

## Explanation of Form

<i>What It Is Used For:</i>	The contractor and subcontractors submit their weekly Payroll Report to the Grantee each week or part of a week in which there are employees assigned to the project. All workers assigned that week <b>MUST</b> be included.
<i>When It Is Used:</i>	During the construction phase of the project.
<i>Where It Goes:</i>	In the Grantee's Labor Standards project file.
<i>Instructions:</i>	The Grantee must review each Payroll Report to assure that the Contractor and all subcontractors are complying with <i>Davis-Bacon Act</i> , <i>Contract Work Hours and Standards Act</i> , and <i>Copeland "Anti-Kickback" Act</i> requirements. Payroll records must be verified by field inspections (See Appendix 51 for <i>Record of Employee Interview</i> form) and checked against the <i>Register of Assigned Employees</i> (See Appendix 54 for form).

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## PAYROLL

<input type="checkbox"/> Contractor or <input type="checkbox"/> Subcontractor		Name: Address:		Project/Contract #:				Payroll #:												
				Project Location:				For Week Ending:												
NAME, ADDRESS AND SOCIAL SECURITY NUMBER OF EMPLOYEE	NUMBER OF WITH- HOLDING EXEMPTIONS	WORK CLASSIFICATION	ST OT	DAY AND DATE							TOTAL HOURS	RATE OF PAY	GROSS AMOUNT OF PAY	DEDUCTIONS					NET WAGES PAID FOR WEEK	
														FICA	WITH- HOLDING TAX	STATE	OTHER	OTHER		TOTAL DEDUCTIONS
				HOURS WORKED EACH DAY																
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The original Payroll Form #WH-347 can be purchased directly from the Superintendent of Documents, Washington, D.C.

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## Explanation of Form

<i>What It Is Used For:</i>	This is a requirement of the U.S. Department of Labor. This form <b>MUST</b> be submitted to the Grantee by the Contractor and Subcontractors each week with the payroll record.
<i>When It Is Used:</i>	During the construction phase of the project.
<i>Where It Goes:</i>	It is filed with payroll records in the Grantee's Labor Standards project file.
<i>Instructions:</i>	Follow the instructions prepared by HUD for use of this form. <i>Make sure Section 4 is filled out completely!</i>

# HUD's Instructions for Preparation of Statement of Compliance

This Statement of Compliance meets needs resulting from the amendment of the Davis-Bacon Act to include fringe benefits provisions. Under this amended law, the contractor is required to pay fringe benefits as predetermined by the U.S. Department of Labor, in addition to payment of the minimum rates. The contractor's obligation to pay fringe benefits may be met by payment of the fringes to the various plans, funds, or programs or by making these payments to the employees as cash in lieu of fringes.

The contractor should show on the face of his payroll all monies paid to the employees whether as basic rates or as cash in lieu of fringes. The contractor shall represent in the Statement of Compliance that he is paying to others fringes required by the contract and not paid as cash in lieu of fringes. Detailed instructions follow:

**Contractors who pay all required fringe benefits:** A contractor who pays fringe benefits to approved plans, funds, or programs in amounts not less than were determined in the applicable wage decision of the Secretary of Labor shall continue to show on the face of this payroll the basic cash hourly rate and overtime rate paid to his employees, just as he has always done. Such a contractor shall check paragraph 4(a) of the Statement to indicate that he is also paying to approved plans, funds, or programs not less than the amount predetermined as fringe benefits for each craft. Any exception shall be noted in Section 4(c).

**Contractors who pay no fringe benefits:** A contractor who pays no fringe benefits shall pay to the employee and insert in the straight time hourly rate column of his payroll an amount not less than the predetermined rate for each classification plus the amount of fringe benefits determined for each classification in the applicable wage decision. Inasmuch as it is not necessary to pay time and a half on cash paid in lieu of fringes, the overtime rate shall be not less than the sum of the basic predetermined rate, plus the half time premium on the basic or regular rate plus the required cash in lieu of fringes at the straight time rate. To simplify computation of overtime, it is suggested that the straight time basic rate and cash in lieu of fringes be separately stated in the hourly rate column, thus \$3.25/.40. In addition, the contractor shall check paragraph 4(b) of the Statement to indicate that he is paying fringe benefits in cash directly to his employees. Any exceptions shall be noted in Section 4(c).

**Use of Section 4(c), Exceptions:** Any contractor who is making payment to approved plans, funds, or programs in amounts less than the wage determination requires is obliged to pay the deficiency directly to the employees as cash in lieu of fringes. Any exceptions to Section 4(a) or 4(b), whichever the contractor may check, shall be entered in Section 4(c). Enter in the Exception column the craft, and enter in the Explanation column the hourly amount paid the employees as cash in lieu of fringes, and the hourly amount paid to plans, funds, or programs as fringes.

GPO: 1981 0 -345-632

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Washington D.C. 20402

U.S. DEPARTMENT OF LABOR  
WAGE AND HOUR DIVISION

**STATEMENT OF COMPLIANCE, Form WH-348**

Date

I, \_\_\_\_\_, \_\_\_\_\_ do hereby state:  
(Name of Signatory Party) (Title)

- (1) That I pay or supervise the payment of the persons employed by \_\_\_\_\_ on the \_\_\_\_\_; that  
(Contractor or Subcontractor) (Building or Work)  
during the payroll period commencing on the \_\_\_\_\_ day of \_\_\_\_\_,  
200\_\_ and ending the \_\_\_\_\_ day of \_\_\_\_\_, 200\_\_, all persons  
employed on said project have been paid the full weekly wages earned, that no  
rebates have been or will be made either directly or indirectly to or on behalf of  
said \_\_\_\_\_ from the full weekly wages  
(Contractor or Subcontractor)  
earned by any person and that no deductions have been made either directly or  
indirectly from the full wages earned by any person, other than permissible  
deductions as defined in Regulations Part 3 (29 CFR Subtitle A), issued by the  
Secretary of Labor under the Copeland Act, as amended (48 Stat. 948.63 Stat.  
108, 72 Stat. 967; 76 Stat. 357; 40 U.S.C. 276c), and described below:

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- (2) That any payrolls otherwise under this contract required to be submitted for the above period are correct and complete; that the wage rates for laborers or mechanics contained therein are not less than the applicable wage rates contained in any wage determination incorporated into the contract; that the classifications set forth therein for each laborer or mechanic conform with the work he performed.
- (3) That any apprentices employed in the above period are duly registered in a bona fide apprenticeship program registered with a State apprenticeship agency recognized by the Bureau of Apprenticeship and Training, United States Department of Labor, or if no such recognized agency exists in a State, are registered with the Bureau of Apprenticeship and Training, United States Department of Labor.

(4) That (**must check one of the three boxes!**):

(a) WHERE FRINGE BENEFITS ARE PAID TO APPROVED PLANS, FUNDS, OR PROGRAMS

In addition to the basic hourly wage rates paid to each laborer or mechanic listed in the above referenced payroll, payments of fringe benefits as listed in the contract have been or will be made to appropriate programs for the benefit of such employees, except as noted in Section 4(c) below.

(b) WHERE FRINGE BENEFITS ARE PAID IN CASH

Each laborer or mechanic listed in the above referenced payroll has been paid as indicated on the payroll, an amount not less than the sum of the applicable basic hourly wage rate plus the amount of the required fringe benefits as listed in the contract, except as noted in Section 4(c) below.

(c) EXCEPTIONS

EXCEPTION (Craft)                      EXPLANATION

_____	_____
_____	_____

REMARKS:

\_\_\_\_\_  
Name and Title

\_\_\_\_\_  
Signature

THE WILLFULL FALSIFICATION OF ANY OF THE ABOVE STATEMENTS MAY SUBJECT THE CONTRACTOR OR SUBCONTRACTOR TO CIVIL OR CRIMINAL PROSECUTION. SEE SECTION 1001 OF TITLE 18 AND SECTION 231 OF TITLE 31 OF THE UNITED STATES CODE.

(Form WH-348)



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Appendix

**49**

**LOG FOR REVIEWING EMPLOYEES  
ON PAYROLLS**

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**AUTHORIZATION OF PAYROLL DEDUCTIONS**

I, \_\_\_\_\_ (*Employee's Name*), hereby authorize \_\_\_\_\_ (*Company's Name*)

to deduct the following amount(s) from my weekly earnings in the following categories:

<b>Purpose</b>	<b>Amount</b>	<b>Authorization Expires</b>
1. Health Insurance	_____	_____
2. Intensive Care Insurance	_____	_____
3. Cancer Insurance	_____	_____
4. Uniforms	_____	_____
5. Child Support	_____	_____
6. Garnishment Payments	_____	_____
7. Christmas Fund	_____	_____
8. Savings Account	_____	_____
9. Other (Specify) _____	_____	_____
TOTAL	_____	

Signature \_\_\_\_\_

Type or Write Name \_\_\_\_\_

Date \_\_\_\_\_

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## Explanation of Form

*What it is used for:* To be used to interview project workers in order to determine that the Contractor and all subcontractors are complying with *Davis-Bacon Act*, *Contract Work Hours and Standards Act*, and *Copeland “Anti-Kickback” Act* requirements. It is used as a test against payroll information. It is also used to verify compliance with Section 3 requirements.

*When It Is Used:* During the construction phase of the project.

*Where It Goes:* Grantee's Labor Standards project file.

*Instructions:* Employees should be selected for interviews either at random or on the basis of suspected irregularities as determined through the site visit or Payroll Reports. The number of interviews necessary is determined by the size of the Project. **A minimum of at least one worker per trade and 25% of the total number of workers must be interviewed. Interviews must be conducted during construction a minimum of once a month** to determine the Contractor's compliance with the aforementioned federal requirements. Interviews **must** take place during the times in which **each** subcontract is being performed to assure that all trades are covered. After completion of the interview the Contract Compliance Officer **must** note on the form whether the employee's statements were consistent and whether they verified what was observed.

The Contract Compliance Officer must cross reference the information on the Record of Employee Interview form with information from the Contractor's weekly Payroll Report, the Register of Assigned Employees, and the Wage Decision, indicating so by filling out the bottom part of the form. Appropriate action must be initiated to clear any discrepancies and questionable items.



Call your Community Representative for a copy of the *Record of Employee Interview* in Spanish.

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VIRGINIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT  
CDBG COMMUNITY IMPROVEMENT GRANTS

**RECORD OF EMPLOYEE INTERVIEW**

GRANTEE/CONTRACT: #					
NAME OF PROJECT:					
CONTRACTOR <input type="checkbox"/> OR SUBCONTRACTOR <input type="checkbox"/>					
1. NAME OF EMPLOYEE:					
2. EMPLOYEE'S PERMANENT HOME ADDRESS:				LOCATED IN PROJECT AREA?	
				YES	NO
3. LAST DATE WORKED THIS PROJECT:			NUMBER OF HOURS WORKED THAT DATE:		
4. HOURLY PAY RATE: \$					
5. WHAT IS YOUR JOB CLASSIFICATION:					
6. WHAT ARE YOUR DUTIES;					
7. TOOLS OR EQUIPMENT USED:					
8. PAID AT LEAST TIME AND A HALF FOR ALL HOURS WORKED OVERTIME				YES <input type="checkbox"/>	NO <input type="checkbox"/>
9. EVER THREATENED, INTIMIDATED OR COERCED INTO GIVING UP PART OF PAY?				YES <input type="checkbox"/>	NO <input type="checkbox"/>
10. DUTIES/JOB CLASSIFICATION OBSERVED BY INTERVIEWER:					
11. MINORITY STATUS	YES <input type="checkbox"/>	NO <input type="checkbox"/>	GENDER:	MALE <input type="checkbox"/>	FEMALE <input type="checkbox"/>
12. DATE (month/year) HIRED: _____ OR RECALLED (if applicable): _____					
Signature of Interviewer			Date of Interview		
<b>PAYROLL EXAMINATION</b>					
REMARKS:					
Signature of Payroll Examiner			Date		

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## Explanation of Equal Employment Opportunity

1. What contracts or subcontracts are subject to the Equal Opportunity Clause?

Federal government contracts or subcontracts" exceeding \$10,000 or contracts or subcontracts with the Federal government which, in any 12 month period, total or can reasonably be expected to have an aggregate total value exceeding \$10,000.

