

MASON COUNTY
HOME IMPROVEMENT
PROGRAM GUIDELINES

SUMMARY OF MASON COUNTY HOME IMPROVEMENT PROGRAM ACTIVITIES

PROGRAM NARRATIVE:

Proposed CDBG Activities:

Mason County proposes to use CDBG funds to assist single family housing rehabilitation. Rehabilitation assistance would be available in the form of PIP loans, deferred loans and forgivable loans. The major emphasis in this program is to serve the County residents by upgrading the homes owed by those with low and moderate incomes.

In place is an Emergency Repairs program for those families that meet income eligibility. Grants will be given for emergency assistance to a maximum of \$8,500.00 with a deferred loan. Assistance of \$2,500.00 or less will be immediately forgiven.

Benefit to Low and Moderate Income Residents:

The program will be available to low and moderate income residents meeting HUD Section 8 income limits, which are 80% below the area median income. An applicant for a combination deferred loan and Property Improvement Program (PIP) loan from the Michigan State Housing Development Authority (or other source of matching funds such as a bank loan or cash match) shall not have an annual gross income of more than the following amounts.

Family Size	1	2	3	4	5	6	7	8
Annual Income	\$28,650	\$32,750	\$36,850	\$40,950	\$44,250	\$47,500	\$50,800	\$54,050

*Income limits may change as HUD provides periodic updates.

An applicant for a 100% **deferred loan** shall not have an annual gross income of more than the amounts identified below, which are 50% below the area median income.

Family Size	1	2	3	4	5	6	7	8
Gross Income	\$17,900	\$20,500	\$23,050	\$25,600	\$27,650	\$29,700	\$31,750	\$33,800

*Income limits may change as HUD provides periodic updates.

Security of Deferred Loans:

A deferred loan of more than \$2,500 shall result in a lien being placed against the property at the pre-construction conference and/or loan closing. Such lien shall be recorded with the County Register of Deeds in favor of the County in an amount equal to the deferred loan. When the property is sold, transferred or otherwise conveyed, voluntarily or involuntarily, either while the applicant is living or by reason of the death of the applicant or the property ceases for any other reason to be the applicant's principal place of residence or if the applicant defaults in the terms or payment of any other lien existing against the property or hereafter incurred, the full amount shall be due and owing the county. This amount shall be paid to the County on such terms and conditions as the county shall prescribe. A possibility of assumption exists for income eligible heirs intending to use the property as a principal residence.

Verification of Involvement of Matching Fund Program:

The CDBG Housing Rehabilitation Program will have the cooperation and support of the following community agencies and organizations:

1. FiveCAP, Inc. – Weatherization
2. Huntington Bank – PIP
3. Department of Human Services – Emergency Repair
4. Rural Development – Homeowner Rehabilitation

Eligible Properties:

Single family owner occupied houses will be renovated to conform to the HUD Section 8 Housing Quality Standards (HQS) Existing Property Standards. All local zoning codes and other ordinance will receive full compliance. Additionally, all properties must meet the following conditions:

- a. An applicant must reside in Mason County and have owned and resided in the property as their legal primary residence for a period of not less than six (6) months in order to receive assistance for CDBG funds.
- b. The property must be the permanent year-round residence of the applicant.
- c. The applicant must have an ownership interest (as expressed in MSHDA's Policy Bulletin #16). If the applicant purchasing the home on a land contract, the land contract holder **must** also sign the mortgage and/or note.
- d. All debt against the property, including taxes, must be current.
- e. All improvements must be physically attached to the property and permanent in nature.
- f. The property to be rehabilitated must be a residential building 20 or more years old. Emergency repairs are an exception to this condition.
- g. The Michigan State Historic Preservation Office (SHPO) will be notified of all potential projects in which the property is 50 years of age or older.

In addition to the above requirements, manufactured housing and mobile homes must meet the following requirements:

- a. The housing unit must be part of the community's permanent housing stock (as so defined in MSHDA's Policy Bulletin #17).
- b. The property must be taxed as real property, not personal property.

Maximum CDBG Cost Allowed Per Unit:

The maximum CDBG cost allowed per units is \$35,000.00

The maximum CDBG cost of Emergency Rehab is \$8,500.00

FINANCING MECHANISMS:

Mason County will comply with MSHDA’s minimum lien requirements found in Policy Bulletin #9. Our scale for required payment will be:

Under 50% AMI	100% Deferred with CDBG funds
50 to 70% AMI	75% CDBG with 25% leverage
70 to 80% AMI	50% CDBG with 50% leverage

This does not apply to the Emergency Repairs Program.

