelling purposes by other than a janitor or servant, or his family.
3. **Building Code** shall mean Chapter XVI of the Code of Ordinances of the City of La Crosse.
4. **Cash Value** shall mean the value of an asset if it is liquidated.
5. **Cellar** means that portion of a building between floor and ceiling partly underground but having half or more than half of its clear height below the mean level of adjoining ground.
6. **Code Violation** shall mean a defect, deficiency or violation of the plumbing, heating, electrical, fire codes and/or the Building Code of the City of La Crosse.
7. **Conversion** shall mean the change of use of a property or the addition of a dwelling unit or units to a property.
8. **Community Development Block Grant (CDBG)** shall mean the program and funds provided under P.L. 93-383, the Housing and Community Development Act of 1974 and 1977.
9. **Debt Factor** shall be the numerical comparison between the recorded *indebtedness* against the property after rehabilitation and the *equalized value* of the property after rehabilitation. The debt factor shall be determined by dividing the amount of recorded indebtedness by the equalized value.
10. **Decent, Safe and Sanitary** shall mean the minimum standards essential to make dwellings safe, sanitary and fit for human habitation.
11. **Deferred Payment Loan** shall mean the Community Development Block Grant funds allocated by the Community Development Committee to an eligible household to rehabilitate an eligible property with an understanding and an agreement that the sum of the principal and interest will be repaid at the time the property is transferred to a new owner, when a life estate terminates, or when the property is no longer the applicant's principal place of residence.
12. **Dwelling** shall mean a building occupied or intended to be occupied as an abode by one or more persons.

13. **Dwelling and Sanitary Regulations** shall mean Section 8.10 of the Code of Ordinances of the City of La Crosse.
14. **Dwelling Unit** means a single unit providing complete, independent living facilities for one or more persons, including permanent provisions for living, sleeping, cooking, and sanitation.
15. **Economic Feasibility** shall describe property whose rehabilitation costs do not exceed 50% of the projected equalized value of the land and improvement after rehabilitation is completed. Economic feasibility shall also describe a debt factor of 1.00 or less. In addition, the property must be deemed suitable for rehabilitation.
16. **Electrical Code** shall mean Chapter XVII of the Code of Ordinances of the City of La Crosse.
17. **Elderly Household** shall mean a household whose head is 62 years of age or older.
18. **Equalized Value** shall be the current assessed value divided by the most recent equalized ratio as set forth by the State of Wisconsin Department of Revenue for the City of La Crosse. The resulting figure represents full market value of the property.
19. **Extensive Alterations and Repairs** shall mean when an existing building is damaged by fire or other cause, or if alterations and repairs are made to an extent of fifty percent (50%) or more of the physical value of the building before such damage or alteration, the entire building or structure shall be made to comply with the requirements of the Code for new buildings. If the cost of such alterations or repairs is less than 50% of the physical value of the building, the Building and Inspections Department shall determine to what degree the portions so altered or repaired shall be made to conform to the requirements of the Code.
20. **Family** shall mean all persons living in a household who are related by birth, marriage or adoption.
21. **Fire Code** shall mean Section 3.13(f) of the Code of Ordinances of the City of La Crosse.
22. **Flood Plain** shall mean the land adjacent to a body of water which has been or may be hereafter covered by flood water, including but not limited to the Intermediate Regional Flood.
23. **Grants** were discontinued in 1981.
24. **Gross Income** shall mean all estimated earnings of the non-rent paying members of a household over the period of one year from the date of application.

25. **Habitable Rooms** shall be provided with natural light and ventilation by one or more windows, opening on a street, alley or court; shall be not less than 7 feet wide in any part; shall contain not less than 70 square feet of gross floor area; and shall have a clear height of not less than 7 feet 6 inches for at least 60 square feet of floor area.

When kitchens serving dwelling units are completely enclosed, the gross floor area shall be not less than 60 square feet, and not less than 90 square feet when dining space is included, except that in dwelling units having no bedrooms, the gross area of the kitchen shall be not less than 50 square feet. Kitchens not completely enclosed shall conform to the requirements for alcoves unless separately lighted and ventilated as required for habitable rooms.

26. **Heating Code** shall mean Chapter XVIII of the Code of Ordinances of the City of La Crosse.
27. **Household** shall mean all the 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 groups of related or 3 unrelated persons who share living arrangements.
28. **Household Annual Income** shall mean the household's gross annual income.
29. **Community Development Committee** shall mean the policy setting body for the Housing Rehabilitation Program and the approving body for loan applications.
30. **Housing Rehabilitation Subsidy** shall mean any financial assistance for rehabilitation which has been authorized by the Community Development Committee .
31. **Housing Subsidy Agency (HSA)** shall mean the City Planning and Development Department which has been designated by the Common Council of the City of La Crosse as the responsible agency for administering the Housing Rehabilitation Loan Program.
32. **Investor-owned Property** shall mean a property used entirely for residential purposes that is either not occupied by the owner, or contains five or more dwelling units whether or not occupied by the owner.
33. **Immediate Family** shall mean brothers or sisters, father or mother or sons and daughters of the applicant.
34. **Land Sales Contract** shall mean any property transaction in which the purchaser-occupant obtains fee title if he or she completes a series of installment payments to a vendor rather than to a mortgagor over a term of years.
35. **Life Estate** shall mean a person's legal right to reside on a property as a life tenant. He or she does not pay rent and is responsible for property maintenance.

36. **Liquid Assets** shall mean cash in savings and checking accounts, cash value of pension or retirement funds, cash value of life insurance policies, stocks, bonds, or other securities that are readily convertible to cash, and equity in property that is being sold on a land contract.
37. **Loan Subsidies** were discontinued in 1981.
38. **Mixed-use Properties** shall mean property which is used for both residential and non-residential purposes.
39. **Owner** shall mean any person who alone or jointly or severally with others: (a) shall have legal title to any dwelling or dwelling unit with or without accompanying possession thereof, or (b) shall have charge, care or control of any dwelling or dwelling unit as an executor, administrator, trustee or guardian of the estate of the owner.
40. **Owner-occupied Property** shall mean property that is occupied by the owner(s) and is used entirely for residential purposes and that contains one to four dwelling units.
41. **Personal Funds** shall mean applicants' privately held funds.
42. **Plumbing Code** shall mean Chapter XIX of the Code of Ordinances of the City of La Crosse.
43. **Quality of Materials** shall conform to generally accepted standards and shall not be defective in any manner.
44. **Repayment Agreement** shall mean the agreement between the City of La Crosse and the owner/occupant of a rehabilitated structure that requires repayment of a Housing Rehabilitation Deferred Loan under specific circumstances as defined in Chapter 11, Section M. of the Housing Rehabilitation Program Guidelines.
45. **Safety** shall mean the condition of being free from danger and hazards that may cause accidents or disease.
46. **Section 8 Existing Housing Quality Standards (HQS)** shall mean the housing standards set forth in the Department of Housing and Urban Development 24 CFR 882.109.
47. **Part 5 Annual Income Limits (formerly referred to as Section 8 Income Limits)** as defined as 24 CFR 5.609 shall mean the very low and lower family income limits established annually by the Department of Housing and Urban Development for individual localities. Adjusted income will be used to refer to adjusted income calculated according to 24 CFR 5.611
48. **Substantial Improvement** shall mean any reconstruction, rehabilitation, addition, or other improvement of a structure, the cost of which equals or exceeds fifty percent (50%) of the most recent equalized assessed value of the structure before the date the building permit was issued.
49. **Suitability for Rehabilitation** shall mean the rehabilitation work will bring the property into compliance with the City of La Crosse's Housing Rehabilitation

Program Guidelines. Substandard dwellings that cannot be brought into compliance shall be deemed not suitable for rehabilitation and will not be approved for the program.

50. **Supplemental Funds** shall mean personal funds that exceed the liquid asset limit and are contributed toward the cost of the work.
51. **Tenant** shall mean any person who occupies a rental unit.
52. **Temporary Housing** shall mean a tent, trailer, or other structure used for human shelter which is designed to be transportable.
53. **Uniform Dwelling Code** means those Administrative Code Provisions and any future amendments, revisions or modifications thereto, contained in the following COMM chapters of the Wisconsin Administrative Code: COMM 20-25.
54. **Urgent and Immediate Threat** shall mean any structural condition which jeopardizes the safety and well being of an occupant of a residential dwelling.
55. **Value of the Rehabilitation** shall be 50% of the cost of all improvements. That figure will be added to the current equalized value of the property and will determine projected value of the property and subsequent economic feasibility.
56. **Workmanship** means that the design of structural members, and workmanship in the fabrication and preparation of materials and their installation shall conform to generally-accepted good practice.
57. **Work Write-Up** shall mean a document itemizing all rehabilitation work needed to be done on a property to bring the property into compliance with the Minimum Code Requirements and other applicable property rehabilitation standards. The Work Write-Up is prepared by the HSA on the basis of an inspection made by the HSA.