"Federal assisted construction contracts/subcontracts and non-construction contracts/subcontracts" exceeding \$10,000.

2. When is a bidder required to have on file at each establishment, affirmative action programs?

For NON-CONSTRUCTION CONTRACTS (service and supply), DOL regulations (41 CFR 60-2) call for a Written Affirmative Action Plan from each prime contractor or subcontractor with 50 or more employees and (1) a contract of \$50,000 or more; or (2) Government bills of lading which, in any 12 month period, total or can be reasonably be expected to total \$50,000 or more.

For CONSTRUCTION CONTRACTS, DOL Regulations do not require a Written Affirmative Action Plan. However, Contractors must take specified Affirmative Action Steps and to demonstrate with evidence that the Specifications (41 CFR 60-4. 3) in the Equal Opportunity Clause have been implemented.

3. What reports are due under the applicable filing requirements?

Standard Form 100 (EEO-1 Survey). Each person (contractor and subcontractor) shall file annually with the Joint Reporting Committee the EEO-1 Survey if such person (1) is not exempt as provided for by 41 CFR 60-1.5, (2) has 50 or more employees, and (a) a contract of \$50,000 or more; or (b) government bills of lading which, in any 12 month period, total or can reasonably be expected to total \$50,000 or more.

Each person required to submit reports shall file such report with the PUBLIC BODY within 30 days after the award to him of a contract or subcontract, UNLESS such person has submitted such a report within 12 months preceding the date of the award. Subsequent reports shall be submitted annually. For more details, call the Joint Reporting Committee at (866) 286-6440 or go to [www.eeoc.gov](http://www.eeoc.gov) and click on "EEO-1 Survey."

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**BIDDER COMPLIANCE STATEMENT**  
**CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY**

**Applicability:** Bid exceeding ten thousand dollars (\$10,000) for contract/subcontract of unlimited amount and non-construction contract/subcontract for less than one million dollars (\$1,000,000).

This statement relates to a proposed contract between (pick one):  Contractor and Public Body OR  Contractor and Subcontractor to be funded under a federally assisted project. Pursuant to Executive Order 11246 and its implementing regulations at 41 CFR 60-1.7(b) (1), as the undersigned bidder, I certify that:

- 1) Bidder has participated in a previous contract or subcontract subject to the Equal Opportunity Clause.  YES  NO
  
- 2) Bidder has developed and has on file at each establishment, affirmative action programs pursuant to 41 CFR 60-2 (applies only to non-construction contracts or subcontracts).  YES  NO (contract less than \$50,000 AND fewer than 50 employees)
  
- 3) Bidder has filed with the Joint Reporting Committee; the Director of the Office of Federal Contract Compliance Programs, U.S. Department of Labor; and agency; and/or the Equal Employment Opportunity Commission; all reports due under the applicable filing requirements.  
 YES  NO  None Required

I understand that if I have failed to file any compliance reports which have been required of me, or have failed to develop and have on file at each establishment affirmative action programs pursuant to 41 CFR 60-2, when required, I am not eligible to have my bid or proposal considered, or to enter into the proposed contract.

I further understand that if awarded the proposed contract, and the contract for the FIRST time brings me under the filing requirements or the written affirmative action programs that I will, as applicable: (a) within 30 days file with the Public Body, Standard Form 100 (EEO-1); and (b) within 120 days from the commencement of the contract, develop and submit to the Director of the Office of Federal Contract Compliance Programs, U.S. Department of Labor, for approval a Written Affirmative Action Plan.

Signature: \_\_\_\_\_  
Type Name: \_\_\_\_\_ Title: \_\_\_\_\_  
Address, including zip code: \_\_\_\_\_  
IRS # (or owner's social security #): \_\_\_\_\_

Attachment: Any other reports that have been required pursuant to Executive Order 11246 by a contracting agency, the Equal Opportunity Commission, or the Director of the Office of Federal Contract Compliance Programs, U. S. DOL.

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## Explanation of Form (Part of Wage Decision Packet)

- What it is Used For:* This is required to assure that all required Equal Opportunity requirements are explained and all appropriate forms are conveyed to the Contractor and subcontractors.
- When it is Used:* During the Pre-construction Conference.
- Where it Goes:* To Grantee's Equal Opportunity project file.
- Instructions:* Part of the 'wage decision packet' sent by DHCD with the Wage Decision applicable to the activity(s) being contracted. Use the checklist to check off equal opportunity items as they are addressed at the Pre-construction Conference. Have the Contractor and any known subcontractors sign this checklist after completing review of items. **Any subcontractors hired subsequent of the Pre-construction Conference must also sign the checklist.**
- See also "Equal Opportunity Requirements," as found in Chapter 8: Federal Labor Standards and Equal Opportunity Requirements.

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**EQUAL OPPORTUNITY CHECKLIST**  
**(TO BE COMPLETED INITIALLY AT PRE-CONSTRUCTION CONFERENCE)**

- Contractors have reviewed and understand Equal Opportunity/Section 3 contract provisions.
- Contractors must inform unions or other source of workers of Equal Opportunity requirements such as:
  - a) taking applications at jobsite; and
  - b) advertising in local or appropriate media.
- \*  Contractors have received DHCD forms "Register of Assigned Employees" and "Register of Contractors, Subcontractors and Suppliers"; and have been instructed to submit initial forms at Start of Construction and every month or part of month during the course of the contract.
- Contractors are aware of goals for utilization of minority and female workers.
- Contractors are aware that they are obligated to the greatest extent feasible to hire lower income project area residents as workers and trainees and to utilize project area businesses and businesses owned by project area residents.
- Prime contractor has been given Equal Opportunity poster and will display it in prominent place at jobsite(s).
- \*  If contractors employ more than 50 persons and contract is over \$50,000 they have submitted form EEO-1 to the Joint Reporting Committee, P. O. Box 779, Norfolk, Virginia 23501; 804/461-1213.

\* Denotes those items which must be submitted by the Contractor.

***(Public Body):***

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

***(Prime Contractor):***

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Company

***(Subcontractor):***

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Company

## EXPLANATION OF REGISTER OF ASSIGNED EMPLOYEES

- What it is used for:* To document contractors' employees working on the project.
- When it is used:* Prior to start of construction to document the initial workforce, and throughout the construction process. It is updated on an ongoing basis and submitted at least monthly.
- Where it goes:* The grantee files all submittals in their labor standards and equal opportunity project files.
- Instructions:\**
- COMPLETE THE "Month Covered" AND "Date Completed" IN THE TOP RIGHT CORNER.
  - SHOW EXACT AMOUNT.
  - NEW HIRES are registered as such one time and only on the original submittal or for the month in which it occurred; DO NOT DUPLICATE 'NEW HIRES' ON SUBSEQUENT SUBMITTALS.
  - Employees RECALLED by the contractor to work FOR THE FIRST TIME on the project are treated as NEW HIRES except that the date recalled is entered in e(2). Subsequent recalls of any employees, whether originally listed as a 'new hire' or a 'recall' are treated as 'modifications,' see below.
  - MODIFICATIONS affect ONLY the following items: (ONLY ITEM 'a' AND ITEM(S) BEING MODIFIED ARE COMPLETED FOR MODIFICATIONS.)
    - changes to employee's name, e.g. due to marriage (item a)  
(if change is to name, show both old and new name)
    - changes in trade and job classification (item c)
    - changes in rate of pay and benefits (item d)
    - changes in authorized payroll deductions (item f)
    - a recall of an employee previously registered (item e(2)).

**GRANTEE'S RESPONSIBILITIES:** For every procurement with a prime contractor, the Grantee must complete item (1) of SECTION I and supply the prime contractor with enough copies for the duration of the contract.

**PRIME CONTRACTOR'S RESPONSIBILITIES:** The Prime Contractor must complete this prior to start of construction and provide updates on an ongoing basis. It must be submitted to the Grantee at least monthly, along with submittals received from subcontractors.

The Prime Contractor must use the forms supplied by the Grantee in which item (1) of Section I is already completed; item (2) remains blank. In SECTION II, the Prime Contractor completes items 'a' thru 'h' on 'new hires' and first time 'recalls', and only item 'a' and the item(s) being modified for modifications. The Prime Contractor is also responsible for assuring that subcontractors submit this form to the Prime Contractor.

For every procurement with a subcontractor, the Prime Contractor should complete item (2) of SECTION I (item (1) is already completed on the form) and supply the subcontractor with enough copies for the duration of the subcontract.

**SUBCONTRACTOR'S RESPONSIBILITIES:** The Subcontractor must complete this prior to start of construction, provide updated on an ongoing basis, and submit it to the Prime Contractor at least monthly.

The Subcontractor must use the forms supplied by the Prime Contractor in which Section I is already completed. In SECTION II, the Subcontractor completes items 'a' thru 'h' on 'new hires' and first time 'recalls'; and only item 'a' and the item(s) being modified for modifications.

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# Register of Assigned Employees

Month Covered: \_\_\_\_\_, 20\_\_

Date Completed: \_\_\_\_\_

*Submit initial list of workforce prior to start of construction; update throughout construction to show new hires/modifications*

**SECTION I: Identification of Level of Submittal, see instructions on back of form**

(1) Grantee \_\_\_\_\_ Grant Contract # \_\_\_\_\_ Project Location \_\_\_\_\_  
 Section 3 Area: \_\_\_\_\_ Area Employment Goals (if applicable): \_\_\_\_\_ # MINORITY \_\_\_\_\_ # FEMALE  
 Prime Contractor \_\_\_\_\_ Contracted Amount \$ \_\_\_\_\_

(2) Subcontractor \_\_\_\_\_ Contracted Amount \$ \_\_\_\_\_

**SECTION II: for NEW HIRES: complete items 'a' thru 'h' for MODIFICATIONS: complete only item 'a' and item(s) being modified**

a. NAME OF EMPLOYEE b. COUNTY OF RESIDENCE	c. TRADE & JOB CLASSIFICATION d. RATE OF PAY & BENEFITS	e. (1). DATE HIRED or e (2). DATE RECALLED f. AUTHORIZED PAYROLL DEDUCTIONS	g. MINORITY	h. GENDER
a. b.	c. d.	e (1) _____ or e(2) _____ f. _____	___yes ___no	___female ___male
a. b.	c. d.	e (1) _____ or e(2) _____ f. _____	___yes ___no	___female ___male
a. b.	c. d.	e (1) _____ or e(2) _____ f. _____	___yes ___no	___female ___male
a. b.	c. d.	e (1) _____ or e(2) _____ f. _____	___yes ___no	___female ___male
a. b.	c. d.	e (1) _____ or e(2) _____ f. _____	___yes ___no	___female ___male

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***What You Need to Know about  
Housing Rehabilitation Brochure***

Grantees may adapt the following brochure to comply, in part, with the requirement that written information which describes the proposed housing project must be provided to residents of the project area. Call your Community Representative if you would like an electronic version in Microsoft Office Publisher 2003.

