

# Cass County



## Program Guidelines For Emergency Repair Loan Program

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### 2022 Cass County Community Development Block Grant (CDBG)

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## **Section 1**

### **General Information**

#### **A. Intent:**

The intent of the **Emergency Repair Loan Program** is to upgrade and improve houses of low to medium income residents to meet minimum Housing Quality Standards (HQS) and provide safe, affordable housing for residents of the County who meet income and eligibility requirements through zero (0) percent interest deferred loans.

This program is **NOT** intended to be a personalized remodeling program.

Homes receiving Emergency Repair Loans will not be brought to property rehabilitation standards, only the item being repaired will be brought to those standards.

Eligible emergency repairs include repairs or restoration activities necessary only to control or arrest the effects from disaster or imminent threats to the health and safety of the household. Repair or replacement items that may be addressed with emergency funds will be furnaces, wells/city water hookup, septic systems/city drain system hookups, handicap ramps, electrical issues, and plumbing issues. All other items will be reviewed and considered under a situation-by-situation basis.

#### **B. Service Area:**

The intended overall service area is all of Cass County. Certain neighborhoods, townships, villages, and cities may be selected as targeted areas for rehabilitation work.

Properties in a designated one hundred (100) year flood plain, as indicated on a Flood Hazard Boundary Map published by the Federal Insurance Administration, or properties that are located in a municipality which does not participate in the Federal Flood Insurance Program and appears to be in a flood plain, will not be eligible for rehabilitation unless proper elevation surveys are completed, and flood insurance has been acquired.

#### **C. Cass County Walk Away Policy:**

It is the policy of Cass County to review each application and approve requests for emergency repairs based on Cass County's program guidelines when those services can be delivered effectively and safely without undue hazards to staff, contractors, and homeowners. However, Cass County reserves the right to deny, "walk away" from, or to not approve an application, project, or request for services due to the ineligibility of a household according to County program guidelines, the overall condition of the home, health and safety reasons, negative home equity

and cost factors. The following is a list of the reasons a home and homeowner may be denied or refused services:

**1. Income Ineligibility**

- The household income is above the guidelines set by Cass County based on HUD guidelines, at the time of the project review.
- The household income does not appear to be sufficient or stable enough to cover the cost of utilities, taxes and/or mortgage payments.

**2. Household Ineligibility**

- The property is listed for sale.
- The property taxes are not paid current on the property.
- Homeowners insurance is not currently in place on the home.
- Mortgage payments are not current, or the verification of mortgage indicates an unstable payment history.
- The property is in some state of foreclosure.
- Negative equity situations where the dollar amount of a mortgage to the County for the cost of the repairs exceeds what the potential value of the home is or if the amount of the County's mortgage added to an existing mortgage exceeds the potential value of the home.
- The property is being purchased on land contract.
- The home is a mobile/modular home located in a mobile home park.
- There is no warranty deed and/or the homeowner is unable to secure title insurance for the property.

**3. Cost Effectiveness**

- Structurally unsound dwelling or dwelling in which the cost of repairs substantially exceeds the maximum per project allowable cost when an initial rough cost estimate is completed and reviewed by Cass County program staff.
- The revised cost estimate after the completion of a required lead assessment is higher than the maximum allowed, and other funds cannot be obtained.
- The actual bids submitted by contractors are higher than the maximum per project allowable cost.

**4. Previous Assistance**

- Each application for homes and homeowners who have received previous

assistance will be reviewed on a case-by-case basis. Assistance may be denied to previously assisted homeowners and homes for the following reason:

- Applications are pending for individuals who have not been previously assisted.

#### **5. Health and Safety**

- The structure is condemned and/or scheduled for demolition.
- Hazardous conditions such as excessive mold and mildew, standing water, asbestos, structural damage, excessive amounts of lead exist and may prove too costly to undertake repairs.
- Maintenance and housekeeping practices that are negligent to the point of limiting access to the dwelling or creating an unwholesome work environment.
- Any overt action made by any member of the household (including pets) toward any program staff member, contractor, or household member during the process.
- Unsecured pets that may prevent workers from safely completing the scope of work. The presence of animal feces in or around the dwelling.
- Improperly stored chemicals, combustible materials, or other fire hazards that present a danger to the occupants or workers.
- The presence and/or use of any controlled substance in the dwelling unit during the housing rehabilitation process.

