

**PALM BEACH COUNTY
BOARD OF COUNTY COMMISSIONERS**

AGENDA ITEM SUMMARY

Meeting Date:	January 24, 2012	<input type="checkbox"/> Consent	<input checked="" type="checkbox"/> Regular
		<input type="checkbox"/> Ordinance	<input type="checkbox"/> Public Hearing

Department: **Housing & Community Development**

Submitted By: **Housing & Community Development**

I. EXECUTIVE BRIEF

Motion and Title: **Staff recommends motion to approve:** Amendment No. 002 to the Residential Rehabilitation Program (RRP) Policies to raise the funding limit for current and future projects from \$35,000 to \$45,000 per project.

Summary: Policies approved on November 6, 2007, for the RRP presently have a funding limit of \$35,000 per project. This funding amount has proven to be insufficient on those occasions when walls are opened during the course of the rehabilitation project and substantial electrical, plumbing, and structural problems are uncovered. While the need for raising the funding limit is needed countywide, there has been increased numbers of rehabilitation projects undertaken on homes located in the Glades. Many of the homes in the Glades are older frame structures built on pilings. Change orders to fund unforeseen increased costs of rehabilitation construction due to termite damage and inferior construction methods are also causing project costs to exceed the present RRP funding limit of \$35,000. Currently, there are five (5) rehabilitation projects under construction requiring change orders that will result in exceeding the \$35,000 funding limit. In lieu of making five (5) waiver requests, HCD is requesting that the funding limit be raised to \$45,000 for current and future projects. **These are Federal Community Development Block Grant funds which require no local match.** (CREIS) Countywide (TKF)

Background and Policy Issues: RRP provides funding to income qualified applicants residing in single-family homes to upgrade their homes to applicable housing and building code standards. RRP provides up to \$35,000 in zero percent (0%) interest loans which are secured by 15 year mortgages and promissory notes. No repayment during the term of the mortgage is due, except that the entire principal amount of this loan becomes payable by the applicant in the event of default (such as the sale, transfer of title to, or disposition of the mortgaged property). After 15 years, if the conditions of the mortgage and promissory note have been met, the County issues a Satisfaction of Mortgage.

Amendment No.001, approved June 2, 2009, was the result of an Internal Audit recommendation to expand homeowner insurance requirements to include property and wind storm coverage in addition to the flood insurance (when mandated under applicable Federal regulations).

Attachment:

1. Residential Rehabilitation Program Policies showing Amendment No. 002

Recommended By:		<u>11/17/2011</u>
	Department Director	Date

Approved By:		<u>12/22/11</u>
	Assistant County Administrator	Date

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	2012	2013	2014	2015	2016
Capital Expenditures					
Operating Costs					
External Revenues					
Program Income					
In-Kind Match (County)					
NET FISCAL IMPACT	-0-				

# ADDITIONAL FTE POSITIONS (Cumulative)	-0-				
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Is Item Included In Current Budget? Yes ____ No ____

Budget Account No.:

Fund ____ Depart ____ Unit ____ Object ____ Program Code/Period ____

B. Recommended Sources of Funds/Summary of Fiscal Impact:

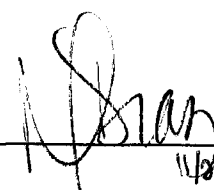
No Fiscal Impact.

C. Departmental Fiscal Review:


Shairette Major, Fiscal Manager I

III. REVIEW COMMENTS

A. OFMB Fiscal and/or Contract Development and Control Comments:

OFMB  11/22/11
for Contract Development and Control Barbara Wheeler 12-19-11

B. Legal Sufficiency:

 12/20/11
Senior Assistant County Attorney

This item complies with current
County policies.

C. Other Department Review:

Department Director

**BOARD OF COUNTY COMMISSIONERS
PALM BEACH COUNTY
FLORIDA**



**DEPARTMENT OF
HOUSING AND COMMUNITY DEVELOPMENT**

**RESIDENTIAL REHABILITATION PROGRAM
(FOR SINGLE-FAMILY DETACHED DWELLING UNITS)**

**PROGRAM POLICIES
EFFECTIVE AS OF
NOVEMBER 6, 2007**

AMENDMENT 002 - JANUARY 24, 2012

TABLE OF CONTENTS

INTRODUCTION	1
1. APPLICATION FOR ASSISTANCE	3
A. The Interview	3
B. The Application	3
2. INITIAL PROPERTY INSPECTION	4
3. VERIFICATION PROCESS	5
A. Income Verification	5
B. Title Verification	6
C. Insurance Verification	7
D. Environmental Review	7
E. Lead-Based Paint Verification	7
4. WORK WRITE-UP PREPARATION	7
A. Work Write-Up Coding	7
B. Hurricane Protection	8
C. Homeowner Association Requirements	8
D. Disability Accommodations	8
E. General Property Improvements Cap	8
F. Air Conditioning	8
G. New Bedroom Enclosures and Bedroom Additions	8
H. Rehabilitation/Demolition of Un-Permitted Enclosures and Additions	8
I. Lead-Based Paint Remediation	9
J. Asbestos Control Review	9
K. Applicant's Work Write-Up Review and Approval	9
L. HCD Cost Estimate	9
5. BIDDING AND BID EVALUATION	9
6. PROJECT UNDERWRITING	10
A. Information Consistency Test	10
B. Property Location Test	11
C. Property Eligibility Test	11
D. Occupancy Test	11
E. One-for-One Replacement Test	12
F. Environmental and Historic Review Test	12
G. Asbestos Test	12
H. Property Ownership and Title Test	12
I. Income Test	13
J. Insurance Coverage Test	13
K. Insurance and Other Proceeds Test	14
L. Maximum Rehabilitation Debt Amount Test	14
7. PROGRAM COSTS AND FUNDING LIMITS	14
A. Eligible Program Costs	14
B. Funding Limits	15
8. PROJECT APPROVAL	15
9. PROJECT CLOSING	16
10. REHABILITATION CONSTRUCTION	16
11. LOAN CLOSEOUT	17
12. OTHER RELATED MATTERS	18

INTRODUCTION

These policies establish the requirements and guidelines for administering and implementing Palm Beach County's Residential Rehabilitation Program as funded by the U.S. Department of Housing and Urban Development (HUD) under the Community Development Block Grant (CDBG) Program. These policies comply with the requirements of applicable Federal Regulations (particularly those at 24 CFR Part 570), and they incorporate certain local preferences that both reflect the distinct housing needs of Palm Beach County and that are consistent with these regulations.

The Residential Rehabilitation Program provides technical and financial assistance to qualified property owners (with residential structures containing one detached dwelling unit) for the purpose of upgrading their properties to meet applicable housing and building code standards to the extent that repairs performed on such properties are practicable and feasible. Property owners' applications under this program are reviewed for various qualifying standards in the forefront of which is determining their household incomes under HUD guidelines for low income persons.