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## Frequently Asked Questions

### ***“What happens to my house if I pass away or have to go into a nursing home?”***

If your housing needs change within 10 years, your relatives, if income eligible, could live in the house, the house could be rented to an LMI person or the house could be sold (and a portion of the grant amount repaid to your community out of the sale price). After a 10 year period, the terms of the loan have been satisfied (meaning the lien will be released) and no further requirements apply.

### ***“Why did my neighbor get a new house, but you only fixed my old house?”***

In some cases, houses are in such bad shape that they must be demolished and new ones provided. In some cases, a house could be rehabilitated instead of demolished and brought up to a safe, decent and affordable level. The Rehab Specialist helps to determine this.

### ***“What happens if I miss a payment?”***

If your finances change during your loan period, you should let the grant administrator know immediately. In most cases, a new payment plan better suited to your current ability-to-pay can be worked out. Any penalties must be described in the Program Design, and you should ask for a copy of this before you fill out your application.

### ***“Why can’t the contractor just do some additional work while he’s here?”***

The grant pays for specific types of repairs based on the mission of providing safe, decent, and affordable housing, and cannot pay for cosmetic items, such as porches, decks, or spare bedrooms. Also, the funds are limited, and there is only so much available for each house. We can only do as many houses as possible by honoring fair and consistent limits for everyone.

### ***“What if I just don’t want to participate in this program?”***

While we want everybody eligible in the community to benefit from the program, participation is voluntary. If you are eligible to receive assistance but do not want it, you will be asked to sign a form stating so, and no other requirements will be placed on you.

### ***“What if I have a complaint about how this program is being done?”***

This project has a written complaint and appeals procedure; you can request a copy from your grant administrator. Generally speaking, if you have a question or a complaint, the first step is to talk to the grant administrator. If you are not satisfied with the response, you should put your question or complaint in writing and send it to the Housing Rehab Board.

# What You Need to Know About Housing Rehabilitation



## Facts about the State-funded Rehabilitation in Your Neighborhood

Questions should be directed to:

Prepared by  
Project Management Office  
Department of Housing and Community Development  
501 North Second Street • Richmond, Virginia 23219

**What is this?** Your community applied for and has received a Community Development Block Grant (CDBG) from the Virginia Department of Housing and Community Development (DHCD). CDBG funding is available to assist low- and moderate-income (LMI) residents with housing and infrastructure needs. In your neighborhood, these funds will provide safe, decent and affordable housing for you and your neighbors. With your active participation, this project can help transform the entire neighborhood!

**How can this help you?** The state's definition of "safe, decent, and affordable housing" includes making sure all homes meet guidelines known as Housing Quality Standards (sometimes called HQS). If your house is in need of repairs before it can meet these standards, this program can help pay for those improvements to be made on your behalf.

**How do you sign up for this?** You will need to fill out an application form. Since we need the owner of the property to give permission for repairs to be made, you will also need to prove who owns your house. The application form will also ask for information about your income, and it is important that you provide it. This program is only available to low- and moderate-income households and we must be able to prove you meet that definition.

**What is the definition of "low- and moderate-income"?** Your household's total income must be equal to or less

than the figures in this chart in order for you to be able to participate in this program. The "grant administrator" is a person in your community working with state government to get the grant funds; he or she can help you determine the total income for your household. This person will also need to prove the dollar figure is accurate, so you will need to allow them to receive or see official paperwork, such as pay stubs and bank statements. **All applications and attached paperwork will be kept confidential and in a locked file drawer!** The dollar amounts in this chart and the rules the grant administrator follows are set by the federal government.

**What happens after the application form is complete?** Applications are reviewed by a Housing Rehabilitation Board, which is made up of local people from your neighborhood and community. A ranking system is used to decide who can receive housing assistance with this program, and

Size of Household	Income
1	
2	
3	
4	
5	
6	
7	
8	

they usually try to help the ones with the most need first. The ranking system and other information on the program are available in a document called "Housing Program Design". If you ask the grant administrator for a copy, one will be given to you.

After your application is approved by the Housing Rehabilitation Board someone hired by your community called a "Rehab Specialist" will visit your home to see what repairs need to be made. The Rehab Specialist will be comparing your home to the Housing Quality Standards, and will make a list of needed repairs as well as an estimate of what those repairs may cost. You will need to allow this person to come into your home and look in all rooms, as well as the crawlspace or basement and attic.

The Rehab Specialist will also be responsible for hiring a contractor to make the repairs, inspecting the work, and making sure the contractor gets paid.

**What kind of repairs are typical?** Housing rehabilitation is not "remodeling". Instead, it is making improvements to your house that focus on electrical, heating, plumbing, foundations, windows, and doors. Work can also be done to help make the home easier to live in for those with physical disabilities, if this applies to people in your family.

**How much does it cost to make repairs?** The CDBG program has maximum amounts that can be spent on

each house depending on what work is needed. Help from our program is limited to this amount for every family who participates. Each house is put out to bid using the same process, and contractors submit their costs to do the work. The Rehab Specialist and Housing Review Board will decide which contractor to use if more than one bid is received. No contractor can be hired to do the work unless the cost limits are followed. The grant administrator will explain the cost limits to you.

**Will it cost me anything?** The rehabilitation work will be done using a 0% interest loan. The Grant Administrator will use your income information to find out if you can afford to repay any of the costs of repairs. This is based on a formula set by the federal government. If it is decided you cannot contribute toward the cost of the repairs, the work will be paid entirely by grant funds.

If it is decided that you can pay some amount toward the cost, you will be expected to make a payment every month for up to ten years. The difference between what you can pay and what the repairs actually cost is what the grant will pay. In either case, paperwork will be filed with the Court (a "lien" will be placed on your house) as official record of the state investment and describing the terms. Please ask the grant administrator for additional information on how the 0% interest loan works and for a definition of the terms related to loan closing.



# REGISTER OF CONTRACTORS, SUBCONTRACTORS AND SUPPLIERS

## Explanation of Form

- What it is used for:* To document procurements of more than \$10,000 (or more than \$1,000 if a housing rehabilitation project) made in a CDBG project.
- When it is used:* Procurements are registered as they occur or on a monthly basis prior to submittal. This form is compiled by the Grantee, the prime contractor, and each subcontractor per the instructions below for each month and part of month during the course of a contract.
- Where it goes:* The Grantee files all submittals in their procurement and equal opportunity project files.
- Instructions:*
- COMPLETE THE “Month Covered” IN THE TOP RIGHT CORNER.
  - ROUND AMOUNTS TO THE NEAREST DOLLAR.
  - A procurement is registered one time and only for the month in which it occurred; DO NOT DUPLICATE PROCUREMENTS ON SUBSEQUENT SUBMITTALS.

**GRANTEE’S RESPONSIBILITIES:** The Grantee should complete this form each month to register all applicable procurements with prime contractors and suppliers. For submittal to itself the Grantee completes line (1) of SECTION I; line (2) and (3) remain blank. In SECTION II, the Grantee will identify each procurement as either ‘prime contractor’ or ‘supplier’ and will give complete information in the remaining columns.

For every procurement with a prime contractor, the Grantee should complete lines (1) and (2) of SECTION I and supply the prime contractor with enough copies for the duration of the contract.

**PRIME CONTRACTOR’S RESPONSIBILITIES:** The Prime Contractor must complete this form every month and part of month during the course of the contract for submittals to the Grantee along with any submittals received from subcontractors. The Prime Contractor must use the forms supplied by the Grantee in which lines (1) and (2) of SECTION I are already completed; line (3) remains blank. In SECTION II, the Prime Contractor will identify each procurement as either ‘subcontractor’ or ‘supplier’ and will give complete information in the remaining columns. The Prime Contractor is also responsible for assuring that subcontractors submit this form to the Prime Contractor as required.

For every procurement with a subcontractor, the Prime Contractor should complete item (3 of SECTION I (lines (1) and (2) are already completed on the form) and supply the subcontractor with enough copies for the duration of the subcontract.

**SUBCONTRACTOR’S RESPONSIBILITIES:** The Subcontractor must complete this form every month and part of month during the course of the contract for submittal to the Prime contractor. The Subcontractor should use the forms supplied by the Prime Contractor in which SECTION I is already completed. In SECTION II, the Subcontractor will identify each procurement as either ‘subcontractor’ or ‘supplier’ and will give complete information in the remaining columns.

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# Monthly Register of Contractors, Subcontractors and Suppliers

Month Covered: \_\_\_\_\_, 20\_\_

Register Each Procurement Over \$10,000 (or over \$1,000 if a housing rehab project) one time only, in month of occurrence

## SECTION I: Identification of Level of Submittal, see instructions on back of form

- (1) Grantee \_\_\_\_\_ Grant Contract # \_\_\_\_\_ Project Location \_\_\_\_\_  
 (2) Prime Contractor \_\_\_\_\_ IRS# (or owner's SSN) \_\_\_\_\_  
 (3) Subcontractor \_\_\_\_\_ IRS# (or owner's SSN) \_\_\_\_\_

## SECTION II: Details of Procurements

(see Instructions ) choose one:	Name and Address of Business, and IRS# (or owners' SSN)	Contract Description or Items Supplied	Amount of Contract or Purchase	Ownership of Business (check All that apply)
<input type="checkbox"/> Prime Contractor <input type="checkbox"/> Subcontractor <input type="checkbox"/> Supplier	       IRS# (or SSN):		\$	<input type="checkbox"/> Minority Business <input type="checkbox"/> White American <input type="checkbox"/> Local Business** <input type="checkbox"/> Black American <input type="checkbox"/> Female-Owned Business <input type="checkbox"/> Native* American <input type="checkbox"/> Hispanic American <input type="checkbox"/> Asian American <input type="checkbox"/> Not American Owned
<input type="checkbox"/> Prime Contractor <input type="checkbox"/> Subcontractor <input type="checkbox"/> Supplier	       IRS# (or SSN):		\$	<input type="checkbox"/> Minority Business <input type="checkbox"/> White American <input type="checkbox"/> Local Business** <input type="checkbox"/> Black American <input type="checkbox"/> Female-Owned Business <input type="checkbox"/> Native* American <input type="checkbox"/> Hispanic American <input type="checkbox"/> Asian American <input type="checkbox"/> Not American Owned
<input type="checkbox"/> Prime Contractor <input type="checkbox"/> Subcontractor <input type="checkbox"/> Supplier	       IRS# (or SSN):		\$	<input type="checkbox"/> Minority Business <input type="checkbox"/> White American <input type="checkbox"/> Local Business** <input type="checkbox"/> Black American <input type="checkbox"/> Female-Owned Business <input type="checkbox"/> Native* American <input type="checkbox"/> Hispanic American <input type="checkbox"/> Asian American <input type="checkbox"/> Not American Owned
<input type="checkbox"/> Prime Contractor <input type="checkbox"/> Subcontractor <input type="checkbox"/> Supplier	       IRS# (or SSN):		\$	<input type="checkbox"/> Minority Business <input type="checkbox"/> White American <input type="checkbox"/> Local Business** <input type="checkbox"/> Black American <input type="checkbox"/> Female-Owned Business <input type="checkbox"/> Native* American <input type="checkbox"/> Hispanic American <input type="checkbox"/> Asian American <input type="checkbox"/> Not American Owned

\*NATIVE AMERICAN - American Indian/Alaskan Natives    \*\*LOCAL BUSINESS - Business located in immediate county(s) surrounding project area

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## Housing Quality Standards in DHCD Housing Rehabilitation Programs

July 1, 2007

### *I. General*

**The eligibility of all rehabilitation work must be documented by the DHCD Section 8 Checklist.**

Replacement of appliances, fixtures and housing components may take place **only** after it has been documented that repair is not possible or cost effective.