#### **6. Other**

- Failure to respond in an appropriate or stated time frame when requested to supply additional paperwork, to call to schedule an appointment; and to clear up clutter to make the home accessible for a proper inspection.
- Failure to be at the home at the time of scheduled appointments or to have a representative over the age of 18 available in your stead.
- A conflict-of-interest scenario, for example, employees of the County, relationship to an employee of the County, County Commissioners, or relationship to a County Commissioner.
- Combative, hostile, non-co-operative or argumentative behavior on the part of the homeowner, family member, or contractor during the application process or completion of signed contract work.
- Disruption of the process by the client.
- If, in the judgment of Cass County's Emergency Repair Program Manager any unique or unusual circumstances or conditions exists (not covered above) service

will not be provided or may be delayed until the circumstances or condition has been corrected.

**D. Overview of Eligibility Requirements for Applicants:**

All applicants must meet the following requirements:

1. **Ownership** - An eligible applicant must be an individual or family who owns and occupies as a principal residence, a single dwelling, permanent, year-round residential property within the County's geographical boundaries. The applicant must have been a principal resident for at least six months. The homeowner cannot have the property listed for sale at the time of application and may not list the home for sale for a minimum of six months after the final inspection.
  - a. Mobile homes, trailers and modular homes are eligible if they are a part of the community's permanent housing stock, which is defined as follows:
  - b. The home is on a permanent foundation;
  - c. the home is taxed as real property; or
  - d. the home is not subject to a chattel mortgage or severance agreement that treats the unit as personal property.

**NOTE:** Manufactured homes on rented land (including homes in manufactured housing communities) are not eligible. Manufactured/Mobile homes will not be eligible for repairs if the cost of the repairs exceeds the value of the unit given the current condition and age of the unit.

All homeowner, manufactured homeowners, and mobile homeowners must provide evidence of ownership interest in the property in one of the following forms:

- Individual fee simple ownership (with a recorded warranty deed - no corporate trusts, legal partnership, life estate interests etc.),
- A copy of a currently recorded quit-claim deed is allowed however, copies of each preceding quit-claim deed back to and including a warranty deed must be submitted.
- Individual fee simple ownership subject to a mortgage or other lien in securing the debt,
- Individual member-shareholder has a proprietary interest in the structure to be rehabilitated,

**NOTE:** Homeowners purchasing property on land contract are not eligible to participate in the program.

2. **Property Taxes** - The applicant shall provide proof that all property taxes and special assessments are paid to date. Properties with unpaid property taxes will not be eligible.
3. **Insurance** -The applicant shall provide proof of homeowner's insurance that covers damage to the structure and shall provide federal flood insurance if applicable.

Homeowners insurance coverage should be an amount sufficient to cover the amount of all outstanding debts and liens against the house and property and coverage must be kept current until the loan has been repaid in full.

4. **House Payments** - The applicant shall provide verification that the home is not in default on mortgage payments.
5. **Premises** - The applicant shall have the interior and exterior premises free of all debris in the areas that emergency repair work is to be done. Cass County Program Staff will determine the areas to be cleared and the extent of the cleanup and notify the client of the areas requiring attention prior to the start of construction. Cass County will notify the homeowner of the location of any asbestos detected in the inspection of the property. Should the location of asbestos be noticed after the commencement of repair work it may become the owner's financial responsibility to address the removal of the asbestos if the cost cannot be absorbed into the total cost of the repair project using CDBG funds.

The County reserves the right to not enter into a project if the existing debt and lien balances against the house plus the amount of the repairs exceeds the expected value of the home.

6. **Income** - The applicant's annual gross income projected 12 months into the future must not exceed 80% of the income limits published annually by HUD to be eligible See Section 3. Gross income means all income earned by all household members over 18 years of age (total income of members between the ages of 18-25 will not be included if they are full-time students - only the current HUD specified amount or percentage will be included). Income clarifications are listed below and are subject to change as HUD's income guidelines change.

**Income shall include:**

- a. The gross amount, before any payroll deduction, of wages and salaries, all overtime pay, commissions, fees, tips, bonuses, gambling winnings and prizes paid in a lump



sum (not periodically), which are considered assets.