For the purposes of this program, technical assistance shall be defined as assistance provided to property owners including property inspection, work write-up specification preparation, bid solicitation, construction payment review and processing, and any other staff assistance incidental to the processing and implementation of a rehabilitation project that is regarded as eligible by HUD. Financial assistance including the payment of rehabilitation construction costs and incidental expenses regarded as eligible by HUD shall take the form of a deferred repayable loan as explained elsewhere in this document, except that lead-based paint related expenditures shall be provided as a grant as also explained elsewhere in this document.

As a residential rehabilitation and neighborhood preservation program, activities are designed to assist low income homeowners in making necessary housing repairs that:

1. Preserve and upgrade the existing housing stock and enhance the quality of neighborhoods;
2. Promote decent, safe and sanitary housing conditions and eliminate blighted conditions;
3. Improve neighborhood cohesiveness and instill a sense of community pride in residents;
4. Enhance the aesthetic appeal of low income neighborhoods;
5. Maintain or increase property values, and stabilize or augment the tax base;
6. Provide jobs in the local construction industry and increase participation by minority contractors;
7. Eliminate or reduce disincentives to other neighbors who are able to make property improvements through conventional means.

The following comprise the main qualifying criteria under this program:

1. The applicant must be the owner of record of the property.
2. The applicant must reside at the property.
3. The property must be substandard and must be located in unincorporated Palm Beach County, or within the municipal boundaries of a municipality having an inter-local agreement with Palm Beach County.
4. The property must consist of no more than one detached dwelling unit and be entirely used for residential purposes.
5. The applicant's property tax obligation must be current at the time of funding approval.
6. The applicant's household, based on household income by household size, must be a low income household as defined herein.
7. The rehabilitation of the property must be determined to be necessary and feasible and the cost of repairs must exceed \$2,000 per unit. Rehabilitation funding provided by Palm Beach County must not exceed \$35,000 (including associated soft costs). This funding limit does not include lead-based paint related expenditures provided as a grant which shall not exceed \$10,000.

Note: exceptions to the above criteria and further details as well as other criteria not listed above are more fully described elsewhere in these policies.

The Residential Rehabilitation Program is administered and implemented by the staff of the Housing and Capital Improvements Section at Palm Beach County's Department of Housing and Community Development (HCD).

The following provides an overview of the major phases of this program.

The Application and Initial Inspection Process:

At this initial stage an applicant submits an application form, provides documentation in support of the application, and signs certain release forms authorizing HCD to verify the application's content with third parties. During this stage, an initial inspection of the property and the feasibility of undertaking the rehabilitation is assessed. A lead-based paint inspection is also performed for properties built before 1978.

The Verification Process:

Information provided by the applicant is verified with the applicant's permission through outside parties and additional information (such as title information) is also obtained that is needed in reaching a decision on whether or not to proceed with the project.

The Work Write-Up Preparation Process:

This process entails the preparation of detailed construction specifications to address deficiencies identified at the property by HCD's inspector, as well as specifications for lead-based paint abatement when such is determined necessary. The process incorporates the property owner's preferences on execution of the work intended to upgrade the property to applicable housing and building code standards and allows for incorporation of a limited amount of general property improvements.

The Construction Bidding Process:

The work write-up specifications prepared by HCD's inspector are let for competitive bidding by contractors on a pre-screened list of bidders. Additionally, bids are let for extermination of termite or other wood destroying organisms where such infestation is found at the property. This process also includes a tabulation of bids received and an evaluation of the lowest responsive bid.

The Underwriting and Approval Process:

Given firm construction and extermination costs and requisite information necessary to underwrite a project, a recommendation for funding is made to the County Administrator, or designee (the Director of HCD), when the project meets the requirements of these policies. Alternatively, funding may be approved by the Board of County Commissioners if waivers to these policies are needed. A closing is conducted thereafter at which certain documents are executed.

The Construction Process:

Having received the necessary approvals, a project proceeds to the construction phase (including lead-based paint abatement where required) which implements the intent of the program. Work is inspected by HCD and approved for payment by HCD and the property owner. Termite treatment is performed thereafter if needed.

1. APPLICATION FOR ASSISTANCE

Applicants shall be processed on a "first come, first serve" basis relative to submission of a complete application and all required supporting documentation. Applications are expected to be obtained primarily by referrals (from former or current clients or from municipal agencies throughout the County), from walk-in business, or in response to public advertisement or outreach by HCD (e.g. a web page).

A. The Interview

An interview shall be conducted with each applicant wishing to participate in the program. The interview shall take place at HCD's principal place of business, at any mutually agreeable location that is accessible to HCD staff and applicants (such as municipal or County offices throughout the county) or at the applicant's residence if the applicant's special circumstances so require. During the interview HCD shall advise the applicant of the program's objective and explain the type of work undertaken under the program without specific reference to the applicant's property. Applicants shall be advised that the primary purpose of the program is to address property deficiencies to the extent practicable and feasible to meet applicable housing and building code standards. Applicants shall be advised of the steps involved in the rehabilitation process and their role in it. Applicants shall also be informed of the financing arrangements available under the program. Applicants shall also be provided the lead-based paint documentation as required by applicable regulations and provide a receipt for such documentation. For the purposes of these policies, all owners of a property to be rehabilitated who reside at such property shall be regarded as applicants, and "applicant" as referred to herein shall also mean the plural term "applicants".

B. The Application

As a condition to processing an application under this program, a completed and signed application form must be on file with HCD for each property owner seeking assistance. The application form, which shall be completed in the presence of HCD staff or municipal staff, shall contain such information as:

- a. Name of applicant, co-applicant(s), and any other household members residing at the property (whether related to the property owner or not) and relationship to property owner(s) as well as contact telephone numbers.
- b. Address of the property, legal description and the Property Control Number.
- c. Social security numbers, dates of birth of applicant(s) and ages of household members.
- d. Employment information on all household members (and if applicant is unemployed, date unemployment began and type of work done before).
- e. All other income for the household including: wages, salaries, bonuses, pensions, social security, disability, unemployment, self employment, rental income, interest, dividends, public assistance, alimony, child support, and income derived from assets.
- f. Information regarding mortgage and other debt against the property.
- g. Insurance information including name of insurer, agent, address, policy number, and type, amount, and dates of coverage.

The applicant shall provide documentation in support of the application such as copies of: deed, mortgage(s), pay stubs, driver's license, social security card, judgements, death certificates, and tax statements. Applicants will also be asked to provide a signed copy of their last IRS tax return (last two returns for self-employed persons) and copies of their insurance policies, as well as certifications regarding the receipt of any insurance or FEMA payments for damages to the property.