CHAPTER 2

ELIGIBILITY REQUIREMENTS

A. ELIGIBLE PROPERTIES

Any one to four unit, owner-occupied or life estate residential property within the corporate limits of the City of La Crosse is eligible for a loan if all other program requirements are met including:

1. A property must be the owner's principal place of residence. A property is considered one's principal place of residence when the applicant:
 - (a) Resides in the property at the time of application (except where extraordinary circumstances have made the property temporarily uninhabitable). The Housing Rehabilitation Program is to verify the ownership and occupancy of the property by the applicants as being their principal place of residence.
 - (b) Occupies the property for at least 9 months of the year.
 - (c) An owner/applicant who has joint ownership of the property (with other individual(s) who do not reside at the property) will be approved for a Housing Rehabilitation Loan will be approved on a case-by-case basis by the Housing Rehabilitation Committee.
2. A property covered by life estate is eligible for a loan if the life tenant and the recorded title holders sign the repayment agreement, and if all other program requirements are met. The Community Development Committee will give special consideration to life estate properties when title holders cannot or refuse to sign the repayment agreement.
3. A property defined as "temporary housing" may be eligible for a loan if the temporary housing is a stationary mobile home and if all other program requirements are met, including an agreement which provides for immediate repayment if the mobile home is sold, vacated, or moved from the City of La Crosse.
4. A property that has received a loan is eligible for an additional loan if:
 - (a) The original applicant occupies the property, there are sufficient building code repairs and maintenance items needed, and all other program requirements are met and the total amount of CDBG funds expended on the dwelling while this owner resides there does not exceed \$25,000 of hard costs.
 - (b) There is a new household occupying the property, there are sufficient building code repairs and maintenance items needed, and all other program requirements are met.
5. A property located in Special Flood Hazard Areas (SFHA's) subject to inundation by the 1% Annual Chance Flood must comply with the Federal

Insurance Regulations before receiving a Housing Rehabilitation Program 1% Deferred Payment Loan.

6. A property must be deemed suitable and economically feasible to rehabilitate.

B. ELIGIBLE HOUSEHOLDS

A household which occupies a one to four unit, owner-occupied or life estate residential property within the corporate limits of the City of La Crosse, is eligible for a loan if all other program requirements are met including:

1. Income Limits
 - a. A household's income, based upon the calculated household gross annual income, shall not exceed the lower income limits set forth in the Department of Housing and Urban Development's Part 5 Annual Income Limits.
2. In accordance with CFR 24 Part 5, assets shall be included in the calculation of Part 5 Annual Income, based on the income earned from the asset (see Exhibit J: Assets).
3. An owner who may lose public assistance as a result of receiving a loan is eligible for a loan. However, he/she shall be informed of his/her loss of assistance. The loan shall not be approved without the household's awareness and consent of his/her assistance.
4. An owner who has received a Housing Rehabilitation subsidy is eligible for another subsidy if that household occupies a new dwelling, complies with all other program requirements, and has satisfied the previous repayment agreement.
5. An owner who has received a Housing Rehabilitation subsidy is eligible for another subsidy if that household occupies the same dwelling, complies with all other program requirements, and is jeopardized by an urgent threat from within the dwelling.

C. INELIGIBLE PROPERTIES

A property which has any one or more of the following conditions is ineligible:

1. A property being purchased under a land-contract-sale agreement.
2. A property that is non-residential, mixed-use or contains more than 4 dwelling units.
3. A property that is not economically feasible to rehabilitate.
4. A property that does not have all owners as occupants, and is not subject to life estate. Under unusual circumstances, such as one of the occupants living in a nursing home, the Community Development Committee has the authority to waive this requirement, provided all other program requirements are met.

5. A property which has real estate taxes which are delinquent one or more years.
6. A property which is in the Floodway on the Federal Emergency Management Agency Flood Insurance Rate Map.
7. A property which is not located within the corporate limits of the City of La Crosse.

D. INELIGIBLE HOUSEHOLDS

An owner or household who is subject to one or more of the following conditions is ineligible:

1. A household whose income exceeds the Department of Housing & Urban Development's Part 5 Lower Income Limits.
2. A household whose liquid assets exceed (\$70,000) the maximum allowable limit.
3. A household that does not meet program requirements.
4. A household that has received a previous Housing Rehabilitation Loan and the total amount of CDBG funds expended on the dwelling has or will exceed \$25,000 of hard costs.
5. A household that is not subject to a life estate and is not occupied by all property owners. Under unusual circumstances this requirement may be waived by the Community Development Committee , provided all other program requirements are met.
6. A household whose mortgage payments are delinquent.
7. A household whose real estate taxes are delinquent.

CHAPTER 3

INCOME AND ASSETS

A. DETERMINING HOUSEHOLD ANNUAL INCOME

The Household Annual Income shall be determined by projecting current gross household income over the twelve month period following the date of application. Should more than six months elapse between application and Community Development Committee action, all income must be re-verified.

Household Gross Annual Income shall be the gross income of all non-renting household members including:

1. **Salaries**
2. **Bonuses/Overtime/Commissions** including projected bonuses and overtime, as determined by the HSA, through contacting the household's employer(s). The amount may be based on prior years' figures or on average amounts awarded to other employees with the same status.
3. **Estate or Trust Incomes**
4. **Self-Employment Income** shall be based on an average of the last two years of income, as determined by the HSA upon review of the IRS forms (Schedule of Business or Farm Profit and Loss) for the previous two years. Normal business expenses may be deducted for the purpose of determining actual income for inclusion in Household Annual Income. Property and equipment depreciation are not allowable deductions.
5. **Dependent** is a member of the family household (excluding foster children) other than the family head or spouse, who is under 18 years of age or is a disabled person or handicapped person, or is a full-time student.
6. **Educational Grants** including VA benefits, which are paid directly to the individual. Grants or scholarships which are paid directly to an educational institution are not included as income.
7. **Public Assistance** including but not limited to welfare, Aid to Families with Dependent Children (AFDC), Supplemental Security Income (SSI), and unemployment compensation, including payments received by parents on behalf of minor children.
8. **Interest and Dividends, Pensions, Annuities and Support Payments** including public employment, retirement and social security and including payments received by parents on behalf of minor children.
9. **Rental Income** including net rental income from all properties owned and rented out by members of the household, including rents from the property to be improved with proceeds from the loan. A portion of the following owner paid expenses may be deducted for the purposes of determining the actual income for inclusion in the household annual income: utilities and maintenance costs. In no

event shall such deductions exceed gross rental income.

10. **Gains from the Sale of Property or Securities** including payments received from properties being sold on land sales contract.
11. **All Income** which the household may reasonably anticipate receiving during 12 months following the date of application must be included. The HSA must be notified of any change in the Household Income during the application process. Verifications of income claimed must be submitted upon the HSA's request.
12. **Income Earned from Assets.** The income generated by the asset, such as interest on a saving or checking account is counted. For assets that produce little or no income of more than \$5000, an "imputed" income should be calculated based on the Passbook Rate applied to the cash value of all assets.
13. **Adjusted Gross Income** The Housing Rehabilitation Program requires an applicant's adjusted gross income from the most recent IRS 1040 form. In addition, if the applicant's income changes significantly from the IRS 1040 form, the HSA will estimate their income forward 12 months from the date of application, as was previously done.

B. DETERMINING ACTUAL INCOME FROM ASSETS

The value of all cash assets shall be defined as the current market value of an item minus existing indebtedness against that item at the time of application. For cash assets over \$5000, which produce little or no income, the Passbook Rate will be applied to determine the income from assets. For assets that do produce income, only the income from the asset shall be counted.

Should more than four months lapse between application and Community Development Committee action, all assets must be re-verified. Verifications of assets claimed must be submitted upon the HSA's request. Assets shall include:

1. Cash on hand or in checking accounts.
2. Cash in savings accounts, including accounts held in trust.
3. Cash value of securities or U.S. Savings bonds.
4. Cash value of life insurance policies.
5. Current market value of any other real estate. If money is owed on any item, the value listed should equal the market value of the item minus the amount that is owed. Equity in the family's primary residence is not considered in the calculation of assets.
6. All other property exclusive of household furnishings, clothing and one automobile. This section includes, but is not limited to boats, snowmobiles, motorcycles, business machinery, business inventory and additional vehicles.
7. Net value of pension or retirement funds. An IRA that is set up as 72T is an annual disbursement and the amount should be treated as income.
8. Cash value of life insurance policies available to the individual before death (e.g., surrender value of a whole life or universal life policy).