- b. Overtime earnings must be based upon the average of the year to date and projected over the next 12 months. Variations in the previous year's overtime earnings must be noted.
- c. All dividends and interest income, including otherwise tax-exempt interests and interest from land contract payments.
- d. The full amount of periodic payments received from Social Security (including Medicare premiums), worker's compensation, housing assistance payments, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic income.
- e. Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation, and severance pay.
- f. The full amount of public assistance payments.
- g. Periodic and determinable allowances, such as alimony and separate maintenance payments received, housing allowances received, and regular contributions or gifts received from persons not residing in the dwelling, where such sums are received on a recurrent basis and which may be reasonably expected to continue.
- h. The distributive share of partnership income.
- i. All capital gains that are recurring. In order to be excluded, the disposition of the one-time capital gains must be fully explained.
- j. Child support payments received by an applicant for the benefit of the applicant's child or children.
- k. Income earned off assets.
- l. Rental income from property owned by the homeowner.

**Gross Income shall be computed without deduction for the following:**

- a. Funds paid into a tax shelter retirement account.
- b. Losses attributable to farming syndicate as described in Section 464 of the Internal Revenue Code.
- c. Losses, attributable to any type of corporation or partnership engaged in the exploring for, or exploiting of, oil and gas resources.
- d. Losses attributable to any type of corporation or partnership engaged in equipment leasing.
- e. Child Support payments made by an applicant for the benefit of the applicant's child or children.

- f. Alimony, separate maintenance, or similar periodic payments that an applicant is required to make to a spouse or former spouse.

**Explanatory Notes on Gross Income:**

**Income for self-employment:** Self-employed persons must submit business and personal IRS tax returns (including any depreciation schedules) for the previous two years along with a current profit and loss statement. Net annual income shall be determined by averaging the yearly incomes, unless information provided suggests that recent changes in income warrant a higher or lower projected income.

If an individual (or family) operates a business at a loss, this loss may not be deducted from the income generated from other sources. In the event of a net loss, depreciation must be added back to the net loss amount. If the resulting amount is still negative, the amount will be treated as a debt.

**Marital Issues:** For individuals involved in marital separations, separation status and income/support payments must be verified by a judgment of separate maintenance or a notarized affidavit signed by the applicant, it can be proven that the separated spouse has not lived in the property for at least six months prior to the date of the CDBG application. For applicants married and subsequently divorced during the time applicants resided in the property to be improved, complete copies of divorce judgments must be provided.

**Chore Service:** If full-time care (24 hours per day) is required, a doctor's statement must be provided, and the chore provider's income would not be included as household income. If less than full-time care is provided, and the chore provider desires to live with the household, and the Department of Human Services has authorized the arrangement, a stable family relationship must exist. A stable family relationship must be determined for each situation on the individual merits of the case. The household's gross income would include:

- a. Total of all income for the household, including,
- b. All income for the chore provider, less the chore service payments.

## **Section 2**

### **Eligible Costs for Emergency Repair Assistance**

**Emergency Repair Cost Assistance:**

Eligible emergency repairs include repairs or restoration activities necessary to control or arrest the effects from disaster or imminent threats to the health and safety of the household.

Emergency requests for funds will be addressed in a priority order assisting with furnaces,

well/water, sanitary, and electric issues as the top priorities. Other emergency requests will be reviewed on a case-by-case basis. Typically roof repairs will not be considered an emergency repair unless the situation threatens the safety and well-being of the occupants. Roof repairs that threaten the safety of an occupant will be examined on a case-by-case basis.

All emergency repair projects will be selected on a first requested, first completed application and first approved basis. All eligibility, ownership and income requirements outlined in this document will apply to emergency applications.

### **Section 3**

## **Income Eligibility Requirements for Deferred Loans**

An applicant for a deferred loan shall not have an annual household gross income exceeding 80% of the Area Median Income (AMI) as identified annually by HUD. Current (2022) 80% Area Median Incomes are identified in the chart below, however, these figures are changed periodically to coincide with and meet required HUD guidelines.

<b>Size of Household</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>
Gross Income*	\$41,900.00	\$47,900.00	\$53,900.00	\$59,850.00	\$64,650.00	\$69,450.00	\$74,250.00	\$79,050.00

\*Income Limits may change as HUD provides periodic updates.

Income is calculated based on current household income and projected forward for one year.

Self-employed individuals or those with rental income will be required to submit copies of full tax returns and all schedules for the most recent two (2) years as well as documentation of income to date for the current year.

All income verifications must be current and within six (6) months of the project set up. This may require updating of some forms and re-verifying of income and asset information before final approval is given.