At the time of application submission, a preliminary review is made of the information provided and the applicant is requested to sign certain pertinent release forms that enable HCD to verify information in the application with outside parties. Other such forms may also be signed by the applicant at later times as the need arises in the process of reviewing the application. These release forms for example include: employment verification, social security benefits verification, and mortgage verification.

2. INITIAL PROPERTY INSPECTION

An initial inspection of the property shall be performed by HCD in order to assess conditions at the property and to determine if rehabilitation is necessary and feasible. The preparation of an initial inspection report to document these conditions is not a requirement under this program, and its preparation shall be at the discretion of the program Manager who shall assign its preparation to an inspector for cases having special conditions that should be documented in a report.

Assessment of conditions at the property is intended to reveal deficiencies at the property that do not meet applicable housing and building codes. The initial inspection shall establish the presence of deficiencies in such areas as plumbing, electrical, roofing, structural, doors, windows, etc... The initial inspection shall examine the presence of un-permitted additions and enclosures at the property, and assess the feasibility and practicality of improving such additions or enclosures such that they comply with applicable codes (and in the alternative the removal of any such un-permitted additions or enclosures).

In addition to the above, the initial inspection shall also establish the necessity and feasibility of rehabilitation. Rehabilitation shall be deemed "not necessary", when a property is found to be in conformance, and no deficiencies are found, or when the deficiencies found at a property are of a minor nature such that the cost of correction is \$2,000 or less (except for emergency conditions where there exists a danger to the health or safety of the occupants or the general public). It is recognized in this regard that this program is not intended to assist in correcting minor deficiencies that arise from time to time in the life of a structure which can be addressed through routine maintenance.

Rehabilitation shall be deemed "feasible" when the cost of complying with the requirements of these policies can be achieved within the funding limits established for this program. That is the cost of meeting the requirements of applicable code standards, lead-based paint remediation, hurricane protection, etc. In the event that the cost of complying with the requirements of these policies exceeds the funding limits established for this program, rehabilitation may still be deemed "feasible" if the sum of the amount funded through this program plus amounts funded by the applicant are sufficient to meet the cost of complying with the requirements of these policies.

Projects deemed not feasible shall be rejected in writing (where possible, processing such projects under the Relocation/Replacement Housing Program pursuant to policies and procedures applicable to such program shall be explored).

If in the process of inspecting the property HCD identifies certain deteriorated conditions at the property that pose an immediate danger to the health or safety of the occupants or the general public, then correction of such deteriorated conditions may be addressed under the Emergency Rehabilitation Program pursuant to policies and procedures applicable to such program.

3. VERIFICATION PROCESS

During this process, information provided by the applicant is verified with the applicant's permission through outside parties and additional information is also obtained that is necessary in reaching a decision on whether to proceed with a project.

A. Income Verification

Income of the applicant's household is verified in order to establish eligibility under the program. A household is defined as: "All persons who occupy a housing unit. The occupants may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements (24CFR Part 570)". A household shall be regarded as being eligible to receive assistance under this program if the projected prevailing rate of household annual income received from all sources by household size is at or below 80% of the applicable median family income for the West Palm Beach-Boca Raton Metropolitan Statistical Area. The current median income and schedule of qualifying incomes by household size shall be as revised and published in the Federal Register by HUD from time to time. The household annual income information to be used for eligibility determination under this program shall be that in effect on the date funding is approved for each applicant. Annual income of all household members shall be determined according to the following:

- a. Annual income includes:
 - (1) The full amount of wages and salaries, commissions, fees, tips, bonuses, and compensation for personal services, before any deductions for taxes, bonds, dues, payroll deductions, other items.
 - (2) The net income after business expenses from operation of a non-farm business (or profession) and self-employment income (including proprietorships and partnerships).
 - (3) The net income after operating expenses from farm self-employment income (including earnings as a tenant farmer or sharecropper).
 - (4) Interest, dividends, net rental income or royalty income or income from estates and trusts (and any other net income of any kind from real or personal property);
 - (5) Social Security or railroad retirement income.
 - (6) Supplemental Security Income (SSI), Aid to Families with Dependant Children (AFDC), or other public assistance, or public welfare payments (including food stamps).
 - (7) Retirement, survivor, or disability pensions (including annuities).
 - (8) Any other sources of income received regularly, including veteran's (VA) payments, unemployment compensation, and child support, or alimony (and including regular over-time income, unemployment, worker's compensation, severance pay, insurance payments, or regular contributions or gifts received from persons not residing in the dwelling).
- b. Annual income does not include:
 - (1) Lump-sum payment such as money from an inheritance or the sale of a home (also excluded is any temporary, non-recurring or sporadic income such as casual, sporadic, or irregular gifts).
 - (2) Income or asset enhancement derived from CDBG-assisted activity.

Income shall be verified through use of verification forms signed by the pertinent household member authorizing verification by the source of income or by obtaining documentation produced by a third party that establishes income information. Verification forms may include forms such as:

- employment verification
- unemployment benefit verification
- pension benefit verification
- social security benefit verification

- disability benefit verification
- veteran's benefit verification
- verification of benefits administered by HRS
- interest income verification

Each income earning household member must provide a signed copy of their last IRS return including attachments (last 2 returns for a self-employed person). It is recognized that IRS rules do not require the filing of a return if a person's income is below a certain amount as established by the IRS and revised from time to time. In such instance where an income earning household member does not file a return, a notation shall be so indicated on the application form.

In the course of establishing and verifying household income for each applicant, HCD shall reconcile annual income information with annual household expenses reported by the applicant or determined by HCD. While reviewing this income and expense data, HCD shall examine such data for consistency allowing for reasonable living expenses of the household (such as food, clothing, and transportation). Where annual obligations and other household expenses appear to constitute substantial portions of household income not allowing room for reasonable living expenses such as described above, HCD shall further investigate annual income and expense information with the applicant in order to resolve unreconciled differences between both. If resolution of such matters can not be reached to the satisfaction of HCD, the applicant's request for assistance may be suspended until satisfactorily resolved or else may be rejected.