All work must relate to the health, safety, and energy efficiency of the household, and must be cost effective.

No cosmetic or incipient violation improvements shall be made.

All houses shall be inspected using this checklist by **both** the Project Administrator and the Rehab Specialist. The checklist must be signed by **both** the Project Administrator and the Rehab Specialist.

All work to be performed shall be reviewed for eligibility, prior to bidding construction or approval of change orders, by the Project Administrator.

**The condition of the house after rehabilitation must comply with the minimum standards set forth here.**

### *II. Preliminary Inspection Procedures*

The Rehabilitation Specialist shall use DHCD's Section 8 Field Inspection Checklist to review and determine the need and eligibility of rehab work to be done on each house.

All work specified in the work writeup must relate to a specific violation cited on the Checklist.

All violations noted in the Checklist must be addressed by repairs in the Writeup.

Where replacement of components is specified, the justification must be provided in the "Comments" column of the Checklist and, if relevant, documentation must be attached.

The Rehab Specialist should conduct the inspection in a routine manner consistent in each house.

Inspections must be conducted "room by room" and by major component. The inspection must include the exterior, yard, roof, chimney, attic, basement or crawl space, and out buildings.

The electrical system must be inspected by a licensed Journeyman, certified by the Virginia Department of Professional and Occupational Regulation (DPOR), who is independent from the contractor doing electrical work, or by a Building Official certified by DHCD to do electrical inspections.

All houses must be inspected by a professional exterminator for infestation of wood-boring insects, vermin and roaches, and be treated if infested.

Certifications of thorough chimney inspection and of Blower Door test and weatherization measures are required by the Rehab Specialist.

Housing built prior to 1978 will be presumed to contain lead-based paint (LBP). All repairs will be designed (upon recommendation of a DPOR licensed Risk Assessor) to eliminate LBP hazards using interim control measures, more specifically *standard treatments*, and the house must pass a Clearance Examination as documented by the Risk Assessor.

### ***III. DHCD Section 8 Standards***

#### **A. Living Room and Bedrooms**

- 1. Electrical:** The living room must be free of electrical hazards (uncovered outlets, bare or exposed wire, or overloaded extension cords). Circuits and outlets must be able to carry the proposed load. At least two duplex outlets must be properly installed. Permanent light bulbs and switches must be covered by appropriate fixtures.
- 2. Security:** All doors and windows which are accessible from the ground must be equipped with a properly-working locking device.
- 3. Windows:** At least one operable window must be present in living room and bedrooms. All windows must form a reasonably tight weather seal, be free of signs of severe deterioration, be able to be opened and closed by the occupant (if so designed) and be free of missing or broken (not cracked) panes.

All non-passable windows must be repaired rather than replaced unless it is demonstrated that repair will exceed 75% of replacement cost.

4. **Walls and Ceilings:** All walls and ceilings in habitable areas of the dwelling must be free of severe damage from friction, impact, moisture, insects, or fatigue. Any holes, unkeyed surfaces, severe buckling, or structural weakness must be repaired. Doorstops must be installed at each doorway to prevent wall impact at the knob.

All non-passable walls and ceilings must be repaired, rather than replaced, unless more than 40% of surface area is damaged or structurally unstable.

5. **Floors:** Floors must be structurally sound, able to withstand normal walking and stationary loads without buckling or bouncing, and contain no holes or damaged or missing structural parts.

Carpeting may only be installed if flooring must be replaced and carpeting will be laid directly upon sub-flooring.

6. **Paint/Surface Treatment:** Repaired or replaced surfaces may be finished or painted to match surrounding surfaces. Where existing surfaces are significantly damaged (scaled paint, exposed subsurface), the surface treatment shall be as follows:

- a. Where children aged 6 years and under are present, contractor shall wet scrape all loose paint and/or cover with a cost-efficient covering using interim control measures as identified in the "Lead Safe Work Practices" course required of all contractors.
- b. Where the sole inhabitants are handicapped and/or 65 years of age or older, contractor shall prepare surface appropriately and cover with cost-efficient covering.
- c. Where an able-bodied person between the ages of 16 and 65 is present, and no child aged 6 or under is present, the family shall be provided with sufficient paint to repaint.

7. **Smoke Detector:** At least one working hard-wired and one battery- operated smoke detector must be permanently installed at a location audible to occupants of all sleeping rooms in the event of fire.

## B. Kitchen

A separate room or a definitive area for storage and preparation of food must be present.

1. **Electrical:** There must be at least two working outlets and one working, permanently-installed light fixture.

The kitchen must be free of electrical hazards (uncovered outlets, bare or exposed wire, overloaded extension cords). Circuits and outlets must be able to carry the proposed load. GFI outlets are required within 6ft. of the sink.

Permanent light bulbs, outlets and switches must be covered by appropriate fixtures.

2. **Security:** All doors and windows which are accessible from the ground must be equipped with a properly-working locking device.
3. **Windows:** If present at least one operable window must open in the kitchen. All windows must form a reasonably tight weather seal, be free of signs of severe deterioration, be able to be opened and closed by the occupant (if so designed), and be free of missing or broken (not cracked) panes.

All non-passable windows must be repaired rather than replaced unless it is demonstrated that repair will exceed 75% of replacement cost.

4. **Walls and Ceilings:** All walls and ceilings in habitable areas of the dwelling must be free of severe damage and be protected from friction, impact, moisture, insects, or fatigue. Contractor shall provide water proof and grease proof treatment where needed. Any holes, unkeyed surfaces, severe buckling, or structural weakness must be repaired. Doorstops must be installed at each doorway to prevent wall impact at the knob.

All non-passable walls and ceilings must be repaired, rather than replaced, unless more than 40% of surface area is damaged or structurally unstable.

5. **Floors:** Floors must be structurally sound, able to withstand normal walking and stationary loads without buckling or bouncing, and contain no holes or missing structural parts.

Kitchen flooring must be easily cleanable and resistant to water damage.

Linoleum is acceptable for flooring which does not pass.

New carpeting cannot be installed.

- 6. Stove:** Kitchens must be equipped with a stove which has at least two top burners. All top burners must work and be controlled by knobs to turn them off and on.

The stove must contain an oven which is capable of baking food at 400°F.

Stove shall be free of any gas leaks or electrical hazards and be equipped with an oven door which opens and closes properly.

The kitchen shall have a properly-functioning and ventilated range hood.

- 7. Refrigerator:** Kitchens must be equipped with a refrigerator which is adequately sized for the number of persons in the household. The refrigerator must be able to maintain a temperature of 40°F or lower. It must be equipped with a sealed door which opens and closes properly.

The maximum size for new refrigerators shall be: 14 cubic feet for 1-4 persons; and 17 cubic feet for 5 or more persons.

- 8. Sink:** Kitchens must have a permanently-affixed sink with hot and cold running water from a faucet, and a properly-working and connected drain with a gas trap.

Must have a hot and cold shut-off valve which is accessible.

No rust below rim level.

Sink must be free of defects such as leaking faucet, slow drain, missing or broken stopper, or improper venting.

- 9. Space for Storage and Preparation of Food:** Kitchen shall have permanently space for the preparation and storage of food.

A minimum of 6 linear feet (LF) of enclosed base and wall cabinet space is required for 1 to 3 persons.

A minimum of 8 LF of enclosed base and wall cabinet space is required for 4 or more persons.

A minimum of 6 LF of surface area at least 18 inches deep shall be affixed for food preparation.

If new cabinets are necessary, they shall not exceed the minimums provided herein.

Shelving, cabinet doors, drawers and hardware must function properly.

**C. Bathroom** An enclosed bathroom with a solid, hinged, and lockable door shall be present and accessible without traversing another person's bedroom.

- 1. Electrical:** There must be at least one outlet and one permanently- installed light fixture. Outlets must be GFI. Outlets, fixtures and switches must be properly covered. Room shall be free of electrical hazard.

If a new bathroom is to be installed, it must be installed in existing interior space, if possible.

- 2. Walls and Ceilings:** All walls and ceilings in habitable areas of the dwelling must be free of severe damage and be protected from friction, impact, moisture, insects, or fatigue. Contractor shall provide waterproof wall treatment where needed. Any holes, unkeyed surfaces, severe buckling, or structural weakness must be repaired. Doorstops must be installed at each doorway to prevent wall impact at the knob.

All non-passable walls and ceilings must be repaired, rather than replaced, unless more than 40% of surface area is damaged or structurally unstable.

- 3. Floors:** Floors must be structurally sound, able to withstand normal walking and stationary loads without buckling or bouncing, and contain no holes or damaged or missing structural parts.

Kitchen flooring must be easily cleanable and resistant to water damage.

Linoleum is acceptable for flooring which does not pass.

Carpeting cannot be installed.

- 4. Sink:** Bathrooms must have a permanently-affixed sink with hot and cold running water from a faucet and a properly working and connected drain with a gas trap.

Must have a hot and cold shut-off valve which is accessible.

Sink must be free of defects such as leaking faucet, slow drain, missing or broken stopper, or improper venting.

- 5. Toilet:** Bathroom must have a toilet connected to an approved disposal system which is not clogged. No water leakage or escape of gases shall occur.

Must have a shut off valve which is accessible.

Constant running or slow draining shall be repaired.

If there is broken or cracked porcelain, the toilet shall be replaced.

- 6. Tub or Shower:** A tub and or shower with hot and cold water running properly. Functioning handles, faucet, trap and drain must be present.

Tub shall have functioning stopper and anti-back siphonage drain.

Repair if leaking, poor pressure, improper venting or trapping.

Replace if porcelain is broken.

Shower shall have rod and curtain, or door.

- 7. Ventilation:** There must be an operable window in good repair, or a working mechanical vent system.

- 8. Storage:** An enclosed medicine cabinet is required.

- 9. Handicapped Accessibility:** If an occupant is physically handicapped or elderly, relevant improvements to make fixtures and accessories accessible must be made.

Grab bars for toilet and tub must be sized to carry full body weight and be permanently affixed to wall studs. Insulation around exposed hot water pipes and drains must be installed for persons in wheelchairs.

#### **D. Rooms Other than Living Room and Permanently Used Bedrooms:**

If a room is not used for normal living functions on a daily basis, repairs or improvements may not be made except for repairs to conditions which threaten the viability of the structure, the condition of other rooms, or the health and safety of occupants.