### **Section 4**

## **Deferred Loans**

#### **A. Maximum Amount of Deferred Loans:**

A deferred loan, financed with emergency funds from the CDBG budget for the purpose of

emergency repairs, shall not exceed \$8,000.00 per property.

**B. Security of Emergency Repairs Deferred Loans:**

A project cost resulting in a deferred loan of more than \$2,499.00 shall result in a lien/mortgage being placed against the property and recorded with the Register of Deeds and will require repayment. Placement of the lien/mortgage will require the signature of all owners having an interest in the property on all notes, mortgages and other documents required by the county.

The rate of interest on the loan to be repaid to the County shall be zero (0) percent. Re-payment of the funds shall be due and payable to the County in full in one lump sum when the property is refinanced, sold, transferred, or ownership is otherwise conveyed, voluntarily or involuntarily.

This amount shall be paid to the County on such terms and conditions, as the County shall prescribe. The possibility of continued loan deferment exists for income eligible heirs intending to use the property as a principal residence. The County reserves the right to demand full repayment if any of the following shall occur:

- Homeowner's insurance is not maintained and kept in place.
- Taxes are not paid current.

It is the policy of the County not to subordinate the CDBG deferred loan position to a new mortgage on a property. Should a homeowner desire to refinance the property, the County's lien must be repaid.

## **Section 5 Notice of Available Funds**

**A. Notice of Available Funds:**

Cass County will notify the general public when CDBG funds are available. The general community will be informed by a one-time notice in the major newspaper that serves the County and posted to the Cass County website. A written notice will be mailed to all local units of government in the County, and letters to previous applicants that were not assisted due to the unavailability of funding. Notifications will outline application procedures.

## **Section 6 Application and Review Process**

Cass County Program staff will review all applications. The applications will be reviewed and

processed in the order they are received.

**A. Submission of Application and Required Documents:**

An application will be considered complete and acceptable only if the following documents are submitted:

- Completed Application.
- Copy of a warranty deed, or a copy of each and every quit-claim deed back to and including a warranty deed for the property.
- Copy of current house insurance.
- Copy of current paid tax receipts showing taxes are paid current.
- Proof of income (W-2's, paystubs, Social Security award letters, tax returns, child support, etc.).

**B. Review Process:**

Homeowners will be required to supply any additional paperwork required in a timely manner, make the home accessible for inspection by Cass County Program staff and assessment firms, and will be required to review all specifications with Cass County Program staff.

The review of a homeowner's application will proceed as follows:

- Applicants will be mailed the additional paperwork required and a letter requesting that they contact Cass County Program Staff to schedule a time for an initial home inspection and for assistance with completing paperwork.
- Cass County Program Staff will simultaneously -

Inspect the home to be repaired and assist with the remaining paperwork to be completed by the homeowner.

Visually inspect for defective paint surfaces on properties constructed before 1978 prior to ordering a lead assessment from a certified lead assessor. Also inspect for the presence of smoke alarms and visually inspect for asbestos.

Verify property is not in a flood plain.

Verify all property taxes and insurance are current. Write up rough specifications and a rough cost estimate.

- Review the file in its entirety for eligibility.
- When it is evident that the household income is approved, and the rough cost estimate indicates the cost will be within an allowable range, staff will review the rough work write up or rough specifications with the homeowner.

Verification of all eligibility requirements shall be completed before an award of assistance can be considered.

## **Section 7**

### **Contracting for Emergency Repair Work**

#### **A. General Requirements:**

Construction work financed through the Emergency Repair Loan Program shall be undertaken only through a written contract between a licensed contractor and the homeowner. Cass County will develop and maintain a list of eligible contractors. See Section 8 for contractor eligibility requirements. Cass County Program staff shall assist each recipient in arranging for and obtaining an acceptable construction contract. Homeowners even though licensed as contractors cannot be the general contractor for the project. Additionally, family members are prohibited from acting as a general contractor or as subcontractor or receiving payment for assisting the general contractor or subcontractor in the completion of work specified in the contract.