9. Lump sum or one-time receipts, such as inheritances, capital gains, lottery winnings, victim's restitution, insurance settlements and other amounts not intended as periodic payments.
10. Mortgages or deeds of trust held by an applicant.

C. Exclusions

1. Necessary personal property, except as noted in number 6.
2. Interest in Indian trust lands.
3. Assets not effectively owned by the applicant. That is, when assets are held in an individual's name, but the assets and any income they earn accrue to the benefit of someone else who is not a member of the household and that other person is responsible for income taxes incurred on income generated by the asset.
4. Equity in cooperatives in which the family lives.
5. Assets not accessible to and that provide no income for the applicant.
6. Term life insurance policies (i.e., where there is no cash value).
7. Assets that are part of an active business. "Business" does not include rental of properties that are held as an investment and not a main occupation.

CHAPTER 4

ELIGIBLE LOAN EXPENDITURES

A. ELIGIBLE LOAN EXPENDITURES

1. All requirements of the HQS and the Building Codes are eligible expenditures. This includes but is not limited to areas governed by the Plumbing, Building, Electrical, Heating, Health and Fire Building Codes, lead based paint requirements, and zoning codes as determined by the HSA or the City Building and Inspections Department. Following are relevant examples:
 - (a) The repair, removal or replacement of elements of the dwelling structure and basic equipment are eligible expenditures. The term "basic equipment" includes such items as boilers, furnaces, central air conditioning, water heaters, electrical fixtures, and sanitary facilities. Appliances may be obtained and made a part of the loan on a case-by-case basis.
 - (b) The provision, expansion and finishing of space necessary to accommodate sanitary and other facilities are eligible expenditures.
 - (c) The provision of additional or enlarged bedrooms is an eligible expenditure if required to comply with HUD's Minimum Housing Quality Standards.
2. Correcting incipient violations. An incipient violation exists if at the time of inspection the HSA feels that the physical condition of an element in the structure will deteriorate into an actual violation in the near future. For example: A roof has one or more small leaks that can be patched at a low cost but the roof will continue to develop leaks. Therefore, the entire roof is replaced.
3. Each unit shall be evaluated for energy efficiency by the HSA. Energy efficient measures such as replacing lighting fixtures and light bulbs, and updating appliances are allowable. Insulation values of the heating envelope will be assessed at the time of inspection.
4. Building permits and related fees either singly or as part of the construction contract(s).
5. Treatment for wood eating insects, termites, or pest infestation.
6. General improvements not included in the HQS or the Building Codes, are eligible expenditures, if they do not exceed 50% of the total loan amount.
7. Architectural services for preparation of plans and working drawings in specific cases. Permission to include architectural fees in the loan amount must be requested prior to hiring the architect.
8. The removal of accessory structures only if the accessory structure is condemned by the City Building and Inspections Department and if the accessory structure is located on a property that is undergoing rehabilitation.

9. The expense for treatment of defective lead based paint conditions as required by Federal Register 24 CFR Part 35.24.

B. INELIGIBLE LOAN EXPENDITURES

1. Materials, fixtures, or equipment of a type of quality which does not meet or exceed what is customarily used on Housing Rehabilitation Program projects.
2. The construction of driveways, garages, decks, patios, swimming pools and similar improvements.
3. Garage and sidewalk repairs unless their condition is a Building Code violation or a hazard to the health and safety of residents as determined by the HSA.
4. Purchase or repair of furnishings.
5. Acquisition of property.
6. Conversion of the structure's use, unless the conversion is required to meet the Building Code or to eliminate a non-conforming use.
7. Work contracted, underway or completed prior to issuance of a Proceed to Work order.
8. Items that exceed the maximum loan amount are ineligible expenditures unless the Community Development Committee approves the additional expenditures to complete the work, and the work is necessary to make the structure decent, safe and sanitary.

2. ELIGIBLE ADMINISTRATION EXPENDITURES

Housing Rehabilitation Program administrative funds may be used to pay for the following items: Salaries, postage, office supplies, miscellaneous administration expenses, and project related fees such as title reports, appraiser's fees, recording of liens, wood eating insect, termite and pest infestation reports, and the expense of analysis for lead paint as required by federal regulations 24 CFR 570.608.

3. WORK PRIORITIES

If the household cannot correct all Building Code violations, the project may be considered unsuitable for rehabilitation. The most hazardous violations shall be corrected first. No general improvement work items shall be allowed until all Building Code violations are corrected.

E. SELF-HELP

Work shall be done by an eligible contractor(s). No household shall use loan funds to purchase supplies and do his/her own work.

F. EXAMPLES OF ELIGIBLE AND INELIGIBLE EXPENDITURES

See Appendix 2.

CHAPTER 5

LOAN LIMITS

A. MAXIMUM LOAN AMOUNT

1. The loan amount awarded shall be equal to the total eligible expenditures of the dwelling, but shall not exceed \$35,000.00 for a single family dwelling. Project costs shall be segregated into "Soft" and "Hard" costs. Hard costs are not to exceed \$25,000.00. Examples of hard costs include HVAC replacement, energy improvement measures, structural and safety repairs, electrical code compliance and upgrades, and anything not related to identifying and addressing lead hazards. Soft costs can be used to identify and address lead hazards, such as creating smooth and cleanable surfaces, encapsulation, and removing or covering lead based paint components. An additional \$5,000.00 shall be available for each additional dwelling unit, provided there are no more than four units in the dwelling. For example: the owner-occupant of a duplex could receive up to \$40,000.00 to rehabilitate both units. The Community Development Committee may waive the loan limit upon review of extenuating circumstances.
2. After initial approval, and only under extenuating circumstances, the Community Development Committee may approve additional funds in excess of the initial maximum loan amount if unforeseen or additional costs must be incurred to complete the rehabilitation project or to make the structure decent, safe and sanitary.

CHAPTER 6

PROPERTY INSPECTION

A. PROPERTY INSPECTION PROCEDURE

The HSA shall inspect the property and prepare a Work Write-Up that identifies each deficiency which may be corrected with loan funds. The HQS inspection form shall serve as the primary basis for the contractor's proposals and bids.

See Appendix 3.

B. LEAD-SAFE CERTIFICATION PAMPHLET

All households shall receive the current HUD-Approved EPA lead-based-paint pamphlet prior to or at the time of the property inspection. HSA will perform a Risk Assessment in each property.. ***See Appendix 4.***

C. ENVIRONMENTAL REVIEW

HSA shall complete the Environmental Review Checklist prior to commencement of funds being released. ***See Appendix 5.***

CHAPTER 7

ADMINISTRATIVE PROCEDURES

A. PRE-APPLICATION PROCESS

A pre-application form and informational brochure are sent to interested parties. The HSA shall accept and process pre-application forms on a "first-come first-served" basis. A waiting list of applicants shall be kept. **See Appendix 6.**

B. IMMEDIATE AND URGENT THREAT TO HEALTH AND SAFETY

When a housing condition poses an immediate threat to the health and safety of the occupants, the program procedures shall be modified to allow the application to be considered and acted upon immediately by the Housing Rehabilitation staff. The procedure is as follows:

1. A conventional interview is conducted and the applicant's eligibility in terms of income, asset and equity criteria is verified by hand delivering the appropriate forms or by phone conversations if hand delivery is not feasible.
2. The dwelling is inspected to determine the urgency of the situation and the entire scope of the work.
3. The homeowner provides two or more proposals which address the emergency situation, and the homeowner selects the proposal or proposals which he or she wishes to use.
4. An approximate cost for the entire project is estimated by the Housing Rehabilitation staff in order to establish economic feasibility for the entire project.
5. The record at the office of the Register of Deeds is examined to verify recorded obligations, judgments, delinquent taxes, etc.
6. The Housing Rehabilitation staff assembles all pertinent information and determines whether or not the entire project is eligible and feasible. The Housing Rehabilitation staff then makes a determination regarding repair or replacement of only the threatening conditions.
7. The Housing Rehabilitation staff notifies the Director of City Planning and Development of its desire to authorize repair or replacement of the threatening conditions.
8. After reviewing this information with the Director of City Planning and Development, and receiving authorization from him, the Housing Rehabilitation staff notifies the applicant of the Program's intent to provide assistance to address the threatening conditions.
9. The applicant signs the Housing Rehabilitation Program Repayment Agreement and Truth in Lending Disclosure Statement.

10. The contractor/contractors are directed to proceed with the approved work after they have provided the necessary permits and insurance coverage.
11. The project is presented at the next meeting of the Community Development Committee for entry into the record.
12. After the complete project cost has been confirmed, the project is presented for review and to be acted upon by the Community Development Committee .