#### **E. Other Rooms Used Daily (Must be Specified):**

- 1. Electrical:** The room must be free of electrical hazards (uncovered outlets, bare or exposed wire, overloaded extension cords). Circuits and outlets must be able to carry the proposed load.

Permanent light bulbs and switches must be covered by appropriate fixtures.

If a room is necessary for ingress/egress, a permanently-installed light fixture is required.

- 2. Security:** All doors and window which are accessible from the ground must be equipped with a properly-working locking device.

3. **Windows:** Windows must be operable. All windows must form a reasonably-tight weather seal, be free of signs of severe deterioration, be able to be opened and closed by the occupant (if so designed), and be free of missing or broken (not cracked) panes.

**All non-passable windows must be repaired rather than replaced unless it is demonstrated that repair will exceed 75% of replacement cost.**

4. **Walls and Ceilings:** All walls and ceilings in habitable areas of the dwelling must be free of severe damage from friction, impact, moisture, insects, or fatigue. Any holes, unkeyed surfaces, severe buckling, or structural weakness must be repaired. Doorstops must be installed at each doorway to prevent wall impact at the knob.

All non-passable walls and ceilings must be repaired, rather than replaced, unless more than 40% of surface area is damaged or structurally unstable.

5. **Floors:** Floors must be structurally sound, able to withstand normal walking and stationary loads without buckling or bouncing, and contain no cracks or damaged or missing structural parts.

Carpeting may only be installed if flooring must be replaced and carpeting will be laid directly upon sub-flooring.

6. **Paint/Surface Treatment:** Repaired or replaced surfaces may be finished or painted to match surrounding surfaces. Where existing surfaces are significantly damaged (scaled paint, exposed subsurface), the surface shall be as follows:

- a. Where children aged 6 years and under are present, contractor shall wet scrape all loose paint and/or cover with a cost-efficient covering using interim controls as identified in the "Lead Safe Work Practices" course required of all contractors.
- b. Where the sole inhabitants are handicapped and/or 65 years of age or older, contractor shall prepare surface appropriately and cover with cost-efficient covering.
- c. Where an able-bodied person between the ages of 16 and 65 is present, and no child aged 6 or under is present, the family shall be provided with sufficient paint to repaint.

## **F. Building Exterior**

1. **Foundation:** Foundation must be structurally capable of supporting the entire house. It must be enclosed with skirting or masonry units, vented, and capable of keeping water from under the structure and free from hazards.

Replacement must be made only if it is documented that significant structural damage is present which would make repair not possible or cost effective.

- 2. Stairs, Rails and Porches:** Stairs, porches, balconies and decks must be free of severe structural defects or missing and broken boards or steps.

A secure handrail shall be present on a run of steps with four or more risers, and around a porch or balcony more than 30 inches above the ground.

No porch may be repaired where the cost of repairs will exceed 75% of the cost of replacement. Replacement or new porches shall not exceed 25 square feet.

Decks or balconies may not be built or replaced.

- 3. Roof and Gutters:** Roof shall be free of serious defects such as buckling, serious sagging, holes, leaks, unkeyed or curling shingles, or missing roofing elements such as shingles, underlayment, flashing and sufficient joists.

Gutters, downspouts, soffit and fascia shall be free of defects which allow water, air or vermin into the interior of the structure, or to damage the surface or foundation of the structure.

- 4. Exterior Siding:** The exterior of the structure shall be completely covered by suitable weatherproof materials which have a surface treatment which adequately protects against water damage. Siding materials shall be free of major material defects and be properly secured to framing members.

Where wood siding is present with inadequate, degraded or seriously peeling paint, the entire house may be repainted using interim control measures as needed to protect occupants and workers from lead paint hazards. If less than 25% of existing siding needs to be replaced, the exterior shall be repaired with similar siding materials.

If more than 25% of the existing siding material needs to be replaced, the nature and extent of the damage must be documented and vinyl or other cost-effective siding may be installed.

- 5. Chimney:** All chimneys must be adequately lined and secure, with no unkeyed or loose structural members. All missing or loose mortar joints shall be repaired. Draft, dampers, flaking and blockage shall be inspected. Rehab Specialist shall certify inspection of all components, including a roof and attic inspection.

6. **Mobile Home Tie Downs:** All mobile homes must be secured by properly placed and installed tie downs.
7. **Handicapped Accessibility:** If physically handicapped or elderly persons with limited mobility are present, the exterior must provide for relevant accessibility from the street or parking areas to the interior of the structure.

Examples include: sidewalk or ramp no more than a 1-inch to 1-foot rise in slope from street or parking to point of entry. Railing along sidewalk or ramp, door threshold flush with internal and external entry/egress surface. Door handle which can be pulled rather than turned.

## G. Heating and Plumbing

1. **Heating Equipment:** Heating equipment shall be safe, free of defects, able to heat the entire living area to 70°F, at 0°F outside temperature, and cost effective as compared to other heating sources.

Heaters using fossil fuels shall be properly vented to the exterior. Fossil fuel heaters shall have an emergency cutoff which is accessible, with its use and location familiar to occupants. No unvented space heaters using fossil fuels shall be necessary or present.

2. **Electric baseboard heating shall not be installed** unless it is documented that it is justified by long term cost efficiency, is acceptable to residents, and is easily turned off and on by the current occupants.
3. **Ventilation:** The entire living area shall have adequate cross ventilation and cooling by means of operable windows.
4. **Water Heater:** A water heater with all components in working condition, which does not leak and is capable of heating water to 120°F, shall be present.

The heater shall have a temperature pressure relief valve and discharge line directed toward the floor or outside the living area.

If replacement is necessary, a **40-gallon heater** shall be installed in a non-daily living area, or be enclosed.

5. **Water Source/Sewer Discharge:** The plumbing system shall be legally served by an approved water source with full-flow shut-off valve and approved discharge and sewage disposal system.
6. **Plumbing:** Main water feed and drain pipes shall be free from leaks and delivered water free from discoloration and odor.

## H. General Health and Safety

1. **Access/Exits:** The living area must have two safe and easily-accessible points of access and exit which current occupants may use.

Door exits must be illuminated.

Access doors must be solid and lockable.

2. **Infestation:** The property must be inspected by a licensed exterminator. If infestation is discovered, treatment must be provided for thorough extermination.

Any seriously-damaged structural elements must be repaired.

All openings to exterior must be properly covered with framed insect screening.

Any access routes for rodents or other vermin must be permanently closed.

3. **Garbage and Debris:** All debris, junk, inoperable vehicles and appliances, and dilapidated structures on the exterior of the property shall be removed to a legally-acceptable location outside of the neighborhood prior to the initiation of rehabilitation.

The household shall be responsible for any and all physical removal that they are physically able to accomplish.

All debris, garbage, and accumulated belongings not necessary for daily living shall be removed from the living area by the household (if physically able) prior to rehabilitation.

The property shall have at least one 30-gallon trash container in good condition. If more than 3 persons inhabit the property, a second 30-gallon trash container shall be present.

## I. Overcrowding

There must be an adequate sleeping room (passable bedroom or living room) for every two persons living full time in the household. However, no non-spousal persons of different gender may be required to share a sleeping room if both persons are 6 years of age or older.

## **J. Weatherization**

All homes must be weatherized with at least R-38 ceiling insulation. All windows and doors must be caulked and weather-stripped.

Exterior doors must be equipped with a **storm door** unless a manufacturer's warranty will be voided on an entry door if the storm door is installed. In the case of a voided warranty, a screen door may be installed.

All homes must be tested before and after rehabilitation for air infiltration by means of a Blower Door. Air infiltration through sidewalls and bypasses must be mitigated where found. Weatherization measures should be designed to meet the minimum air flow of 1500 CFM or other standard based on square footage of the home and family size..

# ACKNOWLEDGEMENT OF RECEIPT OF ECOA NOTICES AND DISCLOSURES

TO: (Name of Grantee)

I (We) acknowledge receipt of the notices and warnings contained herein:

1. Notice: The Federal Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, age (provided that the applicant has the capacity to enter into a binding contract), sex or marital status, the fact that all or part of the applicant's income is derived from a public assistance program, or the fact that the applicant has in good faith exercised any right under the consumer Credit Protection Act. The federal agency which administers compliance with this act is the Federal Trade Commission, Equal Credit Opportunity, Gelman Building, 2120 L Street, N. W., Washington, D. C. 20037. The Consumer Response Center can be reached at (877)-382-4357.
2. Warning: No person may be required to designate a courtesy title, such as Mr., Ms., Mrs., or Miss.
3. Notice: When applying for a loan, you may use your birth given name, first and surname or a birth given name, first and surname or a birth given first name and a combined surname.
4. The federal government has requested that information regarding race, national origin, sex, marital status and age of applicants for home loans be gathered in order to monitor compliance with federal anti-discrimination statutes which prohibit creditors from discriminating against applicants on these bases. The law provides that a lender may neither discriminate on the basis of this information nor on whether or not it is finished. Furnishing this information is optional.
5. Notice: The Federal Equal Credit Opportunity Act allows the creation of special purpose credit programs for economically disadvantaged persons. If all of the participants share one or more characteristics that are protected classifications, then information as to that characteristic may be requested.

\_\_\_\_\_  
Applicant's Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Applicant's Signature

\_\_\_\_\_  
Date

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*(Attach Sufficient Number of Exterior And Interior Photographs To Substantiate The Need For Demolition)*

Property Address: \_\_\_\_\_

\_\_\_\_\_

Square Footage (*current home*): \_\_\_\_\_ Lot size: \_\_\_\_\_

Square Footage (*substantial reconstruction*): \_\_\_\_\_

A. Estimated Cost of Rehab (Attach Cost Estimate and  
HQS Inspection Form) \_\_\_\_\_

B. Estimated Cost of Substantial Reconstruction \_\_\_\_\_

C. Alternatives to Substantial Reconstruction and costs associated:  
(Check *all* that apply)

- Relocation was offered to the family
- Supplemental funding is not available at this time to rehab  
the home at costs that exceed DHCD cost limits

Other (explain) \_\_\_\_\_

\_\_\_\_\_

The homeowner understands and agrees that the plans for a substantially reconstructed house have been reviewed and the Program regulations state that if the current home, listed above, has too many deficiencies to be rehabilitated within the cost limits, it may be demolished and reconstructed.

\_\_\_\_\_  
Homeowner

\_\_\_\_\_  
Date

\_\_\_\_\_  
Program Administrator

\_\_\_\_\_  
Date

\_\_\_\_\_  
DHCD Approval

\_\_\_\_\_  
Date

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## Explanation of Form

**Step A:** Calculate Gross Household Income: This includes wages, tips, self-employment income, alimony, interest, dividends, social security, SSI, public assistance or public welfare, including unemployment, retirement, disability income, VA and insurance payments from all adult individuals residing in the household. It does not include income earned by a child less than 18 years, foster care payments, hostile fire pay, inheritance income, medical cost reimbursements, lump-sum asset payments, educational scholarships or the income of a live-in aide.

**Step B:** Deduct \$480 for each dependent. A dependent is defined as any household member who is not the head, co-head or spouse, but is under the age of 18 years, or disabled (of any age), or is a full-time student (of any age). The client file must include verification of the student status of any dependent over 18 years.

**Step C:** Deduct \$400 if it is an elderly household. An elderly household is one in which the head, spouse or sole member is 62 years or older.