#### **B. Pre-Contract Process:**

As a part of the Pre-Contract Process Cass County Program staff will:

- Review the final work specifications with the homeowner and obtain their written approval of the final bid specifications.
- Prepare an Invitation to Bid/Contract itemizing the work specifications.
- Schedule a day and time to conduct a pre-bid walkthrough with contractors to review the items of repair.
- Post the date, time and bid specifications on Cass County's website.
- Conduct the pre-bid walkthrough at the homeowner's home on the scheduled day and time to review the work specifications with the contractors and answer any questions. Contractors must attend this pre-bid walkthrough at the project site in order to submit a bid. It shall be the responsibility of each contractor to familiarize him/herself with the bid specifications, contract requirements and existing job site conditions prior to the submission of the bid.
- Bids must be submitted on the forms provided.

- Improperly completed bids may be rejected.
- Bids must be submitted in a sealed envelope clearly marked with the project address and a notation that it is a sealed bid in person or by mail.
- All bids must be submitted prior to 3:00 p.m. on the date of the bid opening unless the contractor is to be present at the bid opening.

**\*NOTE: For Emergency Repairs homeowners may be required to solicit professionals and obtain 3 estimates to expedite the process.**

**C. Contract Award Process:**

Cass County Program staff will work with the homeowner in the award of the contract through the following steps:

- Receive all bids prior to the stated submission deadline and keep the bids unopened until the bid opening date stated in the Invitation to Bid/Contract.
- Conduct a public bid opening at the place, time and date stated in the Invitation to Bid/Contract document.
- Record the bids as they are opened and properly document each bid received.
- Develop a bid re-cap and review all bids received with the owner.
- Assist the homeowner with selection of a contractor. The owner will accept the lowest qualified bid or if choosing a higher bid, will pay into escrow in advance of construction the difference between the low and selected bid.
- Cass County will reserve the right to determine if a bid is qualified and reject those that are not considered qualified.
- The contract shall be awarded upon execution (signature of acceptance) of the contract by the homeowner and contractor.
- Cass County nor the owner shall advise any bidder of either selection or rejection before the contract is awarded.
- If the contract is not executed within thirty days of the deadline established for the submission of bids, the contractor may withdraw his bid and not be penalized.
- Contracts not executed after thirty days may be reviewed and scheduled for a re-bid at the discretion of Cass County.
- At the time the contract is signed Cass County will provide the appropriate mortgage documents and a Notice of Commencement to be signed by the owner.

These documents will be recorded after the three day right of rescission has expired.

**D. Assistance in the Successful Execution of the Contract:**

To further aid in the successful execution of the rehabilitation work and the contract, Cass County Program staff will:

- Conduct periodic progress inspections. Both the homeowner and the contractor shall give Cass County Program staff and local inspectors access to the premises for inspections.
- All draw requests for payment will be processed through Cass County with the signature of the contractor, the homeowner and agency personnel authorizing payment.
- Cass County Program staff will require contractors to present copies of building, plumbing, electrical and mechanical permits for inclusion in the homeowner's file.
- Contractors will be required to provide either written documentation or pictures from the local inspectors of their final approval of all work for which a permit was required.
- Cass County Program staff will work with homeowners and contractors to address any changes to contract specifications with a written change order approved by Cass County.
- Cass County Program staff will conduct a final inspection at the end of the project and obtain the owner's signature indicating final acceptance of the work completed.
- Contractors will present all guarantees and warranties on material and equipment to the homeowner at the completion of the contract. The homeowner must keep that documentation on hand for 24 months.
- The homeowner and the contractor will be advised of the complaint procedures for resolving disputes regarding the rehabilitation work.
- The homeowner and the contractor are forbidden to make any agreements for additional work outside of what was on the bid specifications during the time of the CDBG project.

**Section 8**  
**Contractors and Requirements**



**A. General:**

Contractors must complete an application packet obtained from Cass County and submit it to Cass County for reference checks and criminal history checks. Contractors may be requested to supply verification of lines of credit substantiating good standing with suppliers and/or banks and credit unions. Approval of application will result in inclusion on the current list of contractors developed and maintained by Cass County for bid solicitations.

Contractors barred from participation in bidding on projects for not meeting program standards or inadequate work on contracts shall have the right to appeal the determination through the complaint procedures.