C. PROCEDURES FOR PROCESSING A REHABILITATION LOAN APPLICATION

1. Discuss with the applicant the general program objectives.
2. Advise the applicant of available benefits, type of financing and applicant's responsibilities pertinent to the Housing Rehabilitation project.
3. The process of completing the loan application begins. Determine applicant's income, assets, and equity eligibility. **See Appendix 7.**
4. If the applicant is determined to be ineligible, the applicant is informed and the process is stopped. If the applicant is deemed eligible, the application process continues.
5. The applicant's income, assets and ownership are verified. The applicant's indebtedness against the home is verified for a preliminary estimate of economic feasibility, and a title check is ordered on the property.
6. The property is inspected to determine the scope of work to be undertaken, approximate cost of the rehabilitation work, and a Work Write-Up is then developed.
7. The applicant is provided with a copy of the Work Write-Up. A contractor packet will consist of a letter to the homeowner, a list of certified lead contractors in our area, a letter to the contractors, the Work Write-Up, a Work Proposal form, and a contract, known as Conditions & Contract.
8. The applicant or Housing Rehabilitation Staff will solicit contractors to submit work proposals. The contractors use the Work Write-Up as a basis for work proposals. The Housing Rehabilitation staff (or applicant if they choose to bid the work themselves) shall collect two or more proposals for each trade area listed on the Work Write-Up.

However, in the cases of where the bid date has passed and two bids have not been received, a second bid request will be sent out, allowing an additional two weeks for bidders to respond. If that bid date passes and only one bid has been received, the Housing Rehabilitation Client may select that one bid proposal if

they choose, provided that a cost analysis conducted by the Housing Specialist demonstrates that the price is reasonable, based on two comparable projects.

All contracts are made between the applicant and the contractor. All contractors will be notified by the HSA whether or not they were awarded work.

9. The work proposals are reviewed by the applicant and the HSA. The applicant will select the contractors to perform the services and the project cost will be determined by totaling the contract prices.
10. If the project cost exceeds the limits of funding, the HSA has the option to delete non-code enforcement items to make the cost conform to the limits.
11. The project must be suitable and economically feasible for rehabilitation. If all other qualifications have been met, the project will be assigned a project number indicating the year of application, and will be presented to the Community Development Committee for action. (In the cases where only one bid was received, this information shall be disclosed on the Housing Rehabilitation Applicant Summary, presented to the Committee).
12. If the Community Development Committee denies the application, the applicant will be informed of the action in writing. If the Community Development Committee approves the project, the owner will be requested to sign the Consumer Protection Notice of Right of Rescission Repayment Agreement. After the funds have been applied to the project account and the Housing Rehabilitation Loan Repayment Agreement has been signed, the contractors will be notified to Proceed To Work.
13. The applicant will receive a copy of the Right of Rescission and a loan disclosure statement.
14. The applicant works with the contractor to develop a work schedule.
15. Any changes in the Work Write-Up and/or in the contract amount must be documented and authorized by the applicant, contractor, and HSA.
16. The HSA inspects the work after receiving a request for payment from the contractor. The deadline for all billings is the 27th of each month. Disputes or deficiencies are documented by the HSA. Final payment to contractors will require contractors to supply the HSA with a Lien Waiver.
17. The HSA generates all checks for contractors. The applicants must sign Payment Inspection forms which indicate that they accept the work and authorize the HSA to release the funds. The HSA has the authority to release funds if the applicant is unjustly withholding payment.
18. After the final check has been issued, the Housing Rehabilitation Program Repayment Agreement is amended, if necessary. An affidavit will be recorded at the County Register of Deeds office to show the final loan amount.

D. CLIENT FILE

A copy of the contractor's invoice, lien waivers, Community Development Committee authorization, check release forms and other pertinent forms shall be maintained in the file.

E. LOAN CLOSEOUT

After all funds have been disbursed from the account and the account has been closed, the Housing Rehabilitation staff will prepare a Disbursement of Funds Statement, which shall account for the disposition of the full amount of funds deposited in the household's account. The Disbursement of Funds Statement will be signed by the owner(s) and the HSA. A signed copy shall be mailed to the owners and the original shall be retained in the HSA file.

F. CANCELLATION OF THE HOUSING REHABILITATION DEFERRED PAYMENT LOAN

1. An applicant for a Housing Rehabilitation Loan may withdraw the loan application at any time before the application has been approved by the Community Development Committee .
2. The HSA may discontinue work on an application for a Housing Rehabilitation Loan for any of the following reasons:
 - a. The applicant is not eligible for any type of loan available under the Program.
 - b. The property for which the loan is sought is not eligible for a rehabilitation loan.
 - c. The applicant consistently refuses to cooperate with the HSA in completing the application, the Work Write-Up, or working with the contractors to schedule the work to be done.
 - d. The applicant gives false or misleading statements in the application.
 - e. The applicant does not permit the property for which the loan is sought to be inspected by the HSA and/or the City Inspection Department.
 - f. The rehabilitation of the property is not feasible because of the poor physical condition of the structure.
 - g. The applicant withdraws the application.
3. After a Housing Rehabilitation Loan has been approved by the Community Development Committee , the applicant may cancel the loan within a three day period after loan settlement by exercising the right of rescission provided by Truth-in-Lending procedure.
4. Cancellation and termination of a Housing Rehabilitation Loan can occur by having the City of La Crosse send a written notice of cancellation to the

borrower at his or her mailing address, as set forth in the application. A cancellation of the loan can occur if a prior adverse lien has been recorded against the property before the mortgage or other loan security instrument has been recorded.

5. The City of La Crosse may Cancel and/or Terminate a Housing Rehabilitation Loan by sending a written notice of cancellation to the applicant at his or her mailing address as set forth in the application if, for a period of sixty days from the date of execution of the Proceed To Work notification, the applicant shall have failed or refused to cause the commencement of rehabilitation work on his or her property. Upon authorization of such action by the HSA, all funds for that particular loan will immediately be withdrawn and any funds expended by the applicant will be immediately due and payable to the City. The failure of the City to exercise this right shall not be deemed a waiver thereof, as long as the rehabilitation work remains incomplete.

G. SUBORDINATION REQUIREMENTS

The Housing Rehabilitation Program will consider subordinating the Housing Rehabilitation loan, but only with committee approval. Each request will be reviewed on a case-by-case basis. The loan being secured must be used for property and home improvements or for refinancing an existing home mortgage, which precedes the Housing Rehabilitation Program Deferred Payment Loan.

The Housing Rehabilitation Program will not subordinate its loan if the Housing Rehabilitation Program Deferred Payment Loan is in first position, or if additional money is being requested for investment, speculation, personal spending, or when the Housing Rehabilitation Deferred Payment Loan may be jeopardized.

1. Lender is to provide the Housing Rehabilitation Program with a title search and an appraisal of the property (if completed).
2. Lender is to provide a letter of explanation for the request, including any payoffs, satisfactions, closing costs, interest rates, and/or any other pertinent information.

H. MONITORING TRANSFER OF TITLE/FORECLOSURES

The HSA shall review property transfers and legal notices, then notify the City of La Crosse Legal Department when a Rehabilitation Loan (property) is in jeopardy.

The HSA will then notify the Community Development Committee , as needed.

If the Housing Rehabilitation Program is in first position and/or the County threatens foreclosure due to back taxes, the Housing Rehabilitation Program will, with the assistance of the City of La Crosse Legal Department, issue a letter to the client ordering them to pay the back taxes within ten days. Otherwise, the Housing Rehabilitation Program will initiate the foreclosure process.

CHAPTER 8

CONTRACTING FOR WORK

A. CONTRACT POLICY

Work shall be undertaken only through a written contract between the contractor(s) and the owner(s). The HSA shall assist each applicant in arranging for and obtaining an acceptable contract. No owner(s) or household members shall be allowed to contract or perform work on their own property (with or without pay) without approval from the Community Development Committee.

B. PROPOSALS FOR WORK

Proposals for work shall be obtained based upon the Work Write-Up and signed by the contractor. Submitted proposals must specify the description of work to be completed, the materials which are to be used and the total cost of the work. The owner(s) shall obtain a minimum of two proposals should be obtained for each area of work from the Work Write Up. One proposal will be acceptable in the cases where, despite repeated attempts, only one bid for the project is received. The HSA shall document cost reasonableness. It is strongly suggested that 3 proposals are obtained for each area of the Work Write-Up. The HSA shall review all proposals with the owner(s) to ensure that all items are included, all code violations will be addressed, and that all proposals are complete. The owner(s) will make the final proposal selection.

C. CONTRACT

1. Each General Conditions and Contract shall be signed by the contractor and the owner(s). The owner(s) will sign the contract only after the approval of the loan by the Community Development Committee .
2. The General Conditions and Contract shall be provided by the HSA and shall include, but not be limited to the following requirements for contractors.
See Appendix 8.
3. In the event that a contract cannot be honored for a legitimate reason, the HSA will assist the owner(s) in finding another contractor to complete the work specified in the contractor's proposal.