B. Title Verification

The title to the property proposed for rehabilitation shall be verified through an Ownership and Encumbrance Report. This is to establish that the title of record is held by the applicant, to establish how title is held, and to establish whether there are any encumbrances on the property. An Ownership and Encumbrance Report shall include the following:

- a. The name (and address, if available) of the owner appearing on record.
- b. The legal description of the parcel as shown by the conveyance(s) by which the record owner acquired title.
- c. Identification of the conveyance(s) by which the present owner acquired title, including: the date of the conveyance(s); the date, book and page numbers, and place of recordation; the name (and the address, if available) of the grantor of such conveyance(s); the stated consideration.
- d. Identification of any mortgage, or encumbrances placed of record, their amounts, dates, book and page numbers, and dates of recordation; name of grantor, and grantee and any assignments.
- e. Identification of any liens and/or judgements, their type, amount, dates, book and page numbers, and dates of recordation, and from whom and against whom such were placed.
- f. Other pertinent information such as recorded death certificates or marriage certificates.
- g. Outstanding estates and other rights of interests of record, including easements, use restrictions, mineral rights, leases, and any known, but unrecorded, interest of other parties. Sufficient information shall be furnished to disclose the probable effect of such outstanding interests on the title of the record owner.
- h. Outstanding special assessments, if any, for public improvements such as streets, sidewalks, public utilities, and similar public facilities.
- i. The amount of real estate taxes for the current year and the assessed valuation.
- j. A tax search showing all matters pertaining to but not limited to all tax certificates sold and delinquent taxes.

The Ownership and Encumbrance Report shall also include copies of documents referred to in the report.

C. Insurance Verification

The applicant shall provide copies of property and windstorm insurance policies showing coverage on the property to be rehabilitated. In addition, the applicant shall provide a copy of the flood insurance policy showing coverage on the property to be rehabilitated, if the property is in a specified flood zone where such insurance is required under the CDBG Program. The applicant shall also provide copies of all insurance claims, insurance settlements, and FEMA payments in connection with damages to the property. The applicant shall also sign any affidavits related to insurance coverages, insurance claims, insurance settlements, and FEMA payments as may be required by HCD. These affidavits shall be obtained from the applicant in order to establish whether the applicant has at the time of application, or at the time of property damage, the coverages required under these policies, and in order to establish whether the applicant has received any payments for damages to the property that will be addressed under this program.

D. Environmental Review

An environmental review of the property shall be performed by HCD according to HUD regulations.

E. Lead-Based Paint Verification

All dwelling units built before January 1, 1978, shall be inspected for the presence of lead-based paint as required by applicable lead-based paint regulations. An EPA certified lead-based paint inspector, who is also an EPA certified lead-based paint risk assessor shall perform a surface-by-surface investigation (of interior and exterior painted, stained, varnished or shellacked surfaces) in order to determine the presence of lead-based paint, and shall submit to HCD a report of the inspection's findings. The report shall identify surfaces containing lead-based paint which are in a stable condition (regarded not to constitute a hazard), and surfaces which contain lead-based paint and are deteriorated or subjected to friction or impact (regarded to constitute a hazard). The findings of the report shall be used in preparing the work items intended to accomplish lead-based paint remediation, and shall be used for the preparation and provision of the Lead-based Paint Notice of Evaluation and/or Presumption as required by applicable regulations.

4. WORK WRITE-UP PREPARATION

If upon review of the information verified through the preceding process (particularly income, and property ownership), the applicant appears to be qualified, a work write-up is prepared by HCD for the rehabilitation project. The work write-up shall be a detailed list of construction specifications the execution of which will correct the deficiencies at the property and will upgrade the property to the extent practicable and feasible to applicable housing and building code standards (including the HUD Section 8 Housing Quality Standards). The work write-up shall also include work items that encompass lead-based paint remediation and hurricane protection, and may include energy efficiency and conservation items, work items for the removal of architectural barriers, and general property improvement items.

A. Work Write-Up Coding

Each item on the work write-up list of construction specifications shall be coded one of four codes:

- Code 1: Work items intend to correct code violations.
- Code 2: Incipient code violations (deteriorating conditions which are anticipated to become code violations within two years).
- Code 3: General property improvements (GPI) (work items that contribute to the betterment of the property's value or livability but whose omission will not leave the property worse off). General property improvements may include such items that are incorporated in or permanently attached to the site or the structure such as a fence, patio slab, on site parking/drive-way, air conditioning equipment, or ceiling fans. General property improvements do not include appliances (except for a range or a refrigerator), decks, gazebos, hot tubs/jacuzzies, trellises, barbecue pits, pools, storage sheds, and pool related equipment and screen enclosures.
- LBP: Work items intend to accomplish lead-based paint remediation and items to replace building components that have been removed in order to accomplish such remediation.

B. Hurricane Protection

The work write-up shall include work items that address hurricane protection as required by code. Additional hurricane protection measures not required by code may be included in the work write-up to the extent practicable and feasible.

C. Homeowner Association Requirements

For properties regulated by a homeowner association, the work write-up shall include work items that address the requirements of the homeowner association such as complying with color or style requirements for exterior building components, and obtaining homeowner association approval of building materials or exterior building components. In such instances the work write-up shall require the contractor to submit such for approval by the homeowner association.

D. Disability Accommodations

In the event that an applicant and/or a household member has a disability (such as a physical, neurological, mental, or emotional impairment) that comes to the attention of HCD, an affidavit shall be obtained from the applicant/household member which contains remedies proposed by the affiant to accommodate the disability that can be undertaken through the program. When the disability is expected to be of long, continued, and indefinite duration, and if the disability substantially impedes the person's ability to live independently, and if the disabled person's ability to live independently can be improved by more suitable housing conditions, then the work write-up shall include such work items (remedies proposed by the affiant) that would accommodate the disability and that can be undertaken through the program. When necessary, HCD shall consult with the County Attorney's office to determine if the work write-up has sufficiently addressed the proposed accommodations. Disclosure of a disability shall in no way affect the application for assistance.

E. General Property Improvements Cap

The cost of GPI items shall be capped at 10%. The 10% cap is the percentage of the cost of all GPI items to total construction costs (excluding extermination). HCD staff shall advise applicants of this policy and limit the number of GPI items to stay within this cap. Furthermore, applicants shall also be advised that GPI items exceeding the 10% cap are subject to deletion from the scope of work unless paid for by the applicants.

F. Air Conditioning

Work write-ups may contain items that address air conditioning as follows:

- a. Existing faulty air conditioning equipment may be repaired or replaced (when repair is infeasible). Replacement may be effectuated with the same or similar equipment (e.g. replacement of a wall unit with a wall unit would be considered as the same equipment, replacement of a window unit with a wall unit is similar equipment).
- b. New air conditioning equipment may be provided if there is a compelling health reason justified by a doctor's medical report, or where such equipment is provided under the 10% GPI cap.

G. New Bedroom Enclosures and Bedroom Additions

To the extent that the funding limit under these policies allows, bedroom enclosures of porch areas or carports and bedroom additions to be funded under this program may be permitted for single unit detached residences if the applicant household is overcrowded. Overcrowding is said to exist if the dwelling unit houses more than two occupants per bedroom. The provision of enclosures and additions shall be subject to permitting by the zoning and building officials with jurisdiction over the property.