Computation of PIP Loans:

The PIP loan shall not exceed \$50,000 including a 2% with \$100 minimum origination fee and a \$100 inspection fee and shall not have a final maturity of less than six months from the date of the loan. The maximum permissible maturity on a loan over \$1,000 and under \$25,000 is twenty years, and over \$25,000 is thirty years from the date of the loan. The term of the loan will be at the discretions of the lending institution, based on the borrower’s debt structure, source of income, and reasonably ability to repay. Loans under \$1,000 shall not have a term exceeding six months without prior MSHDA approval. The borrower’s debt to gross income ratio shall not exceed 45%.

The percentage of the deferred load shall depend on the PIP interest rate charged by the lending institution which, in turn, shall depend on the applicant’s gross income.

Gross Annual Income	PIP Interest Rate
\$0 - \$19,999	4%
\$20,000 - \$39,999	6%
\$40,000 – \$65,000 / \$74,750	8%
NA Non-Owner Occupied	8%

The total cost of repairs shall not exceed 80% of the market value of the property.

Security of PIP Loans:

A PIP load must be secured if the principal amount is over \$7,499, in which case a recorded lien in the form of a mortgage is required on the property being improved. The mortgage shall be for the amount of the principal including the 2% origination fee and a \$100 inspection fee and shall be discharged upon repayment of the loan.

For the applicant who is a Land Contract purchaser, all owners in fee simple listed on the deed, all intervening contract sellers, and the contract purchaser are required to sign the mortgage. Acknowledgement by the title owner is not sufficient. However, the assignment of an intervening purchaser’s interest in a land contact satisfied the need for the purchaser’s signature.

Inheritance clause:

In the event the rehabilitated property is conveyed by means of a will or inheritance (testate or intestate), the new owner will be responsible for payback of the loan. If the new owner can income qualify under the program, current payments can be assume under original terms. However, the new owner must occupy the home.

Program Income:

Recaptured funds from loans and grants will be treated as program income and expended to further the housing rehabilitation program in accordance with MSHDA's Policy Bulletin #4.

EQUAL OPPORTUNITY:

Fair Housing:

The community has actively promoted fair housing and has declared it to be contrary to public policy of the County of Mason for any person to be discriminated against in housing because of race, religion, national origin, color, sex, marital status, age or handicap.

The designated Fair Housing contact person is Jim Riffle.

Advertising and Promotion:

All advertising and promotion for the program indicates that the program is open to all income qualified persons, does not discriminate, and contains the equal opportunity logo.

Discrimination Complaints by Applicants and Contractors:

Mason County will comply with all provisions of Title VI of the U.S. Civil Rights Act of 1964, and Section 504 of U.S. Act 220 for 1973, as well as Elliott-Larson Civil Rights Act, Public Act 453 of 1976; Section 4 Act 251, Public Acts of 1955 as amended; section 4a of Act 349, Public Acts of 1966, and section 4a of Act 344, Public acts of 1965, all for being laws of the State of Michigan.

No person shall be denied participation in any program sponsored by the County of Mason's Home Improvement Program on the basis of religion, race, color, national origin, age, sex, marital status, height, weight, arrest record or handicap, except in those cases where such denial is mandated by federal and/or State law or accompanying regulations.

Applicant Criteria/Single Family Housing:

Housing rehabilitation assistance will be made to all eligible homeowners residing within the county, but must meet the following guidelines to be eligible for the program:

- a. Applicants successful in obtaining a Home Rehabilitation loan or grant, may not apply for another loan or grant for a five (5) years. This does not include applicants for Emergency Repairs.
- b. Applicant's total liquid assets must not exceed \$10,000.00; this requirement applies only to the applicants with very low income (50% at or below median income limits).
- c. Applicant's mortgage or land contract payment, including tax and/or insurance escrows must be paid to a current status.
- d. Only applicants who have a total household income of 80% or less of the County's median income for the applicable household size as published by MSHDA will be eligible to receive CDBG funds.