**Step D:** Deduct documented, out-of-pocket medical expenses in excess of 3% of annual gross household income for any member in an elderly or disabled household.

**Step E:** Calculate Adjusted Gross Income:  $A - (B + C + D) = AGI$

**Step F:** Calculate Monthly Income:  $AGI / 12$

**Step G:** Calculate Income Available for Housing: Multiple monthly income of homeowners by 0.25 or by multiply monthly income of renters by not to exceed 0.35.

**Step H:** Calculate Monthly Housing Costs: The only eligible fees are mortgage payment, home insurance, real estate taxes and utility allowances. The only eligible utility allowances are gas, electric, heat, water, public sewer and garbage costs. Air conditioning costs can be included when the client file contains documentation from a medical practitioner, stating that it is a medical necessity for a household member.

**Step I:** The amount available for Loan Repayment is Step G (income available for housing) minus Step H (monthly housing costs).

**\* Ability-to-pay may be reviewed on an annual basis. It must be recalculated if the composition of the household changes or if requested by the beneficiary, and the monthly payment toward the loan payment adjusted accordingly.**

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**ABILITY-TO-PAY WORKSHEET**  
**Homeowners and Renters**

Step A: Gross Household Income: \$ \_\_\_\_\_ (A)

Step B: (-) Dependents \$ \_\_\_\_\_ (B)

\$480 for each dependent under the age of 18 years old.  
Do not include head of household or spouse.

Step C: (-) Elderly \$ \_\_\_\_\_ (C)

\$400 for any elderly FAMILY (age 62 years and older).

Step D: (-) Other Deductibles \$ \_\_\_\_\_ (D)

Include documented, out-of pocket medical expenses in excess of three (3%) of annual income.

Step E: A- (B+C+D) = Adjusted Gross Income (AGI) \$ \_\_\_\_\_ (E)

Step F: Monthly Income (AGI/12) \$ \_\_\_\_\_ (F)

Step G: Income Available for Housing \$ \_\_\_\_\_ (G)  
(Monthly Income of Homeowners x .25)  
(Monthly Income of Renters x not to exceed .35)

Step H: Monthly Housing Costs

Mortgage Payment	\$ _____
Home Insurance	\$ _____
Real Estate Taxes	\$ _____
Utility Allowance	\$ _____ (gas, electric, heat, water, public sewer & garbage only)

Total Monthly Housing Costs \$ \_\_\_\_\_ (H)

Step I: G- H = Amount Available for Loan Repayment \$ \_\_\_\_\_ (I)

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Step A: Loan Amount (base, exceptions and demolition costs) (A) \$\_\_\_\_\_

Step B: Monthly Amount To Fully Amortize Loan (B) \$\_\_\_\_\_

(For 0%, 10 years - multiply loan amount by 1/120)

Step C: Client Payment Amount (C) \$\_\_\_\_\_

(from Ability to Pay Calculations—line I)

Step D: Monthly Amount Forgiven (D) \$\_\_\_\_\_

Subtract (C) from (B) = (D)

Step E:

If (B) is greater than (C): (C) is the monthly payment from client;  
(D) is the monthly loan amount forgiven;

BUT

If (C) is greater than (B): nothing is forgiven and  
(B) is the monthly payment from client;

Notes:

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1. All rehabilitation construction contracts MUST contain reference to the following federal laws:

- a. Title VI of the *Civil Rights Act of 1964*, as amended:

"All parties to this contract hereby agree to comply with the provisions of Title VI of the *Civil Rights Act of 1964* (Public Law 88-352) which provides: that no person in the United States shall, on the grounds of race, color, or national origin, be excluded from participation in be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance."

- b. Executive Order 11246, as amended:

"All parties to this contract which exceed \$10,000.00 hereby agree to comply with the provisions of Executive Order 11246 which provides: that contractors and sub-contractors take affirmative action to ensure fair treatment in employment, upgrading, demotion, layoff, or termination, rates of pay or other forms of compensation, and selection for training and apprenticeship."

- c. Section 109 of the *Housing and Community Development Act of 1974*, as amended:

"All parties to this contract hereby agree to comply with the provision of Section 109 of the *Housing and Community Development Act of 1974* which provides: that no person in the United States shall on the ground of race, color, national origin, or sex be excluded from participation in, be denied the benefits of or be subjected to discrimination under any program or activity funded in whole or in part with funds made available under this title. Any prohibition against discrimination on the basis of age under the *Age Discrimination Act of 1975* or with respect to an otherwise qualified handicapped individual as provided in section 504 of the *Rehabilitation Act of 1973* shall also apply to any such program or activity.

- d. Section 3 of the *Housing and Urban Development Act of 1968*:

"All parties to this contract hereby agree to comply with the provisions of Section 3 of the *Housing and Urban Development Act of 1968* which provides:

- i) that to the greatest extent feasible opportunities for training and employment be given to lower income residents of the project area and contracts for work in connection with the project be awarded to business concerns which are located in or owned in substantial part by persons residing in the project area."

- ii) All parties to this contract hereby agree to comply with the following concerning procurement: "Pursuant to the Provisions of 24 CFR Part 85 and Section 3 of the *Housing and Urban Development Act of 1968*, in procuring supplies, equipment, construction and services, and CONTRACTOR and all SUBCONTRACTORS will contact those appropriate project area minority- and female-owned firms provided by the PUBLIC BODY on its solicitation list and provide such firms reasonable opportunities to compete for procurement contracts."
- e. *The Immigration Reform and Control Act of 1986*:

“All parties to this contract hereby agree to comply with the following provisions of the *Immigration Reform and Control Act of 1986* which provides: that the CONTRACTOR agrees by signing this contract that he or she does not and will not during the performance of this contract violate the provisions of the *Federal Immigration Reform and Control Act of 1986*, which prohibits employment of illegal aliens.”
- f. *Lead-Based Paint Poisoning Prevention Act* (Public Law 91-695, 84 Stat. 2068 as amended by Public Law 93-151 and Public Law 94-317 (42 U.S.C. 4801))
  - i) "As pursuant to the *Lead-Based Paint Poisoning Prevention Act*, as amended, the CONTRACTOR and SUBCONTRACTORS shall not use lead based paint in residential structures and shall eliminate any lead-based paint hazards in residential structures rehabilitated."
  - ii) The governing body shall be responsible for inspection certifications and preparing specifications to eliminate identified lead based paint under CFR Section 35.24.
- 2. All rehabilitation construction contractors must submit a *Monthly Register of Contractors, Subcontractors and Suppliers* for all procurement of \$1,000 or more (following page).

## Monthly Register of Contractors, Subcontractors and Suppliers

### Explanation of Form

*What It Is Used For::* To document procurements of more than \$10,000 (or more than \$1,000 if a housing rehabilitation project) made in a CDBG project.

*When It Is Used:* Procurements are registered as they occur or on a monthly basis prior to submittal. This form is compiled by the Grantee, the prime contractor, and each subcontractor per the instructions below for each month and part of month during the course of a contract.

*Where It Goes:* The Grantee files all submittals in their procurement and equal opportunity project files.

*Instructions:*

- COMPLETE THE “Month Covered” IN THE TOP RIGHT CORNER.
- ROUND AMOUNTS TO THE NEAREST DOLLAR.
- A procurement is registered one time and only for the month in which it occurred; DO NOT DUPLICATE PROCUREMENTS ON SUBSEQUENT SUBMITTALS.

**GRANTEE’S RESPONSIBILITIES:** The Grantee should complete this form each month to register all applicable procurements with prime contractors and suppliers. For submittal to itself the Grantee completes line (1) of SECTION I; line (2) and (3) remain blank. In SECTION II, the Grantee will identify each procurement as either ‘prime contractor’ or ‘supplier’ and will give complete information in the remaining columns.

For every procurement with a prime contractor, the Grantee should complete lines (1) and (2) of SECTION I and supply the prime contractor with enough copies for the duration of the contract.

**PRIME CONTRACTOR’S RESPONSIBILITIES:** The Prime Contractor must complete this form every month and part of month during the course of the contract for submittals to the Grantee along with any submittals received from subcontractors. The Prime Contractor must use the forms supplied by the Grantee in which lines (1) and (2) of SECTION I are already completed; line (3) remains blank. In SECTION II, the Prime Contractor will identify each procurement as either ‘subcontractor’ or ‘supplier’ and will give complete information in the remaining columns. The Prime Contractor is also responsible for assuring that subcontractors submit this form to the Prime Contractor as required.

For every procurement with a subcontractor, the Prime Contractor should complete item (3) of SECTION I (lines (1) and (2) are already completed on the form) and supply the subcontractor with enough copies for the duration of the subcontract.

**SUBCONTRACTOR’S RESPONSIBILITIES:** The Subcontractor must complete this form every month and part of month during the course of the contract for submittal to the Prime contractor. The Subcontractor should use the forms supplied by the Prime Contractor in which SECTION I is already completed. In SECTION II, the Subcontractor will identify each procurement as either ‘subcontractor’ or ‘supplier’ and will give complete information in the remaining columns.



The Grantee must use an attorney to ensure the Deed is properly prepared.

\_\_\_\_\_  
(Lender's Name)

This Deed Of Trust Made this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_, by and between \_\_\_\_\_, (herein referred to as "Borrower"), and \_\_\_\_\_ and \_\_\_\_\_(herein referred to as "Trustees") , either of whom may act; \_\_\_\_\_ and \_\_\_\_\_

\_\_\_\_\_  
(Lender's Name and Address)

(herein referred to as "Lender").

**RECITALS**

Whereas, the Borrower has executed a deed of trust note of even date (the "Note") payable to the Lender in the amount of \_\_\_\_\_ dollars (\$\_\_\_\_\_) and maturing on \_\_\_\_ day of \_\_\_\_\_, 20 \_\_, and evidencing a loan for rehabilitation of the Property (as defined herein below) intended for occupancy by persons of low and moderate income. The Borrower desires to secure to the Lender the payment of certain indebtednesses of the Borrower to the Lender and the performance of certain covenants made by the Borrower to the Lender; **and**

Whereas, the aforementioned deed of trust note of even date (the "Note") reflects that:

\_\_\_\_\_ dollars (\$\_\_\_\_\_) of the aforementioned amount is a loan and matures on \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_, (if not applicable, insert N/A in each of the foregoing blanks); **and**

\_\_\_\_\_ dollars (\$\_\_\_\_\_) of the aforementioned amount is forgiven monthly on each

\_\_\_\_\_ day of \_\_\_\_\_, for \_\_\_\_\_ ( \_\_\_\_\_ ) months until the forgiven balance is paid in full (if not applicable, insert N/A in each of the foregoing blanks).

**Now Therefore, Witnesseth:** That for and in consideration of the provisions of this Deed of Trust (herein referred to as “Deed”) and of \$1.00 cash in hand paid and other valuable consideration, the receipt whereof is hereby acknowledged, the Borrower does hereby grant and convey unto the Trustees, with General Warranty, the real property described with particularity below:

**(Property Description)**

Together with all buildings, improvements, and fixtures now or hereafter erected thereon, including without limitation all apparatus, equipment, fixtures or articles, used to supply heat, gas, air conditioning, water, light, power, refrigeration, ventilation, or other services, and all items of personal property and any other thing now or hereafter therein or thereon used in connection with the Property including without limitation screens, window shades, storm doors and windows, affixed floor coverings, screen doors, Venetian blinds, awnings, stoves and water heaters (all of which are declared to be a part of said real estate whether physically attached thereto or not ); and also together with all easements relating to the Property, as well as any unearned hazard insurance premium with respect to such property, all of which are hereby pledged, assigned, transferred and set over unto the Trustees, whether now due or hereafter to become due. All of the foregoing realty and personalty are hereafter sometimes referred to as the “Property”.