H. Rehabilitation/Demolition of Un-Permitted Enclosures and Additions

The work write-up shall provide for the improvement of existing un-permitted additions and enclosures such that they comply with applicable codes if feasible and practical. Un-permitted additions and enclosures that are not feasible or practical to improve shall be demolished. Mortgagee/lien-holder consent to demolish shall be obtained when there are existing mortgages/liens on the property.

I. Lead-Based Paint Remediation

HUD lead-based paint regulations are applicable to rehabilitation activities that are funded under the CDBG program. The work write-up shall include items that achieve remediation of surfaces which contain lead-based paint and which are expected to be disturbed during the process of rehabilitation construction, as well as items that achieve remediation of surfaces which contain lead-based paint and are deteriorated or subjected to friction or impact and regarded to constitute a hazard. The work write-up may also include items that achieve remediation of surfaces which contain lead-based paint which are in a stable condition (regarded not to constitute a hazard) as directed by the Palm Beach County Board of County Commissioners.

J. Asbestos Control Review

The work write-up shall be accompanied by a completed Asbestos Control Review form in compliance with applicable procedures provided herein. The purpose of this form is to establish if there are suspect asbestos containing materials and if there is a current or prior non-residential (commercial) use of the property (such occurrence would require follow-up action including an asbestos survey of the property and sample laboratory testing of building materials with asbestos abatement where necessary). Should asbestos be found (or assumed to be found) at the property applicable statutes, regulations, and guidelines shall be followed in connection with undertaking the rehabilitation construction work.

K. Applicant's Work Write-Up Review and Approval

Upon complete preparation of the work write-up, the applicant shall be asked to sign a review and approval statement the intent of which is:

- a. To assure that the work write-up has been reviewed with the applicant.
- b. To assure that the applicant understands the specifications of the work to be performed on the applicant's property.
- c. To obtain the applicant's agreement that no changes to the work write-up specifications will occur except for items needed to meet housing or building code requirements.
- d. To secure the applicant's authorization allowing HCD to obtain bids for the work contained in the work write-up.

L. HCD Cost Estimate

The preparer of the work write-up shall also prepare a written itemized in-house cost estimate of the work contained in the work write-up. The cost estimate shall serve as a basis for evaluating bids received for the work.

5. BIDDING AND BID EVALUATION

Bids for the work detailed in the work write-up shall be solicited from contractors on HCD's list. Contractors' names are placed on the bidder's list after each has submitted an application which has been reviewed in accordance with applicable procedures. The three primary requirements for contractors are:

- license (state or county)
- insurance (general liability, auto liability, and worker's compensation)
- review by Palm Beach County's Contractor Certification office

Contractors are required to submit sealed bids for the work contained in the work write-up after visiting the applicant's property to acquaint themselves with existing conditions. Bids are taken up to a pre-specified date and time after which they are opened at HCD's offices. Bid openings are open to bidders, applicants, and the general public. At the bid opening HCD's designated employees shall open the bids and announce total amounts bid. The announced totals shall be recorded on a bid spreadsheet showing each bidder's name and total amount bid.

After all bids are opened and announced HCD shall calculate the sum of all the individual items contained in each bid to check for discrepancies between such sum and the amount read at the bid opening. Where a discrepancy exists in a bid between the true and correct sum of itemized costs and the total announced at the bid opening, the true and correct mathematical sum of itemized costs shall prevail and the spreadsheet shall be noted accordingly.

Upon close examination of all bids, HCD will make a determination on the apparent lowest responsive responsible bidder that best meets the terms, conditions, and specifications of the bid and that will result in the best interest of the applicant and HCD.

HCD shall evaluate the lowest bid to establish whether the total bid is within the funding limit, whether GPI items are within the 10% cap, and whether lead-based paint remediation items are within the allowable funding amount. Where the total cost bid exceeds the funding limit, HCD shall explore ways to adjust the scope of work to within such limit, and where GPI costs exceed the 10% cap, deletion of one or more GPI items shall be discussed with the applicant in order to comply with this cap. Any such changes to the scope of work shall be incorporated into a change order to be executed simultaneously with the construction contract after funding approval. The applicant shall also be provided an opportunity to provide any funds needed for the project above the funding limit.

The bidding process also includes obtaining bids for treatment of termite and other wood destroying organisms where such infestation is found at the property. Bids are obtained in like manner as described above and the lowest responsive bidder is determined.

Funding is recommended for the lowest responsive bidder both for construction and extermination. Should the applicant wish to select another bidder, then the difference in cost between the lowest bidder and that selected by the applicant shall be funded by the applicant.

6. PROJECT UNDERWRITING

The project underwriting process entails undertaking several tests to verify if program requirements have been met. This process also entails the formulation of a funding recommendation when such requirements are met, or the rejection of the application if these requirements can not be met by the applicant.

A. Information Consistency Test

- a. Objective: To establish whether information submitted by the applicant and other information verified through third parties or gathered by HCD is consistent.
- b. Satisfactory Compliance: When information appearing on various documents in the file is consistent, such as having the same income reported on an application as that verified by an employer, or verifying that debt obligations reported by the applicant are the same as those appearing on documents in the file.
- c. Unsatisfactory Compliance and Remedial Action: Requires the applicant to provide corrected information or an explanation such that satisfactory consistency exists in the opinion of HCD. Failure to do so particularly where willful falsification exists shall be regarded as grounds for rejection of the application and denial of any assistance.

B. Property Location Test

- a. Objective: To establish that the property is located in the unincorporated area of Palm Beach County or located within the municipal boundaries of a municipality having an agreement with Palm Beach County to undertake this program.
- b. Satisfactory Compliance: Establishing the address of the property through an on site visit, verification by means of an official map, verification with the property appraiser's office, or any other documented and reliable source of information. The existence of an agreement is verified with HCD's Planning Section. Satisfactory compliance with this test can generally be determined when an inquiry into the program is made or at the early stage of application submission. A letter to the applicant indicating an ineligible application is required when this test can not be met.
- c. Unsatisfactory Compliance and Remedial Action: No remedial action exists except that an application can be submitted at a later date should the municipality where the property is located enter into an agreement with Palm Beach County.

C. Property Eligibility Test

- a. Objective: To establish that the property consists of one detached dwelling unit that is entirely used for residential purposes.
- b. Satisfactory Compliance:
 - (1) A physical inspection of the property at the time of initial inspection establishes the number of units at the project, with satisfactory compliance existing when only one detached dwelling unit is found.
 - (2) The initial inspection and the Asbestos Control Review form will reveal any non-residential use at the property, with satisfactory compliance existing when the property's use is residential.
- c. Unsatisfactory Compliance and Remedial Action:
 - (1) Unsatisfactory compliance is said to exist when the number of units exceeds one detached dwelling unit. Remedial action requires that the after rehab number of units be no more than one detached dwelling unit and that the rehabilitation work write-up be structured in such a manner that results in compliance with this requirement.
 - (2) When the property is not entirely used for residential purposes, remedial action may include that such steps be taken to undertake rehabilitation work that would eliminate or convert non-residential portions of the property to residential use.