D. CONTRACT CHANGES

If additional work and cost must be undertaken to complete the work and to make the job structure decent, safe, and sanitary, the proposed work shall be documented by using a Change Order Form **See Appendix 9**. The contractor and the owner(s) shall sign the Change Order Form and then present it to the HSA. If the work is necessary and the additional cost is less than \$2,000.00, the HSA will authorize the additional work. If the Change Order exceeds \$2,000.00 the HSA must obtain approval from the Community Development Committee .

CHAPTER 9

FINANCING A LOAN

A. FUNDING SOURCE FOR LOAN SUBSIDIES

Funds for the Deferred Payment Loans shall come from the City's Federal Community Development Block Grant.

B. FINANCING A DEFERRED PAYMENT LOAN

The full cost of the rehabilitation work will be paid for with Community Development Block Grant funds. The applicant is not required to make monthly payments. The applicant will sign a repayment agreement providing for repayment under specific circumstances. The interest rate on the Deferred Payment Loan Repayment Agreement will be a 1% simple interest per annum, to accrue forever (no Maximum). [**See Appendix 10.**]

C. LOAN FEASIBILITY EXAMPLE.

See Appendix 11.

CHAPTER 10

PAYMENT INSPECTION

A. INSPECTION AND PAYMENT FOR WORK

1. A compliance inspection of the work shall be made by the HSA before the HSA makes a progress payment or final payment on a contractor's invoice.
2. If the HSA determines that the work completed for a progress payment is satisfactory and in accordance with the contract, the City or HSA shall draw a check payable to the contractor. After securing the owner(s)'s endorsement on the Payment Inspection form, the HSA shall transmit the check to the contractor. The applicant's name will be shown on each check.
See Appendix 12.
3. If the HSA determines that all work completed under a contract is satisfactory and in accordance with the contract, the HSA shall obtain from the contractor a signed Waiver of Lien form including releases from all subcontractors and suppliers and a copy of each warranty due to the owner(s). After receipt of a Waiver of Lien, and a copy of each warranty, the City or HSA shall draw a final payment check payable to the contractor. After securing the owner(s)'s endorsement on the Payment Inspection form, the HSA shall transmit the check to the contractor. The applicant's name will be shown on each check.
4. If the work is not completed satisfactorily and in accordance with the contract, the HSA shall advise the owner(s) of any non-compliance in the work or of an incorrect invoice submitted by the contractor. The owner(s) shall be requested to obtain, with assistance from the HSA, corrective action from the contractor. No progress or final payment shall be made on a contract until the contractor has satisfactorily completed the necessary corrective action.

B. DISPUTES

In the event a dispute exists between the owner(s) and the contractor with respect to the work, the HSA shall take action in accordance with the provisions of the contract to assure that the work has been performed satisfactorily. If the HSA finds the work satisfactory, the owner(s) must resolve the dispute independently with the contractor or accept the HSA's determination. The HSA shall authorize payment for satisfactorily completed work.

C. FINAL INSPECTION FORM

Upon the satisfactory completion of all the contracted work on a property in accordance with all contracts for that property, the HSA shall complete a final inspection form indicating that the property has been found decent, safe and sanitary, and all Inspection Permits are final with the Building and Inspection Department. **See Appendix 13.**

CHAPTER 11

LOAN TERMS AND CONDITIONS

The household shall agree, and by signing the Housing Rehabilitation Program Application does agree to the following terms and conditions:

A. CIVIL RIGHTS

Comply with all requirements with respect to Title VI of the Civil Rights Act of 1964 to not discriminate upon the basis of race, color, creed or national origin in sale, lease, rental, use or occupancy of the property.

B. RIGHT OF RESCISSION

Acknowledges the borrower's right, within a three day period from the date of loan settlement, to rescind the entire deferred payment loan transaction. An approved loan may be cancelled because the household has requested cancellation, is unwilling or unable to proceed with the work, or for other reasons. To cancel an approved loan, the HSA shall prepare a letter and distribute the original letter to the applicant and file one copy. **See Appendix 14.**

C. USE OF PROCEEDS

Apply loan proceeds only to pay for costs of services and materials necessary to carry out the work for which the loan is approved.

D. COMPLETION OF WORK

Assure that the work shall be carried out promptly and efficiently through the award of a written contract.

E. INELIGIBLE CONTRACTORS

Not award any contract for work to be paid for in whole or in part with the loan to any contractor who, at the time, under the provisions of any applicable regulations issued by the Secretary of Labor, United States Department of Labor, is ineligible to receive such a contract award. See the System for Award Management (SAM) for the excluded parties debarred list.

F. INSPECTION

Allow inspection by the City, or its designee, of the property, the work and all contracts, materials, equipment, payrolls and conditions of employment pertaining to the work.

G. RECORDS

Keep such records as may be required by the City with respect to the work.

H. BONUS, COMMISSION, FEE

Not pay any bonus, commission or fee for the purpose of obtaining the approval of the loan application or any other approval or concurrence required by the City or its designee to complete the work financed in whole or in part with a loan.

I. INTEREST OF CERTAIN FEDERAL OFFICIALS

Not permit any member of the Congress of the United States, commissioner or City official to share in any proceeds of the loan or in any benefit arising from the same.

J. INTEREST OF THE HOUSING SUBSIDY AGENCY (HSA)

Not allow any member of the governing body, who exercises any functions or responsibilities in connection with the administration of the federally assisted project or program, nor any other officer or employee of the public body, who exercise such functions or responsibilities, to have any interest, direct or indirect, in the proceeds of the loan in any contract entered into by household for the work financed in whole or in part with a loan.

K. INTEREST OF OTHER LOCAL PUBLIC OFFICIALS

Not allow any member of the governing body of the locality in which the property to be rehabilitated is situated, nor any other public official of the locality, who exercises any functions or responsibilities, to have direct interest in the proceeds of this loan or in any contract entered into by the household for the work financed in whole or in part with a loan. **See Appendix 15.**

L. PRESERVATION OF THE SECURITY

Maintain the property in sound condition during the term of the housing rehabilitation loan.

M. REPAYMENT AGREEMENT

Enter into an agreement with the HSA providing for repayment of the Deferred Payment Loan.

1. Repayment of Deferred Payment Loan - The property owner and all individuals who signed the application for a loan shall enter into an agreement with the HSA for repayment. This agreement shall provide that in the event that the improved property is sold, transferred, or otherwise conveyed, or ceases to be the loan recipient's principal place of residence, the recipient shall repay the full amount of the Deferred Payment Loan and the applicable interest rate.
 - a. Interest Rate for Deferred Payment Loan - The interest rate for a Deferred Payment Loan shall be annually set by the Community Development Committee and shall not exceed 1% per annum simple interest. The interest must be paid to the City of La Crosse at the time the principal amount of the loan is repaid. Interest for a partial year shall be calculated on a daily basis by dividing the annual interest amount by 365 days to determine the daily interest amount. The number of days of interest multiplied by the daily interest rate will yield the amount of interest owed for the partial year.
 - b. In the case of a life estate, the life tenant and the title holders shall be required to sign the Repayment Agreement. If a situation arises which makes it impossible to meet this requirement, the Community Development Committee will give special consideration to the application and may waive this requirement.

- c. When a rental unit(s) is rehabilitated with loan funds, the owner shall agree to increase the rent no more than the annual percent of change determined by the All Items Index of the Consumers Price Index for Small Metro Areas for a period of three years after the approval of the loan. The owner shall submit evidence annually to determine whether or not the owner has adhered to this agreement. If the owner has not met these requirements, he/she shall be required to fulfill the repayment terms set forth in the repayment agreement. The tenant must also be Part 5 eligible.
 - d. When a stationary mobile home is rehabilitated with loan funds, the household shall agree not to move the mobile home outside the City of La Crosse unless the loan is repaid.
 - e. Optional Prepayment of Loan - The borrower may repay any part or all of the then outstanding balance of the principal and/or interest of the Deferred Payment Loan at any time prior to the time that such payment would otherwise be due without incurring any prepayment penalty.
2. Transfer of Deferred Payment Loan - A Deferred Payment Loan may be passed on to an immediate family member only if:
- a. The new head of household is a member of the immediate family as defined by the program guidelines, and
 - b. The new household meets all of the program requirements, **and**
 - c. **The new household agrees to pay the interest due to date.**
 - d. **Special circumstances can be presented to the committee on a case-by-case basis.**
3. Misuse of Funds - If any Deferred Payment Loan funds are used for purposes other than an eligible improvement upon an eligible property or if the household's application is found to contain a material misstatement of fact, the household shall be liable for immediate repayment of the Deferred Payment Loan.