Conflicts of Interest:

No elected County official or immediate family member, Committee member or employee directly involved in administering the CDBG program is eligible to benefit directly from CDBG assistance. Applicants who are employed by Mason County or who are related to a member of the County staff or the County Board of Commissioners shall disclose their relationship on their application, and the application shall be submitted to MSHDA for final approval.

Marketing:

The goal is for the Mason County Home Improvement Program to reach as many qualified households with information in an effort to help solve their housing rehabilitation needs.

Marketing Methods:

1. Mason County will issue a major news release when funding announcements are made.
2. Program notices will be sent to local service clubs and organizations such as DHS, Mason County Continuum of Care, West Michigan Child and Family Leadership Council, Council on Aging, etc.
3. Classified ads will be placed in the local newspaper.
4. Public Service announcements will be placed on the radio and TV as necessary in order to reach those hearing and visually impaired individuals who may qualify for the program.
5. Posters and fliers will be distributed around Mason County in opportune places such as supermarkets, banks, laundromats, etc.
6. The program administrator will appear at local governmental and organizational meetings to discuss the Housing Program.

APPLICANT SELECTION:

Applicant Package:

DOCUMENTS: The administrator shall provide the necessary forms to all applicants who, after preliminary screening for eligibility, appear to be qualified for rehabilitation assistance. Applicants for rehabilitation assistance shall furnish the following documents to the program:

- a. Signed lead based paint notification.
- b. Signed Authority to Release Information.
- c. Signed applicable verifications of employment, income, assistance, bank accounts, land contracts, mortgage or any other required verification.
- d. Evidence of paid property taxes for previous three years.
- e. Evidence of homeowner's insurance policy and paid current premium.
- f. Copy of record Warranty Deed and any applicable Quit Claim Deed showing the applicant's ownership of property or recorded memorandum of Land Contract showing applicant's interest in the property.
- g. Other documents required by the Administrator.
- h. If the applicant decided not to proceed he will so indicate in writing. This will be filed and the file closed.

Receipt:

An application shall be considered “received” only after all required applicant documents are received in the program office. At that time they shall be “date and time stamped” in order received. Applicants will be served on a first-come, first-served basis.

Selection of Recipients by the Housing Review Board:

All applications, when complete with verification and work lists, shall be reviewed by the Housing Review Board on a “first-ready, first-served” basis. This board shall be composed of a County Board Member, someone familiar with the construction trades and a local community representative.

The committee will be responsible for financial approval of assistance for recipients on an anonymous basis and for hearing any unresolved complaints, when referred by the County. The County’s staff will provide written notification of hearing results within 15 working days of the date of the hearing.

Files:

The administrator shall be responsible for establishing a permanent file for all approved applications and insuring that all necessary documents are included in the applicant’s permanent file. All permanent files may be destroyed three (3) years after the lien has been discharged or the date of the forgivable loan. Application which are declined or canceled shall be destroyed after one (1) year.

Project Level of Improvement:

Properties shall be rehabilitated to meet all minimum requirements stated in the Department of Housing and Urban Development (HUD) Section 8 “Housing Quality Standards” (HQS). If the total rehabilitation costs exceed 10% of the estimated replacement value of the property as determined by the municipality’s Assessor, the property must meet applicable new construction code requirements in accordance with Article I, Section 120.4 Michigan Building Code.

Assistance would be given to meet the requirements related to:

- a. Sanitary facilities
- b. Food preparation and refuse disposal
- c. Space and security
- d. Thermal environment
- e. Illumination and electricity
- f. Structure and materials
- g. Interior air
- h. Water supply
- i. Lead based paint
- j. Access
- k. Site and neighborhood
- l. Sanitary conditions

Energy Efficiency:

All homes would be brought to HUD Energy conservation Standards.

LEAD BASED PAINT REQUIREMENTS:

The risk assessor to Mason County will be Wilco Incorporated, P.O. Box 438, Auburn, MI 48611. Their phone number is 989-662-2537. And Otwell Mawby, 309 E. Front Street, Traverse City, MI 49684. Their phone number is 231-946-5200.

Current contractors participating in the Mason Count Home Improvement Program who are certified to perform interim control activities include: Kaminski Construction, Marshall Cooper, Tanner & Sons Roofing, Bob's Roofing, Manistee Vinyl Products, Peacock Construction, , LJ Services, Arnold Construction Rick Jach Construction, Structural Specialties, Classic Renovation, Sorenson Construction, Callaway Construction, Craig McDougal Electric, Scott Adamczak Construction and Lee Pizana.