D. Occupancy Test

- a. Objective: To establish that the applicant resides at the property to be rehabilitated.
- b. Satisfactory Compliance: This may be determined at the time the property is inspected and through the applicant's address as revealed by the various documents received during the verification process,
- c. Unsatisfactory Compliance and Remedial Action: Requires that the applicant demonstrate extenuating circumstances for not residing at the property. Rehabilitation may proceed provided that the rehabilitation renders the property occupiable, and provided that the applicant submit a written commitment prior to funding approval clearly indicating the intent of the applicant to reside at the property after completion of the rehabilitation process. Extenuating circumstances may include certain circumstances such as extended hospitalization, or a determination of the property's unfitness for habitation by a building or other official for reasons of safety or other danger at the property that can be remedied through this program. HCD shall determine the type of documentation necessary and/or acceptable to demonstrate the existence of these extenuating circumstances, and if the extenuating circumstances are acceptable.

E. One-for-One Replacement Test

- a. Objective: To comply with One-for-One Replacement regulations when and if the rehabilitation of the property results in the demolition of a low income unit(s).
- b. Satisfactory Compliance: Is said to exist if either the One-for-One regulations are determined not to be applicable or if the rehabilitation results in replacement of the demolished unit(s).
- c. Unsatisfactory Compliance and Remedial Action: Is said to exist if the demolished unit(s) is not replaced with a low income unit(s). Remedial action is achievable if such replacement is assured by HCD in accord within the One-for-One Replacement regulations.

F. Environmental and Historic Review Test

- a. Objective:
 - (1) To establish that there are no environmental or historic considerations that would prevent the rehabilitation of the property, and
 - (2) To establish which environmental or historic requirements, if any, must be met to allow the rehabilitation to proceed.
- b. Satisfactory Compliance:
 - (1) If there are no factors such as noise, air pollution, soil instability, soil contamination, proximity to a hazardous use, flooding, or historical significance that would prevent the rehabilitation of the property.
 - (2) If mitigating factors or obtainable administrative clearances are achievable, such as obtaining flood insurance if a property is located in a flood zone with an "A" or "V" in its designation or obtaining a finding of no significant historical value from the State of Florida for structures built more than 50 years ago.
- c. Unsatisfactory Compliance and Remedial Action:
 - (1) Remedial action shall be explored by HCD on a case by case basis depending on the conditions of the property, recognizing that in some instances there is no remedial action available that is practical and feasible for certain environmental or historical factors associated with the property.
 - (2) Remedial action for prerequisite requirements shall be explored by HCD on a case by case basis, and undertaken when practicable and feasible (for example noise mitigation requirements may not be feasible when rehabilitating a property).

G. Asbestos Test

- a. Objective: To establish that the rehabilitation of the property will not cause any asbestos exposure and to comply with applicable asbestos regulations.
- b. Satisfactory Compliance: Is achieved if an inspection of the property reveals no evidence of current or prior nonresidential use.
- c. Unsatisfactory Compliance and Remedial Action: Unsatisfactory compliance resulting from a determination of a current or prior nonresidential use taking place at the property requires material sampling from the property and laboratory testing of such materials in accord with applicable regulations. Remedial action for the presence of asbestos may be taken by either abating, encapsulating, or not disturbing the asbestos containing materials. Compliance with applicable asbestos regulations is required.

H. Property Ownership and Title Test

- a. Objective:
 - (1) To establish that the applicant who resides at the property to be rehabilitated is the owner of record as revealed by the Ownership and Encumbrance Report, and
 - (2) To establish that there is no cloud on title that would prevent undertaking this project.
- b. Satisfactory Compliance:
 - (1) If the applicant has ownership interest in the property as revealed by the Ownership and Encumbrance Report or if such interest is a life estate.
 - (2) If there is no cloud on title (e.g. a pending probate or mortgage foreclosure).

- c. **Unsatisfactory Compliance and Remedial Action:**
- (1) Where an applicant is not an owner of record. Remedial action may include a change in title to eliminate this discrepancy.
 Note: the above condition requiring that the applicant have an ownership interest in the property to be rehabilitated does not preclude other parties who do not reside at the property from having an ownership interest in the property in addition to that of the applicant. These other parties are not regarded to be part of the applicant's household, however any such other parties having an ownership interest must agree to and join the applicant in executing program documents that secure the rehabilitation costs and encumber the property. In instances where the applicant has a life estate, all "remainder men" must agree to and join the applicant in executing program documents that secure the rehabilitation costs and encumber the property.
 - (2) Any appropriate action that would result in removing a cloud on title to show clear title (HCD may consult with the County Attorney's office on such matters).

I. Income Test

- a. **Objective:** To establish whether the applicant's household is low income household which is defined as a household whose annual income, by household size, is at or below 80% of the applicable median family income for the West Palm Beach-Boca Raton Metropolitan Statistical Area as determined by HUD and revised from time to time.
- b. **Satisfactory Compliance:** If at time of funding approval the income of all household members of the applicant as defined in these policies and verified by HCD is at or below the applicable limit set by HUD for the applicant's household size, then the applicant is regarded as eligible to receive assistance through this program.
- c. **Unsatisfactory Compliance and Remedial Action:** Failure to meet the preceding standards is considered as basis for an ineligibility determination, and no remedial action is available, however, a change in the household composition or income may be followed by re-application at later time.

J. Insurance Coverage Test

- a. **Objective:**
 - (1) To establish that sufficient insurance coverages on the property to be rehabilitated exist before closing such that there is: (i) property insurance coverage that is at least equal to sum of the County's anticipated encumbrance against the property and the balance of all other senior encumbrances against the property, (ii) windstorm insurance coverage that is at least equal to sum of the County's anticipated encumbrance against the property and the balance of all other senior encumbrances against the property, or the maximum amount available under the Florida Windstorm Underwriting Association, whichever is less, and (iii) flood insurance coverage that is at least equal to sum of the County's anticipated encumbrance against the property and the balance of all other senior encumbrances against the property, if the property is located in a specified flood zone as determine under the CDBG Program, and
 - (2) To assure that the county's mortgage interest is reflected on all affected insurance policies through a loss payee endorsement thereto.
- b. **Satisfactory Compliance:**
 - (1) Is considered to exist if the property owner can demonstrate that the requisite property, windstorm, and flood insurance coverage is in place before closing, and
 - (2) Policy endorsements have been obtained.
- c. **Unsatisfactory Compliance and Remedial Action:**
 - (1) Insufficient coverages may be remedied if the property owner obtains the requisite coverage before closing, and in instances where the applicant is unable to obtain insurance unless the rehabilitation work is performed, then the lacking coverage shall be obtained immediately after the completion of the project.
 - (2) Lack of policy endorsements may be remedied after closing such that Palm Beach County is named as Mortgagee (loss payee) on applicable policies.