**In Trust, However,** to secure to the Lender the performance and payment by the Borrower of the indebtednesses described in Paragraphs 1,2 and 3 below, which indebtednesses are sometimes referred to herein as the “Secured Indebtednesses”, and also to secure the due and punctual performance by Borrower of each and every covenant, condition and agreement contained herein, and each and every other obligation, covenant and agreement (sometimes referred to herein as the “Secured Covenants”) of the Borrower to and with the Fund concerning or relating to the Property.

**SECURED INDEBTEDNESSES**

The **Secured Indebtednesses** consist of:

- 1. Indebtednesses under Note.** All obligations under the Note, if any, and each note given in substitution for, or upon any renewal or extension of, the Note.
- 2. Indebtednesses Arising Under Deed of Trust.** All indebtednesses to the Lender and to the Trustees which arise under any of the Borrower’s covenants expressly made herein, including fees of their attorneys and agents and other expenses respectively

incurred by them in connection with the performance by or assertion of their respective rights and/or duties as set forth in this Deed.

**3. Other Indebtednesses.** All other indebtednesses of the Borrower to the lender, whether arising out of the Secured Covenants or otherwise, whether now existing or hereafter incurred, whether or not represented or evidenced by negotiable instruments or other writings.

Whenever moneys are to be applied by the Lender to the payment of the Secured Indebtednesses, the Lender shall determine, in its sole discretion, the order and manner in which such moneys are to be applied to the individual indebtednesses secured hereby, unless expressly provided otherwise by this Deed, by other written agreement between the Borrower and the Lender or by law.

### **ADDITIONAL SECURITY**

As additional security for the payment of the Secured Indebtednesses and performance of the Secured Covenants, the Borrower hereby transfers, sets over and assigns to the Lender:

A. All judgments, awards of damages, settlements and compensation made in connection with or in lieu of; (i) any taking of the Property by or under assertion of the power of eminent domain; (ii) any damage to or destruction of the Property by insured casualty; and (iii) any other injury or damages to the Property. The Lender is authorized and empowered (but not required) to collect and receive any such sums and is authorized to apply them in whole or in part to the reduction of the Secured Indebtednesses and/or to the performance of the Secured Covenants.

### **SECURED COVENANTS**

The **Borrower covenants and agrees as follows:**

(1) **Payment and Performance.** Borrower shall pay without demand all Secured Indebtedness and shall fully perform without demand all Secured Covenants, when such payments or performances are due.

(2) **Payment and Discharge of Liens.** Borrower shall pay when due all amounts and shall perform all covenants secured by any deeds of trust recorded prior to this Deed. The Borrower also shall pay, when due, all claims of every kind and nature which might or could become a lien on the Property or any part thereof having priority over the lien of this Deed, and the Borrower shall not at any time create or allow to exist any prior lien on the Property or any part thereof of whatsoever kind or nature other than those specifically approved by the Lender; provided, however, that the following are excepted from the foregoing: (i) liens for taxes and assessments which are not delinquent although by law are given the status of a lien and (ii) such of the above claims as are, and during the time they are, being contested by the Borrower in good faith and by appropriate legal

proceedings, but the Borrower shall post such security for the payment of such contested claims as is requested by the Lender.

**(3) Maintenance of the Property.** (i) Borrower shall promptly repair, restore or rebuild any part of the Property that may become damaged or be destroyed while subject to the lien of this Deed; (ii) Borrower shall not commit or suffer waste of the Property; (iii) Borrower shall not commit or suffer to be done or exist on or about the Property any condition whereby the Property shall become less valuable; (iv) without prior written permission, Borrower shall not remove or demolish the Property; (v) Borrower shall comply with all applicable laws, ordinances, regulations, covenants, conditions and restrictions affecting the Property, and not to suffer or permit any violations thereof.

**(4) Inspections.** The Lender and its agents shall have the right of entry and free access to the Property and right to inspect all buildings, fixtures and equipment in the Property. All books, contracts, records, documents, and other papers relating thereto shall at all times be available at the Property (or such other place as the Lender shall approve) in reasonable condition for proper audit and shall be subject to examination and inspection and copying at any reasonable time by the Lender or its authorized agents. It is understood and agreed that any inspection hereunder by the Lender shall be for the sole benefit and protection of the Lender, and neither the Borrower nor any other party shall be entitled to rely upon such inspection or the results therefrom for any purpose whatsoever, including without limitation the assertion of ; (a) any claim or defense with respect to any failure by the Borrower to perform in accordance with the terms of this Deed; or (b) any waiver or other modifications of the rights of the Lender or obligations of the Borrower hereunder.

**(5) Insurance.** Borrower shall maintain insurance for the full replacement cost of the Property, and shall maintain policies of insurance against such other hazards, casualties and contingencies as the Lender may require, with all such policies naming the Lender as the mortgagee and to be in form satisfactory to, and with insurance companies approved by, the Lender. The proceeds of any such insurance shall be applied by the Lender to the restoration of the Property damaged or destroyed, under safeguards satisfactory to the Lender in its sole discretion. Such policies shall, at the option of the Lender, be directed to and held by the Lender without liability. Borrower shall provide to the Lender annual certificates of insurance or endorsements, as applicable, and evidence that insurance policy premiums have been paid when due.

**(6) Payment of Escrow Deposits.** (i) At the option of the Lender, the Borrower shall pay to the Lender, to the extent requested by the Lender, on the dates upon which interest is payable, such amounts as the Lender from time to time estimates are necessary to create and maintain a fund from which to pay before the same become due, all taxes, assessments, liens, hazard insurance premiums, and charges on or against the Property. Payments from said fund for said purposes may be made by the Lender at its discretion even though subsequent owners of the Property may benefit thereby. Funds deposited for one purpose may be disbursed by the Lender for any of the other purposes listed in this Section. (ii) Payments pursuant to this Section and payments due under the Note

shall be added together and the aggregate amount thereof shall be paid by the Borrower each month in a single payment to be applied by the Lender to the following items in the order set forth:

- A. Amounts required pursuant to subparagraph (i) of this Section.**
- B. Interest due under the Note.**
- C. Amortization of principal due under the Note.**

Any excess funds accumulated under this Section remaining after payment of the items herein mentioned shall be credited to subsequent monthly payments of the same nature required hereunder. If any such item shall exceed the estimate therefor, the Borrower shall without demand forthwith make good the deficiency.

**(7) Payment of Taxes and Utility Charges.** The Borrower shall pay, when due, all taxes and assessments both general and special, ground rents, fines, penalties, impositions, levies, dues and charges of every type or nature levied upon or assessed against the Property including any personal property included thereon, or upon the interest therein of the Lender or the Trustees hereunder and shall annually provide to the Lender evidence that all such payments have been paid when due.

**(8) Warranty of Title.** The Borrower is lawfully seized of an indefeasible estate in the Property in fee simple, free from encumbrances except as accepted by the Lender, has good right and power to convey the Property, does hereby warrant generally the same, and shall execute such further assurances as may be requisite.

**(9) Attorneys' Fees: Costs of Trustees' Sale.** If the Lender employs an attorney to collect any or all of the Secured Indebtednesses or to foreclose this Deed, or authorizes the Trustees to conduct Trustees' sale proceedings hereunder, then the Trustees and the Lender shall be reimbursed by Borrower, immediately and without demand, for all reasonable costs, charges and attorneys' fees incurred by them or either of them in any such case whether or not suit be commenced, and the same shall be secured hereby.

**(10) Sale or Forbearance.** No sale of the Property, forbearance on the part of the Lender or extension of the time for the payment of the Secured Indebtednesses given by the Lender shall operate to release, discharge, modify, change or affect the original liability of the Borrower herein either in whole or in part.

**(11) Rights of Lender to Remedy Defaults.** If the Borrower defaults in payment of any sums or in the performance of any act required to be paid or performed by the Borrower under the provisions of any of the covenants herein, the Lender may, at its option, make payment thereof or perform any act required of the Borrower, to such extent and in any form or manner deemed expedient by the Lender, and pay any other sums, expenses, and charges, including attorneys' fees which the Lender deems necessary or appropriate therefor. The lender shall be the sole judge of the validity, priority and amount of any such claims so paid by it and the necessity for the performance by the Lender of any such act which the Borrower was required but failed to perform. The

Lender at its option, shall be subrogated to any encumbrance, lien, claim or demand which it has paid under the provisions hereof and any such subrogation rights shall be additional and cumulative security to those set forth in this Deed and as provided by law.

**(12) Repayment to the Lender.** Upon the payment of any sums or performance of any act which the Borrower fails to pay or to perform, the amount so paid or the cost of performing any such act, together with other sums paid or incurred by the Lender (including charges, expenses and attorney's fees deemed necessary or appropriate by the Lender to effect such payment or to perform such act) immediately and without demand, shall be paid by the Borrower to the Lender. The foregoing amounts shall be secured hereby.

**(13) Regulatory Covenants.** (a) The Borrower hereby agrees that it shall comply with the provisions of all applicable federal, state, and local laws prohibiting discrimination in housing and that the Borrower, to the extent it has employees, and all contractors and subcontractors engaged in the construction, rehabilitation, or management of the Property, shall provide an equal opportunity for employment without unlawful discrimination. (b) The provisions of this subparagraph (b) shall apply during the period when the Note, if any, is secured by this Deed. (i) The "Rehabilitation" shall be deemed to be the provision or the performance of the labor, services or material necessary to install, construct or complete those improvements in accordance with the work write-up or the plans and specifications for the Property which were submitted to and approved by the Lender (such write-up or plans and specifications are referred to herein as the "Plans"). The Plans are incorporated herein by reference.