Additionally, the Housing Program Administrator is seeking the appropriate lead based paint classes to become certified to do Clearance Testing.

CONTRACTOR REQUIREMENTS:

Contractor Eligibility:

- a. Copy of active Michigan Builders License
- b. Certificate of insurance for public liability coverage for not less than \$300,000.00 bodily Injury and \$100,000.00 property damage, and worker's compensation in the amount required by law.

Contractor Selection:

1. Contracting will be done on a competitive basis. Not less than three bidders will be selected by the homeowner from an approved contractors list. Bids will be solicited and received through the Program Administrator.
2. Contracts will be awarded to the lowest responsible bidder. The contract will be awarded after approval by the homeowner and loan approved by the bank, if applicable.
3. Normally, the lowest bid is chosen; however, if the homeowner chooses to pay the difference between the lowest bid and higher bid, he is entitled to make this choice.
4. All change orders shall be in accordance with the contract and approved by the Program Administrator, Homeowner and Contractor. When feasible, change orders will be offset by a comparable elimination of non-code items.
5. Progress payments are subject to inspections. Final payments (20% holdback) will be subject to a final inspection by the Program Administrator and the approval of the homeowner.

Complaint Procedure: As Required by MSHDA:

We follow the complain procedure outlines in MSHDA's Policy Bulletin #3.

A grantee's client complaint procedure must:

- 1. Be in writing.** Clients and contractors must be informed of the complaint procedure when they are selected to participate in the program or upon receipt of a written complaint.
- 2. Establish a timely response.** Ensure that a client's initial complaint is responded to by the program administrator within 15 working days of the date of the complaint.
- 3. Require that the Chief Executive Officer (CEO) or Executive Director** of the grantee be informed of any complaint the program administrator fails to resolve. The grantee (at its option) may ask the CEO to review the case and recommend a resolution.
- 4. Provide for the establishment of a review committee,** to be comprised of at least three people, which must hear all cases that cannot be successfully resolved by the program administrator (and CEO if he/she is part of the complaint procedure). It is recommended that the committee members serve a specified number of years.

The review committee should be comprised of:

- A person with building/construction expertise (completely separate from the contractor who is part of the complaint);
- A local community representative; and
- A representative of the grantee (but should not be administrator or staff member of housing program)

The claimant may choose to make a presentation or submit a written description (including documentation) to the committee for review.

PROGRAM ADMINISTRATION:

Tasks and Timetable:

The county would use the first several months to complete the environmental review and grant agreement requirements. The program would be advertised to residents and contractors. After this initial start-up the program would be in good working order until close-out and the end of the grant period. Processing of applications could begin as early as the third month and would include the following tasks:

- a. Notification of availability of funds will be made known to all residents, senior groups and social service agencies. Applications will be available through the Mason County Home Improvement Program. Heather Venzke-Loney is the Program Administrator and her office is located at Ludington City Hall, 400 S. Harrison Street, Ludington, Michigan. Office hours are 9:00 a.m. to 5:00 p.m. Monday through Friday. Ms. Venzke-Loney's phone number is 231-845-6237.
- b. Applications are reviewed and verified for accuracy to determine eligibility. Each applicant is contacted to identify any serious or emergency need.
- c. Appointments are made with homeowners to review application, deed, taxes, income, etc., with the Program Administrator.
- d. A preliminary inspection and cost estimate is done by the Program Administrator for compliance with section 8 Existing Housing Standards.
- e. Contractors are solicited and screened for eligibility to bid on projects.
- f. A walk-thru of the home is done by the Program Administrator and contractors to clarify specifications.
- g. After bidding, necessary financial arrangements are made with the bank for MSHDA loans and program grants.
- h. After financial arrangements are complete, a construction contract is drawn up between the homeowner and the successful bidder.
- i. Intermediate inspections and a final inspection will be done to assure work completion according to the specification along with necessary homeowner approval, waiver of construction liens and guarantees. All work must be guaranteed for 1 year.

List of Acronyms

CDBG.....	Community Development Block Grant
DHS.....	Department of Human Services
HQS.....	Housing Quality Standards
HUD.....	Housing and Urban Development
MSHDA.....	Michigan State Housing Development Authority
PIP.....	Property Improvement Program
SHPO.....	State Historic Preservation Office