K. Insurance and Other Proceeds Test

- a. Objective:
 - (1) To establish whether the applicant received any insurance proceeds and/or any payment from FEMA (or other agency) in connection with any damage to the property to be rehabilitated during the 2 year period preceding the date of the application for assistance under this program, and
 - (2) To assure that all payments received by the applicant are used towards the cost of rehabilitating the property provided that such payments are for items being addressed by the rehabilitation process.
- b. Satisfactory Compliance:
 - (1) When a determination is reached by means of documentation submitted by the applicant (e.g. affidavits, claim forms) or obtained by HCD that the applicant did not receive any insurance proceeds and/or any payment from FEMA (or other agency), or when such determination is reached as to the amount received by the applicant, during the 2 year period preceding the date of the application for assistance under this program, for items being addressed by the rehabilitation process, and
 - (2) All amounts received by the applicant for items being addressed by the rehabilitation process are contributed by the applicant to the project at the closing.
- c. Unsatisfactory Compliance and Remedial Action: When the standards stated above cannot be met, unsatisfactory compliance is said to exist with remedial action consisting of the applicant documenting to the HCD's satisfaction that amounts received by the applicant from insurance proceeds and/or any payment from FEMA (or other agency) for damages to the property have been used to make repairs to the property.

L. Maximum Rehabilitation Debt Amount Test

- a. Objective: To establish that, at time of funding approval under these policies using CDBG funds, the sum of the amount funded that is to be secured with a mortgage (excluding grant assistance for lead-based paint related costs) plus the principal amount of all existing mortgages securing prior CDBG rehabilitation assistance from HCD, does not exceed \$70,000.
- b. Satisfactory Compliance: If said sum is at or below \$70,000.
- c. Unsatisfactory Compliance and Remedial Action: When the standard stated above cannot be met, unsatisfactory compliance is said to exist with remedial action available through the applicant's cash contribution to reduce the amount to be funded under these policies such that said sum becomes at or below \$70,000, and alternatively, if the applicant pays off one or more existing mortgages that secure prior CDBG rehabilitation assistance from HCD.

7. PROGRAM COSTS AND FUNDING LIMITS

A. Eligible Program Costs

The following expenses shall be regarded as eligible costs under this program:

- a. Labor, materials, and other costs of rehabilitation of properties, including repair directed toward an accumulation of deferred maintenance, removal of material and architectural barriers that restrict the mobility and accessibility of elderly or severely disabled persons, replacement of principal fixtures and components of existing structures, installation of security devices, including smoke detectors and dead bolt locks, and renovation through alterations, additions to, or enhancement of existing structures, which may be undertaken singly, or in combination;
- b. Improvements to increase the efficient use of energy in structures through such means as installation of storm windows and doors, siding, wall and attic insulation, and conversion, modification, or replacement of heating and cooling equipment, including the use of solar energy equipment;

- c. Improvements to increase the efficient use of water through such means as water saving faucets and shower heads and repair of water leaks;
- d. Improvements to provide windstorm protection to render rehabilitated homes less vulnerable to future wind related damage.
- e. Connection of residential structures to water distribution lines or local sewer collection lines (excluding payment of certain associated fees, such as impact fees, not eligible under the CDBG program);
- f. Costs of flood insurance premiums and associated service charges as established under the Nation Flood Insurance Program for a period of up to three years.
- g. Costs of inspecting, testing, and abatement of lead-based paint and asbestos containing materials pursuant to applicable regulations.
- h. Costs associated with the processing of rehabilitation applications such as a title search or state and local fees for recording documents prepared in conjunction with this program.
- i. Costs of obtaining construction related professional services including architectural, engineering, and surveying services, including the preparation of related technical documents, and inspections associated with execution of the content of such documents as pertains to the rehabilitation work.
- j. Costs of performing inspections of termite or other wood destroying organisms and extermination thereof.
- k. Construction contingency funds at an amount which is the lesser of five percent (5%) of the construction contract amount or \$1,000.

B. Funding Limits

- a. Funding in the form of a loan shall be provided for the above stated eligible costs in the following manner:
 - (1) Maximum amount per project: \$45,000.
 - (2) Interest rate: zero percent (0%).
 - (3) Term: 15 years.
 - (4) Security: A mortgage and promissory note (to be recorded in the public records).
 - (5) Repayment: No repayment during the 15 year term of the mortgage is due, except that the entire principal amount of this loan (and any other amounts required by the mortgage) shall be repaid by the applicant in the event of default as specified in the mortgage including the sale, transfer of title to, or disposition of, the mortgaged property. After 15 years, if the conditions of the mortgage and promissory note have been met, the County shall issue a satisfaction of mortgage.
- b. Funding in the form of a grant up to \$10,000 for costs associated with lead-based paint for each qualified single family detached dwelling unit. These unsecured funds shall be over and above the program funding limit established above for rehabilitation expenses. This amount includes costs such as inspection and risk assessment report fees, clearance testing, lead-based paint hazard reduction or control costs, and occupant temporary relocation expenses.

8. PROJECT APPROVAL

Upon assurance of project compliance with program policies and formulation of a funding recommendation which shall be included in a financial write-up of the project, the County Administrator, or designee, is authorized to approve a project that is within the funding limits established herein.

Any project that requires approval with a waiver to these policies shall be submitted for consideration to the Board of County Commissioners.

9. PROJECT CLOSING

Upon funding approval of the project, HCD shall prepare certain project documents to be executed by the applicant at the closing which shall, to the extent possible, also be attended by the contractor who is to perform the rehabilitation work. As a pre-requisite to closing, HCD shall conduct a pre-construction site conference with the applicant and the contractor to review the intended rehabilitation work, and shall obtain from the contractor evidence of insurance that is acceptable to Palm Beach County Risk Management. At the closing, HCD staff shall review all documents with the applicant prior to execution. The documents to be executed by the applicant shall include:

- Mortgage
- Promissory Note
- Notice of Commencement
- Contract for Exterminating Services
- Notice to Proceed
- Construction Contract (countersigned by the contractor)

Note: All owners of record (including the applicants who reside at the property and owners who reside elsewhere) must execute the mortgage and promissory note. In instances where the applicant has a life estate, all "remainder men" must join the applicant in executing the mortgage and promissory note.