N. FEDERAL FLOOD INSURANCE

A property located in Special Flood Hazard Areas (SFHA's) subject to inundation by the 1% Annual Chance Flood must comply with the Federal Insurance Regulations before receiving a Housing Rehabilitation Program 3% Deferred Payment Loan.

A household will be required to show proof of flood insurance in an amount large enough to cover the amount of the Housing Rehabilitation Loan. Also, the City of La Crosse must be designated as the mortgage holder.

A household which resides in the 1% Annual Chance Flood area must provide flood insurance for the life of the loan. The cost of flood insurance is the owner's obligation.

O. GRIEVANCE POLICY

Homeowners or contractors with concerns about the administration or operation of the Housing Rehabilitation Loan Program should communicate these concerns to

the City as soon as possible. If these concerns cannot be negotiated or resolved successfully between the parties, a written appeal should be filed with the Director of Planning and Development for the City of La Crosse. **See Appendix 16.**

APPENDIX 1

2018

PART 5 ANNUAL INCOME LIMITS

(Formerly referred to as Section 8)

<u>Household Size</u>	<u>Maximum Adjusted Annual income</u>
1	\$40,550
2	\$46,350
3	\$52,150
4	\$57,900
5	\$62,550
6	\$67,200
7	\$71,800
8+	\$76,450

APPENDIX 2

Examples of Eligible and Ineligible Rehabilitation Expenditures

The following are some examples of eligible and ineligible rehabilitation items. Each property will be assessed individually to determine its specific needs.

A. ELIGIBLE EXPENDITURES

1. All Building Code items.
2. All incipient violations.
3. Maintenance items including but not limited to: (when not considered necessary to meet the Building Code).

Replacement of plumbing and sanitary facilities.

Replacement of deteriorated heating systems.

Repair or replacement of deteriorated windows.

Replacement/repair of roofs, cracked walls, ceilings and foundations.

Insulation upgrading.

Electrical repairs and improvements, as well as energy-efficiency measures.

Painting.

Handicap Accessibility.

Replacement of siding.

Replacement of boulevard sidewalk.

Additions (if required to comply with the Minimum Housing Quality Standards.

Numbers 1, 2, and 3 must comprise at least 50% of the total loan amount.

4. General improvement items include:

Remodeling, such as enlarging window openings or rooms.

Refinishing attics, basements.

Flooring goods.

Sheetrocking.

Enclosing a rear porch.

Landscaping as determined by the HSA.

B. INELIGIBLE EXPENDITURES

Patios

Tennis Courts

Decks

Saunas

Driveways

Garages

Swimming Pool

Enclose Front Porch

APPENDIX 8
CITY OF LA CROSSE
HOUSING REHABILITATION PROGRAM
GENERAL CONDITIONS AND CONTRACT

THIS FORM, COMPLETED IN FULL, MUST ACCOMPANY ALL PROPOSALS FOR IMPROVEMENTS. PROPOSALS MUST INCLUDE MATERIALS TO BE USED, COST OF MATERIALS FOR EACH ITEM AND THE COST OF LABOR.

CONTRACTOR WARRANTIES

A. HOLD HARMLESS

Contractor shall defend, indemnify and hold harmless the Owner, and the officers, members and employees of the City and Administering Entity from all liability and claims for damages arising from bodily injury, death, property damage, sickness, disease or loss and expense resulting from or alleged to result from Contractor's operations under this contract.

B. LIEN WAIVERS

Contractor shall protect, defend and indemnify Owner from any claims for unpaid work, labor or material. Payment shall not be due until the Contractor has delivered to the Owner complete release of all liens arising out of this contract, or a bond satisfactory to the Owner indemnifying him against any lien.

C. PERMITS AND CODES

Contractor shall secure all necessary permits and licenses required to perform the work called for by this contract, and all such work shall be in compliance with all building code regulations and ordinances whether or not covered by the specifications and drawings for the work.

D. MATERIALS/APPLIANCES/EMPLOYEES

Except as otherwise noted and authorized in writing by the HSA and the owner, the Contractor shall provide and pay for all materials, labor, tools and other items necessary to complete the work. Unless otherwise specified, all materials shall be new, and both workmanship and materials shall be of good quality. All work specified shall be performed by skilled personnel and be in accordance with accepted trade standards.

E. CHANGES IN THE WORK

All changes from the original contract shall be presented in writing and approved by the Owner, Contractor and the HSA.

F. CHANGES IN EXPENSE

Claims by the Contractor for extra cost must be presented in writing to the Owner and the HSA for approval before executing the work involved.

G. CORRECTION OF WORK/GUARANTEES

The provisions of this article apply to work performed by all agents, subcontractors and/or direct employees of the Contractor. Furthermore, the Contractor shall furnish the Owner with all manufacturers and suppliers; written guarantees and

warranties covering materials and equipment furnished under the contract.

H. General Contractors and specialized contractors shall provide work proposals covering all elements within the trade divisions listed in the HSA work write up.

I. Contractors will remove all work related debris from job site.

J. **EQUAL EMPLOYMENT OPPORTUNITY**

Contractor shall provide equal opportunity to all persons, without discrimination as to race, color, creed, religion, national origin, sex, marital status, age and status with regard to public assistance or disability.

K. **SECTION 3 OF THE HOUSING AND URBAN DEVELOPMENT ACT OF 1968**

Contractor shall conform to Section 3 provisions by recruiting persons in the City of La Crosse and surrounding area whenever employment opportunities exist.

L. **UNACCEPTABLE RISK**

Contractor shall not be listed on the "unacceptable risk determination" list of the U.S. Department of Housing and Urban Development or the U.S. Farmers Home Administration.

M. **FOR GOOD AND VALUABLE CONSIDERATION**

The Contractor hereby warrants to the Owner, and to subsequent Owners, of the property to be improved, that all materials, hardware, fixtures and utilities of whatever kind or nature, incorporated in said dwelling by the Contractor are of good quality, and free from defects in workmanship or material, and that Contractor shall repair, correct or replace, at no cost to the Owner or subsequent Owners, any instances of defective workmanship or materials of deficiencies subject to the warranty contained in this paragraph M; provided, however, that the warranty set forth in this paragraph M shall apply only to such deficiencies and defects as to which Owner or subsequent Owners shall have given written notice to the Contractor, at its principal place of business, within twelve months from the date of completion of the work.

N. **EVIDENCE OF COMPREHENSIVE LIABILITY**

The Contractor shall furnish evidence of completed operations liability and evidence of comprehensive public liability insurance coverage protecting the owner for not less than \$100,000/\$300,000 in the event of bodily injury, including death, and \$50,000 in the event of property damage arising out of the work performed by the Contractor and evidence of insurance coverage for workman's compensation.

O. **COMMENCE WORK**

Contractor shall commence work within thirty (30) days after issuance of the Proceed to Work order.

P. **OCCUPANTS OF PREMISES**

The premises shall be occupied during the course of the construction work.

Q. **COMPLETION OF WORK**

Work shall be completed within 120 days of the date on which the Proceed to Work order is mailed by HSA. In no case shall the construction period exceed nine (9) months, unless a written extension is granted by HSA.

R. PROGRESS AND FINAL PAYMENT

A progress payment, not to exceed 80% of the total contract amount, may be made following inspection and acceptance of all work done by the contractor, provided, however, there is compliance with paragraph M regarding lien waivers. The final payment of the contract amount shall be made only after final inspection and acceptance of all the work to be performed by the Contractor and only if the Contractor has furnished the Owner, in care of the City of La Crosse, satisfactory release of liens or claims for liens by the Contractor, subcontractors, laborers and material suppliers. Progress payments and final payment due to the Contractor will be paid within thirty (30) days after the HSA receives the Contractor's invoice and satisfactory release of liens or claims for liens by subcontractors, laborers and material suppliers for completed work or installed materials.

S. LEAD BASE PAINT

The Contractor shall comply with Department of Housing and Urban Development Lead Based Paint Regulations (24 CFR Part 35) pursuant to the Lead Based Paint Poisoning Prevention Act (42 USC 4831 et. seq.) requiring prohibition of the use of lead based paint.

T. ACKNOWLEDGMENT

The above warranties are in addition to, and not in limitation of, any and all rights and remedies to which the Owner, or subsequent Owners, may be entitled, at law or in equity, and shall survive the conveyance of title delivery of possession of the property, or other final settlement made by the Owner and shall be binding on the undersigned notwithstanding any provision to the contrary contained in any instrument hereto or hereafter executed by the Owner.

The Contractor proposes to furnish all the required material and do all the required work on the attached proposal, dated _____ for the lump sum price of \$_____.
Date _____ Firm Name _____

Address _____

Authorized Signature _____

A. ACCESS TO PREMISES - The Homeowner understands the attached bid(s) and agrees to permit Contractor access to the premises to be improved to the extent necessary to complete the improvements specified.