**B. Specific Contractor Requirements:**

The following are specific requirements contractors are required to adhere to and present documentation of:

- Licensing through the State of Michigan as a residential builder (contractor is required to supply Cass County with updated copies of renewals as they occur)
- Obtain and provide copies of current Statutory Workers Compensation Insurance Signature of Sole Proprietor Statement if contractor is a sole proprietor and not required to purchase Statutory Workers Compensation Insurance
- Copy of Notice of Exclusion for those contractors that are an LLC and by issuance of a State of Michigan Notice of Exclusion are not required to purchase Statutory Workers Compensation Insurance.
- Comprehensive General Liability Insurance for not less than \$300,000.00 for general aggregate, personal injury and each occurrence, \$50,000.00 for fire damage, and \$5,000.00 for medical expense.
- Contractors may be required to provide proof of Pollution Insurance coverage.
- Copies of all work vehicle insurances that will be at job sites.
- W-9 completed and signed for tax purposes.
- Signature of Criminal History check forms for all persons who will be present at the work site for processing by Cass County.
- Cass County will search the debarred list of contractors to verify that the contractor has not been debarred.

**C. Other items contractors should be aware of and consider:**

- Each contractor shall be held responsible for the execution of satisfactory and complete work in accordance with the true intent of the contract documents and bid specifications.
- The contractor shall provide and pay for all materials, labor and tools necessary for the completion of the work, and the owner will permit the contractor to use existing utilities necessary for carrying out the completion of the work at no cost.
- The contractor shall obtain and pay for all permits, licenses and fees, and shall comply with all laws, ordinances, rules and regulations of the county bearing on the work.
- The contractor shall be responsible for all damages to persons or property, which occur as a result of his completion of the work.
- The provisions of applicable laws and building construction codes shall be observed.
- All work and materials must be applied in accordance with the manufacturer's latest instructions and specifications.
- The contractor must furnish the owner with all manufacturer's and suppliers' written guarantees and warranties covering material and equipment furnished under the contract and must guarantee the work performed for a period of 24 months from the date of the final request of payment.
- The contractor shall not use or cause to be used any hazardous materials, such as lead based paint in the performance of the work.
- Each general contractor is responsible for their subcontractors to assure that all work is done according to specifications and all permits are obtained as required by local townships, cities, and villages. Copies of all permits are to be submitted to Cass County to be permanently attached to the file.
- It is recommended that contractors devise and sign a contractual agreement with each subcontractor establishing payment and responsibility parameters.
- The contractor shall supply sworn statements, notarized affidavits and waivers of lien from all subcontractors, suppliers and themselves stating that all suppliers, subcontractors and laborers have received payment. On a case-by-case basis paid receipts may be submitted.
- The contractor shall maintain adequate protection for all their work and shall protect the adjacent property from injury arising in connection with the contract. Further, the contractor shall remove from the premises any and all debris or

refuse caused by contractor's work, leaving the same in neat and orderly condition.

- The contractor is prohibited from entering into agreements with owners for additional work or materials over and above the original contract. Any changes to the original contract must have prior approval from Cass County Program staff, must be submitted in writing on a Cass County change order form. This change order must be signed and dated by the contractor, owner and Cass County Program staff and the homeowner must sign a new note and other required documents for the monetary change in the contract amount thereby resulting in a change in the lien or mortgage amount .
- Each contractor must abide by federal and local regulations pertaining to equal employment as set forth in the contract.
- The contractor must commence and complete work by the dates specified in the contract or face possible termination of contract, or replacement at their expense.

#### **D. Selection of Contractors:**

##### **1. Invitation to Bid**

- All contractors on the list of contractors maintained by Cass County will be sent an Invitation to bid **unless**:
  - The homeowner has specifically requested that a particular contractor not be allowed to submit a bid.
  - A contractor currently has more than four jobs in process with Cass County.

##### **2. Selection for Awarding Contract**

- Cass County will present all bids to the homeowner for review.
- Cass County will notify the homeowner of any discrepancies or errors in the bids and may recommend that the homeowner not consider those bids because of the discrepancy or error.
- The exception to the homeowner selecting a contractor other than the lowest bidder would be if the homeowner chose to pay the difference between the lowest bid and a higher bid.

## **Section 9 Complaint /Grievance/ Conflict Resolution Procedure**

The various levels of conflict resolution included in the multilevel review process are:

- Verbal discussion with project manager. If the issue is not verbally resolved within five business days. The complainant should submit the complaint in writing to the project manager.
- After receipt of the written complaint the project manager will issue a written response within seven business days. Should the complainant not be satisfied with the written response of the program manager they should re-submit the complaint in writing to the Housing Emergency Repair Program Manager.
- The Housing Emergency Repair Program Manager will:
  - Review and issue a written response within fifteen business days
  - Notify the Cass County Administrator's Office of complaint & response.
- Re-submit the complaint in writing to the Cass County Administrator's Office if not satisfied with previous response. The Administrator's office will review and issue a written decision within fifteen business days.