**(14) Sections 55-59, 59.1 through 59.4 and 55-60, Code of Virginia.** The duties, rights and obligations set forth in Section 55-59 of the Code of Virginia shall be deemed to be superseded by the provisions of this Deed. Except as otherwise herein expressly provided, this Deed shall be construed to incorporate the provisions of Sections 55-59.1 through 55-59.4 of the Code of Virginia as now in force and specifically to incorporate herein the following provisions, by short form reference below, of Sections 55-59.2, 55-59.4 and 55-60 of the Code of Virginia:

**Exemptions waived.**

**Renewal, extension or reinstatement permitted.**

**Any Trustee may act.**

**Advertisement required: Such advertisement shall be published once a day for three days.**

**(15) Events of Default.** Any one or more of the following events shall constitute a default under this Deed: (a) Default in the payment of any portion of the Secured Indebtednesses or any installment thereof, whether principal, interest, loan repayment or otherwise, when and as the same shall become due and payable, whether at maturity or by acceleration or otherwise; or (b) Default in the due performance or observance of any Secured Covenant; or (c) Misrepresentation or omission by the Borrower of any material fact in the Application, any supplements or amendments thereto or in or with respect to

any document or information furnished pursuant thereto. **(d)** If the Borrower shall be involved in financial difficulties as evidenced : **(i)** by an admission in writing of its inability to pay its debts generally as they become due; **(ii)** by filing a petition in bankruptcy or for the adoption of an arrangement under the National Bankruptcy Act (as now or in the future amended) or an admission seeking the relief therein provided; **(iii)** by making an assignment for the benefit of creditors; **(iv)** by consenting to the appointment of a receiver or trustee for all or a substantial part of its assets or to the filing of a petition against it under said Bankruptcy Act; **(v)** by being adjudicated a bankrupt; **(vi)** by the entry of a court order appointing a receiver or trustee for all or a substantial part of the assets of the Borrower or approving as filed in good faith a petition filed against it under said Bankruptcy Act; **(vii)** by the assumption of custody or sequestration by a court of competent jurisdiction of all or substantially all of the assets of the Borrower; **(viii)** by an attachment for an amount in excess of \$5,000 on any substantial part of the assets of the Borrower which shall not be discharged within thirty (30) days from the making thereof; **(ix)** by a judgment or decree for the payment of money in excess of \$5,000 being entered against the Borrower, or if an attachment, execution or levy is made upon any of its assets and the judgment, execution or levy, as the case may be, is not discharged or stayed within thirty (30) days from the date of the judgment, attachment, execution or levy as the case may be; or **(x)** by default under any deed of trust recorded prior to this deed.

**(16) Remedies on Default.**

**(a) Acceleration.** In the event of any default hereunder, then all of the Secured Indebtednesses shall, at the option of the Lender, become at once due and payable. No failure by the Lender to exercise such option shall be deemed or construed as a waiver of the right to exercise same in the event of any subsequent or continuing event or default.

**(b) Sale.** In the event of default hereunder, then at the request of the Lender the Trustees shall sell (and in the case of default of any purchaser, shall resell) the Property at auction for cash, unless the Lender and the Trustees shall agree upon other terms. Such sale shall be held, in the discretion of the Trustee, at the premises or in front of the circuit court building (or at such other place as the Trustees may select) in the city or county in which the Property or the greater part thereof lies, or in the corporate limits of any city surrounded by or contiguous to such county, or in the case of annexed land, in the county of which the land was formerly a part. Such sale shall be made upon such other terms and conditions, in such parcels and at such times as the Trustees shall deem proper. Upon compliance with the terms of such sale, the Trustees shall convey the Property in fee simple to and at the cost of the purchaser thereof (who shall not be required to see to the application of the purchase money) and to hold and apply the proceeds of such sale or sales in the manner provided by law and this Deed.

**(c) Entry and Receivership.** In the event of any default hereunder and irrespective of whether the Lender accelerates the maturity of all indebtednesses secured hereby, the Lender may exercise the rights and remedies provided herein. In addition, in the event of such default, the Lender or the Trustees, upon the Lender's written demand to the Trustees, without notice may enter upon and take possession of the Property or any part

thereof, and perform personally or by their agents any acts which the Lender or the Trustees deem necessary or proper to operate, manage and conserve the Property and/or have a receiver appointed. The expenses (including but not limited to the Lender's, the Trustees' and the receiver's fees, counsel fees, costs and agents' compensation) incurred pursuant to the powers herein contained shall be secured hereby. In the event that the Trustees take possession of the Property pursuant hereto, the Trustees shall after payment of all their costs and expenses, pay to the Lender all rents and other income collected by the Lender or the Trustees, and the Lender shall apply the same to the payment of the Secured Indebtednesses. The right under this subparagraph (c) to enter and take possession of the property and to manage and operate the same whether by a receiver or otherwise, shall be in addition to any other right or remedy hereunder or afforded by law, and may be exercised concurrently therewith or independently thereof.

**(d) Application of Funds.** With respect to funds (including investments therefrom) which are security under this Deed, the Lender shall, in the event of default hereunder, have the right, in addition to all other rights and remedies hereunder, at any time and from time to time to expend all or any part of such funds for the repayment of the Secured Indebtedness or the performance of the Secured Covenants. In the event of a sale under subparagraph (b), any such funds then remaining shall be applied to the Secured Indebtednesses.

**(17) Delay.** No delay by the Lender or the Trustees in exercising any right or remedy hereunder or otherwise afforded by law shall operate as a waiver thereof or preclude the exercise thereof during the continuance of any default hereunder.

**(18) Sales and Transfers Prohibited.** During the period that the Note is secured by this Deed, the Borrower shall not, without the prior written consent of the Lender, sell assign, convey, or transfer, nor suffer or permit any sale, assignment, conveyance or transfer of all or any part of any interest in the Property or any other security hereunder. Any permitted sale, conveyance or transfer shall be on such terms and conditions as the Lender shall prescribe.

**(19) Trustee Substitution.** The irrevocable power to appoint a substitute trustee or trustees hereunder is hereby expressly granted to the Lender, to be exercised at any time hereafter, without specifying any reasons therefor by filing for record in the Clerk's office where this instrument is recorded a deed of appointment. Said power of appointment of successor trustee or trustees may be exercised as often as and whenever the Lender deems advisable. The exercise of said power of appointment, no matter how often, shall not be an exhaustion thereof, and upon recording of such deed or deeds of appointment, the trustee or trustees so appointed shall thereupon, without further act or deed of conveyance, succeed to and become fully vested with identically the same title and estate in and to the Property hereby conveyed and with all the rights, powers, trusts and duties of their, his or its predecessor in the trusts hereunder, with like effect as if originally named as trustee or as one of the trustees hereunder.

**(20) Notice.** Unless required by law, notice of the exercise of any option granted to the Lender herein need not be given, and the Borrower hereby waives, to the extent permitted by law, any notice of the election of the Lender to exercise any such option.

**(21) Remedies Cumulative.** No remedy herein contained or conferred upon the Lender or the Trustees is intended to be exclusive of any other remedy or remedies afforded by law or by the terms hereof to the Lender or to the Trustees, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity.

**(22) Successors, Assigns, Gender, Number.** The covenants and agreements herein contained shall bind, and the benefits and advantages shall inure to the respective heirs, executors, administrators, successors and assigns of the parties hereto. Wherever used, the singular number shall include the plural, and the plural the singular, and the use of any gender shall be applicable to all genders.

**(23) Security Agreement.** This Deed shall constitute a security agreement under the Uniform Commercial Code for the benefit of the Lender as Secured Party. In the event of default hereunder, the Lender may, at its sole election, proceed to enforce any one or more of the rights and remedies (i) as provided in this Deed or any other agreements or instruments relating to the Property, or (ii) as otherwise provided by law.

**(24) Headings.** The headings herein are inserted only for convenience of referenced and in no way define, limit or describe the scope or intent of this Deed, or of any particular provision thereof, or the proper construction thereof.

Upon the payment of all Secured Indebtednesses and upon the performance of all Secured Covenants, the Borrower covenants to pay the expenses of releasing this Deed.

**WITNESS the following signatures and seals**

\_\_\_\_\_ (SEAL)

\_\_\_\_\_ (SEAL)

**STATE OF VIRGINIA**

\_\_\_\_\_ of \_\_\_\_\_, to-wit:

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by \_\_\_\_\_.

SIGNATURE: \_\_\_\_\_  
Notary Public

My commission expires: \_\_\_\_/\_\_\_\_/\_\_\_\_ Registration number: \_\_\_\_\_

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**The Grantee must use an attorney to ensure the Note is properly prepared.**

\_\_\_\_\_  
(Lender Name)

**For Value Received**, the undersigned, jointly and severally, promise to pay to the order of \_\_\_\_\_ (The Noteholder”), the principal

sum of \_\_\_\_\_ dollars (\$ \_\_\_\_\_<sup>(Lender Name)</sup>) without interest.

\_\_\_\_\_ dollars (\$ \_\_\_\_\_) of the aforementioned amount is a repayable loan without interest and if not sooner paid, matures on \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, **(if not applicable, insert N/A in each of the foregoing blanks); and**

\_\_\_\_\_ dollars (\$ \_\_\_\_\_) of the aforementioned amount is a loan forgiven on each \_\_\_\_ day of \_\_\_\_\_, at the rate of 1/120 of the total amount for 120 months **(if not applicable, insert N/A in each of the foregoing blanks).**

The payment(s) described above shall be made payable to \_\_\_\_\_ at \_\_\_\_\_ or such other place as the Noteholder may designate in writing, in consecutive monthly installments of \_\_\_\_\_ dollars (\$ \_\_\_\_\_) each, on the 1st day of each month beginning the first month following the execution of this document or the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, and continuing on the like day of each successive month thereafter until the entire indebtedness evidenced hereby is fully paid.

All payments received by the Noteholder on account of this Note shall be first applied to accrued interest and the residue to reduction of principal.

The undersigned shall pay to the Noteholder a late charge of five percent (5%) of any installment not received by the Noteholder within fifteen (15) days of its due date.

In the event that any monthly installment due under this Note is not paid when due and remains unpaid for a period of fifteen (15) days after written notice is sent stating that

any of the parties hereto shall be in default in the performance of any of the covenants, terms or conditions of the instrument securing the indebtedness evidenced hereby, then the entire principal amount outstanding hereunder and accrued interest thereon shall at once become due and payable at the option of the Noteholder. Failure to exercise such option upon default shall not constitute waiver of the right to exercise such option upon any subsequent default.

The right is reserved to prepay this Note, in whole or in part, on any installment due date. At the option of the Noteholder, prepayments shall be applied to reduction of the indebtedness in the inverse order of maturity of the installments provided for herein.

The loan evidenced by this Note is being made to finance the improvement of certain property pursuant to the Indoor Plumbing Rehabilitation Loan Program. This Note and the instrument securing the same may be sold, assigned, and transferred by the Noteholder.

The undersigned makers, and any and all endorsers, sureties, guarantors and assumers hereof (each a "Party" and collectively the "Parties" hereto), hereby jointly and severally waive presentment, demand, protest, notices of dishonor and of protest, the benefits of homestead, and all other waivable exemptions, and all defenses and pleas on the ground of any extension(s) of the time of payment or of the due dates of this Note, in whole or in part, before or after maturity, with or without notice, it being further agreed by all Parties that they will pay any collection expense, court costs, and reasonable attorneys' fees which may be incurred in the collection or enforcement of this Note or any part hereof.

This Note is secured by a Deed of Trust of even date herewith conveying real property and other security, which real property is briefly described as \_\_\_\_\_ located in the \_\_\_\_\_ of \_\_\_\_\_, Virginia, and more fully described in said Deed of Trust, in which the Trustees are \_\_\_\_\_ and \_\_\_\_\_.

**WITNESS the following signatures.**

\_\_\_\_\_  
**Signature of Borrower**

\_\_\_\_\_  
**Signature of Borrower**

Property Address:  
\_\_\_\_\_  
\_\_\_\_\_

**COMMONWEALTH OF VIRGINIA**  
**CITY/COUNTY OF \_\_\_\_\_**

This is to certify that this is the Note described in and secured by a Deed of Trust dated \_\_\_\_\_, 20\_\_\_\_, on the Property located in \_\_\_\_\_, Virginia.

SIGNATURE: \_\_\_\_\_  
Notary Public

My commission expires: \_\_\_\_/\_\_\_\_/\_\_\_\_ Registration number: \_\_\_\_\_  
\_\_\_\_\_.

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