B. USE OF FUNDS - The Homeowner certifies that funds shall be used only for eligible property improvements, and shall not be applied toward any work begun or completed before the date of approval.

C. RIGHT TO INSPECTION - The Homeowner agrees that the improvements specified in the attached bid(s) shall be inspected by the HSA before funds are disbursed.

The above bid and proposal are hereby accepted this ____ day of _____, 20 ____.

Owner _____

Address _____

ATTENTION CONTRACTORS:

A City of La Crosse Housing Rehabilitation Program proposal and contract are attached. Please review both forms and complete your proposal to correspond with the letters and numbers on the Work Write-Up. **Include a separate price for each area that is bid upon.**

Please return and review your completed proposal with the homeowner. The Housing Rehabilitation Program staff will review all homeowner(s) proposals with them. After reviewing all proposals, **the homeowner(s) will then select their contractor(s).**

The Housing Rehabilitation Program will provide letters of acceptance or rejection to all contractors submitting a proposal. **All proposals must indicate a tentative start and completion date.** Some jobs may be delayed due to seasonal conditions.

To participate in the program, each contractor must have a Certificate of Insurance on file in the Housing Rehabilitation Program office. **See section N of General Conditions and Contract.**

No work may begin until the contractor receives a **Proceed to Work Notification** from the Housing Rehabilitation office.

Payment is made after the work has been inspected and approved (**see Section R of General Conditions and Contract**). Payments are made once a month. All work must be completed in an acceptable manner and meet the homeowner's satisfaction. **YOUR REQUEST FOR PAYMENT MUST BE SUBMITTED TO THE HOUSING REHABILITATION PROGRAM OFFICE ON /OR BEFORE THE 27TH OF EACH MONTH.**

For additional information you may contact the Housing Rehabilitation Program at 789-7513. Our Office is located on the first floor at City Hall, and our hours are 8:30 A.M.- NOON and from 1:00 - 5:00 P.M.

Sincerely,

Edward D. Young

Kevin Clements

Housing Rehabilitation Specialist

Assistant Housing Specialist

APPENDIX 8

City of La Crosse
Housing Rehabilitation Program
WORK PROPOSAL

<i>HOMEOWNER(S) NAME:</i> _____		<i>DATE:</i> _____
<i>ADDRESS:</i>		
<i>JOB DESCRIPTION</i>	<i>COST(S)</i>	
	\$	
	\$	
	\$	
	\$	
	\$	
	\$	
	\$	
TOTAL COST:	\$	

I, the undersigned, hereby propose and agree to perform work, in my trade, completely in accordance with the Municipal Codes and attached work write up for the amounts shown. I further understand the following:

1. If funding is insufficient for total work proposed, the City reserves the right to eliminate certain items without jeopardy to prices shown for other items quoted.
2. The contract for rehabilitation work is between the contractor and the property owner, not between the contractor and the City of La Crosse.
3. All work is to be performed through the Housing Rehabilitation Program and payment will be made directly to me by the City of La Crosse after release by the property owner, upon satisfactory completion and delivery of waiver of mechanics' and suppliers' lien rights.

Firm	Phone	Street Address
Authorized Signature	Title	City-State-Zip Code

* Please do not include tax in the total amount, as the City is tax exempt.

APPENDIX 9
CHANGE ORDER

Homeowner: _____

Homeowner Address: _____

DESCRIBE CLEARLY THE ADDITIONAL WORK TO BE APPROVED AND THE ADDITIONAL COST TO BE INCURRED. ALL WORK WILL BE PERFORMED UNDER THE SAME TERMS AND CONDITIONS AS SPECIFIED IN THE ORIGINAL CONTRACT.

Article I. SPECIFY CHANGE(S)
SPECIFY COST(S)

	\$
TOTAL	\$

Company Name

hereby agrees to make changes
as specified above.

Authorized Signature (Contractor)

Date

The above prices and specifications of the Change Order are hereby accepted.

Signature of Recipient

Signature of HSA

Date of Acceptance

Date of Approval

APPENDIX 10

City of La Crosse
Housing Rehabilitation Program

Deferred Payment Loan
Repayment Agreement

THIS AGREEMENT is made and entered into this _____ 20____, by and between _____ (hereinafter referred to as "Owner"), and the City of La Crosse, a body corporate and politic, having its principal office at City Hall, 400 La Crosse Street, La Crosse, Wisconsin 54601 (hereinafter referred to as "City").

WHEREAS, on _____, 20____, the City, pursuant to the provisions of the City of La Crosse Housing Rehabilitation Program, agreed to provide to Owner a Deferred Payment Loan, (hereinafter referred to as "Deferred Payment Loan") relating to the real estate hereinafter described:

DESCRIPTION _____ IN THE CITY OF LA CROSSE, LA CROSSE COUNTY, WISCONSIN
ADDRESS

in the amount of \$ _____ and No/100 Dollars (\$ _____).

NOW, THEREFORE, in consideration of the said Deferred Payment Loan and in accordance with the provisions of the City of La Crosse Housing Rehabilitation Program, the parties do hereby agree as follows:

1. Owner covenants and agrees that if the real estate hereinafter described is sold, transferred or otherwise conveyed, voluntarily or involuntarily either while the Owner is living or by reason of the death of the Owner, or if the real estate ceases for any reason to be the Owner's principal place of residence, the Owner will repay the full amount of the Deferred Payment Loan and 3% simple interest per year. This Agreement is given as a security interest or lien for the City granting present and future funds by the City to Owner for the above described real estate.

Any such repayment shall be made to City not later than the 30th day following such sale, transfer or other conveyance, or following the date upon which the real estate ceases to be the Owner's principal place of residence, or on such later date as City, in its sole discretion, may designate.

2. As security for Owner's obligation of repayment, and subject to the terms and conditions of this Agreement, Owner hereby grants and City shall and hereby does have, a lien on the real estate hereinafter described in the full amount necessary to satisfy said repayment obligation and the cost, including reasonable attorney's fees of collecting the same. The real estate subject to said lien is situated in La Crosse County, Wisconsin, and is legally described as: Same as described above.
3. Owner or his/her heirs, executors, or representatives shall promptly notify City, in writing of any sale, transfer or other conveyance of the above described real estate or promptly after the date upon which said real estate ceases to be Owner's principal place of residence (or, in the event of a sale by contract for deed; at least ten (10 days) prior to such date of sale).
4. In the event Owner or his/her executors, representatives shall fail or refuse to make a required payment within said limited period, City may, with or without notice to Owner, collect such amounts due in a suit at law or foreclose said lien in the same manner as an action for the foreclosure of mortgages upon said real estate.
5. (a) Owner agrees to pay, before they become delinquent, all taxes and assessments which may be levied or assessed against the property herein described. Owner agrees to deliver to City, upon demand, a receipt showing due payment of any taxes or assessment.
(b) Owner agrees to keep the property insured for flood (if applicable), fire and extended coverage

perils for at least the full and fair market value of the property, in an amount not less than the total debt against the property, including the City of La Crosse Deferred Payment Loan, naming the Housing Rehabilitation Program of the City of La Crosse as loss payee, and to pay the premiums thereon when due. Said policy shall remain in effect for the term of the loan.

(c) Owner agrees to keep the property in good condition and repair so as not to have a blighting influence upon the neighborhood. Owner agrees not to do anything to diminish or impair the value of the property.

(d) Owner agrees to make timely payments of all loans, including interest, securing the property so as not to compromise the interests of the City of La Crosse in the property.

(e) In the event that any tax or assessment remains unpaid after it becomes due, or if Owner fails to keep the property insured or fails to pay the premiums when due, or if Owner fails to keep the property in good condition and repair, the City may (1) collect such amounts due in a suit at law or foreclose said lien in the same manner as an action for the foreclosure of mortgages upon said real estate, and/or (2) on its part, cure such defaults (by paying to have them corrected). Owner agrees to immediately repay the City all sums paid to cure such defaults. If Owner fails to repay the City, these expenditures may be added to and be deemed part of the debt secured by this mortgagee, and bear interest at the rate of 24 % per annum and form a lien on the property.

- 6. Owner shall comply with all conditions set forth in any "Replacement Housing Program Real Estate Purchase Agreement", and "Housing Rehabilitation Program Application for Deferred Payment Loan", and such documents, if executed, are incorporated herein and made a part of this Deferred Payment Loan Repayment Agreement.
- 7. Under any collection or foreclosure proceeding, all collection and foreclosure expenses, including reasonable attorneys' fees will also be added to the amount of the Deferred Payment Loan and become due as incurred, and in case of judgment, will be included therein.
- 8. This Agreement shall run with the aforesaid real estate and shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, representatives, successors, and assigns.

IN TESTIMONY WHEREOF, the parties have executed this Agreement as of the day and year first above written.