## **Section 10 Conflict of Interest**

### **A. General:**

Cass County's intent in regards to conflict of interest is to comply with federal Conflict of Interest regulations when awarding contracts and assisting households. No employee, officer, agent or board member shall accept gratuities, favors, or anything of monetary value from contractors, potential contractors, parties to a sub agreement, or applicant. In general Cass County's conflict of interest policy for the CDBG program is intended to cover any person who is an employee, agent, board member, consultant, or officer of the county or its Third-Party Administrator if that individual either currently or in the past:

- Has exercised any functions or responsibilities regarding assisted activities.
- Is in a position to participate in a decision-making process or gain inside information.
- Has a financial interest in any contract, subcontract, or agreement in respect to an assisted project or the proceeds of the contract, subcontract, or agreement, either for themselves or for those with whom they have family or business ties.

### **B. Elected and Appointed Officials:**

No Cass County elected or appointed officials, board members or their immediate relatives,

regardless of their gross annual household income, will be eligible to receive CDBG assistance, nor are they eligible to receive any benefit in terms of award of contracts or procurement of other equipment or services. Such individuals cannot be considered eligible to receive assistance or participate in bidding for a 3-year period following the end of their term of office or appointment.

**C. CDBG Program Employees:**

No Cass County employees who have any functions or responsibilities regarding the CDBG program or who are in a position to participate in a decision- making process or gain inside information with regard to CDBG activities, or their immediate relatives, are eligible to receive any CDBG assistance or benefit as described above, nor are they eligible to receive assistance for one year following their employment in the CDBG housing program (the same one-year stipulation applies to the employee's relatives).

No Cass County employee who have any functions or responsibilities or input into the decision making process of the CDBG program shall solicit or award a contract, subcontract or monetary sum to themselves or an immediate relative.

**D. Homeowners and Contractors:**

Homeowners even though licensed as a general contractor will not be awarded a contract or subcontract and cannot receive compensation for completing repairs on their own home.

Relatives of the homeowner even though licensed as a general contractor, mechanical contractor, electrician, plumber or other such professional cannot be awarded a contract or subcontract nor receive compensation for completing work on the applicant's home.

General contractors are prohibited from employing or compensating a homeowner or their family members during the completion of the project at the applicant's home.

## **Section 11 CDBG Financial Management**

**A. Establishment of Fund:**

The County shall maintain a separate accounting fund for CDBG funds. This fund shall be separate and distinct from all other funds maintained by the County and shall be for the sole purpose of depositing and disbursing CDBG funds.

**B. Disbursements:**

Disbursements from the CDBG fund shall be made by check upon billing by the following parties for

the following reasons:

- a. A contractor for work performed in connection with rehabilitation assistance. The contractor will be paid the full contract price after written approval of the completed work has been obtained from Cass County and the owner. If a progress payment is to be made it shall be limited to payment for the work completed as approved by Cass County. Final payment will be withheld until Cass County receives the contractor's invoice and satisfactory release of lien as well as copies of building, plumbing electrical and mechanical permits and reports as applicable and Cass County has completed a final walk through and approves the invoice.
- b. The County for administrative services.

**C. Disputes over Disbursements:**

In the event a dispute exists between the homeowner and the contractor with respect to the rehabilitation work, and the owner refuses to endorse payment to the contractor, Cass County shall negotiate with both parties to settle the dispute within 7 working days. If ensuing negotiations are unsuccessful, the dispute shall be subject to Cass County's complaint/Conflict Resolution Procedures. As a part of the dispute resolution the complaint may be referred to a citizen's mediation service.

**D. Processing Contract Requirements and Disbursements:**

The homeowner will sign a contract with the contractor selected to perform the work. Cass County will issue a Proceed Order to the contractor.

Checks for completed work will be disbursed to the contractor by Cass County as invoiced after Cass County has confirmed that the invoiced work has been completed, a sworn statement, appropriate lien waivers and receipts, copies of required permits have been received, and written approval from the owner and project manager are obtained. Draw requests for work not completed will not normally be accepted. Any variance to considering a draw request for work not completed will be limited to 10-15 percent of the contract amount and will only be approved on a case-by-case basis.