After the closing, the executed mortgage, promissory note, and notice of commencement shall be sent by HCD for recording in the Palm Beach County public records.

HCD's Fiscal Section shall set up the loan for each project in its financial system. HCD shall also provide the Finance Department loan set up information and such copies of closing documents to enable it to disburse the approved funds.

10. REHABILITATION CONSTRUCTION

HCD shall inspect work in progress being performed by the contractor and review and approve all construction draws made against the contract. The applicant shall approve all work requested for payment. A five percent retainage shall be applied to each progress draw, with the accumulated retainage amount released in conjunction with final payment.

All lead-based paint remediation and rehabilitation construction activities, temporary relocation of occupants, notifications, clearance testing, and related documentation shall be carried out in compliance with HUD lead-based paint regulations for projects funded under the CDBG program.

During construction, change orders for unforeseen code related work items necessitating an increase in the contract amount may be approved provided contingency funds are available. If contingency funds are insufficient or where they have been exhausted, GPI items must be deleted to accommodate unforeseen code related work items. Where a choice exists as to which GPI items can be deleted, the applicant shall be given the opportunity to make such choice. The applicant shall be given the opportunity to make up any contract short fall resulting from a change order.

Upon completion of the work, the contractor shall ensure that all work has been approved by the building department with jurisdiction over the project, and obtain the necessary permit approvals. The contractor shall request a final inspection by HCD which shall be followed by HCD providing the contractor with a punch list of deficiencies to be completed prior to final payment if such deficiencies exist.

When the work is fully completed, HCD shall obtain the applicant's approval of final payment and make payment subject to receipt of approved building permits, contractor's release of lien and contractor's warranty. The warranty given by the contractor shall be for a one-year period from date of completion for all work except that all roof work shall be warranted for five years. The contractor shall also provide the applicant with manufacturers' warranties for equipment and appliances. Extermination and temporary relocation of occupants, if necessary, shall be carried out after completion of construction.

11. LOAN CLOSEOUT

Loan closeout shall be performed after all project contracts, invoices, and expenses have been paid. An itemized listing of all payments shown in the applicant's case file shall be reconciled with the applicant's file in HCD's Fiscal Section. A final itemized listing of all payments made shall be prepared after said reconciliation, which list shall also show any undisbursed funds and their disposition. This list, in the form of a Closeout Statement, shall be placed in the applicant's case file with a copy provided to the applicant. The Fiscal Section shall apply all unutilized funds to a principal reduction of the applicant's loan.

12. OTHER RELATED MATTERS

- a. Funding Retained/Escrowed: All funding approved under this program shall be retained by Palm Beach County HCD for payment of goods and/or services intended for the benefit of the applicant. Palm Beach County HCD, as the applicant's disbursing agent, shall only make payment for costs regarded as eligible expenses under this program where goods and/or services have been delivered, installed, and/or performed. In such cases where the applicant is providing a cash contribution to the project, payment of such contribution shall be made to Palm Beach County Board of County Commissioners and escrowed by HCD for the intended purpose whereupon it shall be disbursed as specified above.
- b. Additional Funding: Requests for additional funding in excess of amounts approved for a project may be approved by the County Administrator, or designee, provided that the sum of additional funding and original project funding does not exceed the funding limits established in these policies. In the instance where such sum would exceed these limits, a waiver to these policies is required and approval by the Board of County Commissioners (BCC), must be obtained. Waivers may be considered in connection with the need for additional funds arising from unforeseen conditions related to the construction rehabilitation at the property, or in connection with any other needs deemed appropriate by the BCC and otherwise regarded as eligible program costs as identified herein. Additional funds (except for those associated with lead-based paint) shall be secured in like manner as described in these policies for funds initially approved for an applicant (by use of a Notice of Future Advance or other similar document approved by the County Attorney's office).
- c. Termination of Funding: Termination of funding and acceleration of loan repayment may be undertaken by HCD during the rehabilitation process if:
 - (1) The applicant refuses or fails to allow the rehabilitation work to commence within thirty (30) days from contract award.
 - (2) The applicant refuses or fails to allow completion of rehabilitation after commencement.
 - (3) The applicant refuses to authorize payments associated with the project which have been deemed payable by HCD's Director.
 - (4) An event of default occurs as specified in the mortgage or promissory note.Notice shall be given to the applicant of such termination and/or acceleration, as appropriate, with follow-up action by the County Attorney's office where necessary.

- d. **Satisfaction of Mortgage:** A satisfaction of mortgage shall be processed by HCD when the applicant complies with all the terms and conditions contained in the mortgage and promissory note. Upon approval and issuance, a satisfaction of mortgage shall be recorded in the public records of Palm Beach County and the original shall be transmitted to the applicant. The original recorded satisfaction of mortgage document shall be accompanied by the original mortgage and promissory note when transmitted to the applicant. Approval is hereby provided to the County Administrator, or designee, to execute satisfactions of mortgage when all the terms and conditions contained in the mortgage and promissory note have been complied.
- e. **Assumption of Mortgage:** A mortgage granted to the County in exchange for rehabilitation funding assistance may be assumed for the remaining term of the mortgage in the event of the death of the surviving applicant that received such assistance provided that the person wishing to assume such mortgage:
- (1) Is a validated heir to the estate of the deceased surviving applicant who has been granted legal or equitable possession of the rehabilitated property by a court of competent jurisdiction, and
 - (2) Is a blood relative (or a relative by marriage or adoption) to the deceased surviving applicant, and
 - (3) Is a person whose household is a low income household as defined herein, and
 - (4) Intends to occupy the property as his/her principal place of residence, and
 - (5) Executes a new mortgage and promissory note containing the same obligations as the original mortgage and promissory note for the remaining term of the original mortgage (or executes a mortgage assumption agreement or similar document acceptable to the County Attorney's office).
- f. **Subordination of Mortgage:** Future subordination by Palm Beach County of mortgages taken in exchange for CDBG rehabilitation funding shall be approved if:
- (1) The execution of a mortgage subordination furthers the County's interest in preserving homeownership, and
 - (2) The execution of a subordination preserves or enhances the encumbered property's value, and
 - (3) The execution of a subordination does not adversely affect the County's financial interest in the rehabilitated property (that is, the total mortgage debt when the proposed transaction is undertaken does not exceed the value of the property at that time).

Approval is hereby provided to the County Administrator, or designee, to execute mortgage subordination agreements when all the above conditions have been met.

- g. **Date Validity of Documents:** The below identified documents contained in applicant files at the time of funding approval under the this programs shall be no more than six months old:
- Income verifications and income affidavits.
 - Ownership and encumbrance report.
 - Evidence of owner's funding.

Note: Construction and extermination contractor's bid proposal validity date may be extended by a letter from the contractor.