Homeowner

Homeowner

STATE OF WISCONSIN)
)
COUNTY OF LA CROSSE)

Personally came before me this _____ day of _____, 20____, the above named _____ to me known to be the person(s) who executed the foregoing instrument and acknowledged the same as a free act and deed.

Notary Public
La Crosse County, Wisconsin
My Commission expires:_____

Drafted by Housing Rehabilitation Program

APPENDIX 11

LOAN FEASIBILITY EXAMPLE

1. \$70,000 Equalized value before rehabilitation.

2. \$50,000 First Mortgage
+ 0 Second Mortgage
+ 0 Liens or other recorded debt against property

\$50,000 Existing Indebtedness

3. \$ 24,600 Cost of Rehabilitation
x .5 Factor to Determine Value of Rehabilitation

\$ 12,300 Value of Rehabilitation

4. \$70,000 Equalized Value before Rehabilitation
+12,300 Value of Rehabilitation

\$82,300 Equalized Value after Rehabilitation

5. \$50,000 Existing Indebtedness
+24,600 Cost of Rehabilitation

\$74,600 Indebtedness after Rehabilitation

6. \$74,600 Indebtedness after Rehabilitation
- 82,300 Equalized Value after Rehabilitation

.9100 Debt Factor

0.9100 is less than 1.00; therefore, the project is considered economically feasible.

It is the policy of the HSA not to make a loan of any type when the total "indebtedness after rehabilitation" is greater than the "equalized value after rehabilitation".

All Community Development Block Grant funds will be disbursed via the Housing Rehabilitation Construction Account.

APPENDIX 12
WAIVER OF LIEN

For value received, I hereby waive all rights and claims for lien on land and on buildings about to be erected, being erected, erected, altered or repaired and to the appurtenances thereunto, for _____ for work performed per contract dated _____, **20**____, same being situated in La Crosse County, State of Wisconsin, described as _____ for all labor performed and for all material furnished for the erection, construction, alteration or repair of said building and appurtenances.

Date

Name

Company

APPENDIX 13

**CITY OF LA CROSSE
Housing Rehabilitation Program
Deferred Payment Loan Repayment Agreement**

CERTIFICATION OF FINAL INSPECTION

A. Application Number:

Property Owner(s):

Address:

B. Date Final Inspection Completed:

C. Certification of Final Inspection

Final inspection has been made of the property rehabilitated with CDBG financial assistance. The construction work has been satisfactorily completed in accordance with the construction contract. The property now conforms to the requirements of the CDBG Plan or local code, as applicable, for the City of La Crosse, Wisconsin.

Date

HSA

APPENDIX 14

NOTICE OF RIGHT OF RESCISSION

Deferred Payment Loan - Under Community Development Block Grant Housing Rehabilitation Program application number _____.

Notice to Customer Required by Federal Law:

You have entered into a transaction on _____, 20__ which may result in a lien, mortgage, or other security interest on your home. You have a legal right under federal law to cancel this transaction, if you desire to do so, without any penalty or obligation within three business days from the above date or any later date on which all material disclosures required under the Truth in Lending Act have been given to you. If you so cancel the transaction, any lien, mortgage, or security interest on your home arising from this transaction are automatically void. You are also entitled to a refund of any down payment or other consideration if you cancel. If you decide to cancel this transaction, you may do so by notifying:

HOUSING REHABILITATION PROGRAM

CITY HALL

400 LA CROSSE STREET, LA CROSSE, WISCONSIN 54601

by mail or telegram sent not later than midnight of _____, 20__. You may also use any other form of written notice identifying the transaction if it is delivered to the above address, not later than that time. This notice may be used for that purpose by dating and signing below.

I hereby cancel this transaction.

Date

Applicant

I ACKNOWLEDGE RECEIPT OF A COPY OF THIS NOTICE.

Date

Applicant

Witness

EFFECT OF RESCISSION

When a customer exercises his right to rescind under paragraph (a) of this section, he is not liable for any finance or other charge, and any security interest becomes void upon such a rescission. Within 10 days after receipt of a notice of rescission, the creditor shall return to the customer any money or property given as earnest money, down payment, or otherwise, and shall take any action necessary or appropriate to reflect the termination of any security interest created under the transaction. If the creditor had delivered any property to the customer, the customer may retain possession of it. Upon the performance of the creditor's obligations under this section, the customer shall tender the property to the creditor, except that if return of the property in kind would be impracticable or inequitable, the customer shall tender its reasonable value. Tender shall be made at the location of the property or at the residence of the customer, at the option of the customer. If the creditor does not take possession of the property within 10 days after tender by the customer, ownership of the property vests in the customer, without obligation on his part to pay for it.

CONFIRMATION

More than 3 business days have elapsed since the undersigned received this Notice and Truth in Lending disclosures, with regard to this transaction. The undersigned certify that the transaction has not been rescinded.

Date

Applicant

APPENDIX 15

CONFLICT OF INTEREST STATEMENT

Section 1.01 6.12 Conflict of Interest (24 CFR 570.611; 24 CFR 85.36; and 24 CFR 84.42)

There are two sets of conflict of interest provisions applicable to activities carried out with CDBG funding. The first set, applicable to the procurement of goods and services by subrecipients, is the procurement regulations located at 24 CFR 84.42 and 85.36. (See 24 CFR 570.611(a)(1).) The second set of provisions is located at 24 CFR 570.611(a) (2). These provisions cover situations not covered by parts 84 and 85.

With respect to procurement activities, the subrecipient must maintain written standards of conduct governing the performance of its employees engaged in the award and administration of contracts. At a minimum, these standards must:

- Require that no employee, officer, or agent may participate in the selection, award, or administration of a contract supported by Federal funds if a real or apparent conflict would be involved. Such a conflict would arise when any of the following parties has a financial or other interest in the firm selected for an award:
 - an employee, officer, or agent of the subrecipient;
 - any member of an employee's, officer's, or agent's immediate family;
 - an employee's, agent's, or officer's partner; or
 - an organization which employs or is about to employ any of the individuals listed in the preceding section.
- Require that employees, agents, and officers of the subrecipient neither solicit nor accept gratuities, favors, or anything of value from contractors, or parties to sub-agreements.
- Provide for disciplinary actions to be applied for any violations of such standards by employees, agents, or officers of the subrecipient. With respect to all other CDBG-assisted activities, the general standard is that no employee, agent, or officer of the subrecipient, who exercises decision-making responsibility with respect to CDBG funds and activities, is allowed to obtain a financial interest in or benefit from CDBG activities, or have a financial interest in any contract, subcontract, or agreement regarding those activities or in the proceeds of the activities. Specific provisions include that:
 - This requirement applies to any person who is an employee, agent, consultant, officer, or elected or appointed official of the grantee, a designated public agency, or a subrecipient, and to their immediate family members, and business partner(s).
 - The requirement applies for such persons during their tenure and for a period of 1 year after leaving the grantee or subrecipient organization.
- Upon written request, exceptions may be granted by HUD on a case-by-case basis, after consideration of the cumulative effect of various factors listed at 24 CFR 570.611(d), and only with: (a) full disclosure of the potential conflict,

and (b) a legal opinion of the grantee's attorney that there would be no violation of state or local laws in granting the exception.

APPENDIX 16

GRIEVANCE POLICY

Homeowners or contractors with concerns about the administration or operation of the Rehabilitation Loan Program should communicate these concerns to the CITY as soon as possible. If these concerns cannot be negotiated or resolved successfully between the parties, a written appeal should be filed with the Director of Planning of the CITY.

The written appeal must:

- be in writing;
- identify the basis for the specific complaint;
- identify sections in the application process, contract, policies/procedures, of construction which are perceived to be violated;
- describe the sequence of events affecting the project to date.

All relevant supporting documentation (photographs, copies of dated correspondence and contracts, etc.) should be attached.

The HSA will respond to this complaint in writing within ten (10) business days of receiving the complainant's letter. The HSA is authorized to make reasonable accommodation, as necessary, to resolve complaints within HUD guidelines and in accordance with the program goals of efficiency, effectiveness, and customer satisfaction.

In cases where technical expertise is required for assessment of the quality of work or materials, appropriate technical professionals such as building inspectors, structural engineers, flooring or cabinetry experts, plumbers, etc. who are not associated with either party involved in the dispute may be called upon for an impartial analysis to be paid for by the HSA. The HSA will make the decision regarding which technical expertise is needed and who to retain for that service. If a homeowner or contractor objects or wishes additional expertise, they may secure additional services at their own expense.

In cases where the dispute is between the homeowner and the contractor, and the dispute cannot be resolved, the parties must agree to binding arbitration.

The homeowner is entitled to an appeal which will be conducted as an informal hearing with the HSA or its designee serving as hearing officer. The decision of the hearing officer will be final.