TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Housing Trust Fund

Amy Young Barrier Removal Program

Program Manual

Revised November 2014

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CHAPTER 1: INTRODUCTION

ABOUT THE HOUSING TRUST FUND

The Housing Trust Fund ("HTF") was established by the 72nd Texas Legislature, Senate Bill 546, to provide loans, grants, or other comparable forms of assistance to income-eligible individuals and households to finance, acquire, rehabilitate and develop decent, safe and sanitary housing. Funding sources consist of appropriations or transfers made to the fund, unencumbered fund balances, and public or private gifts or grants. The Housing Trust Fund Biennial Plan details the appropriation of funds and the strategy to expend funds.

PROGRAM OVERVIEW

The Amy Young Barrier Removal Program ("Program") provides one-time grants of up to $20,000 to People with Disabilities. The Program makes home modifications necessary for accessibility and to correct hazardous and unsafe conditions as approved by the Texas Department of Housing and Community Affairs ("Department").

A Person with Disabilities has a disability that is a physical or mental impairment that substantially limits one or more major life activities. Program beneficiaries may be renters or homeowners.

Household income may not exceed 80% of the Area Median Family Income (AMFI) or 80% of the State Median Family Income, adjusted for Household size, whichever is greater, in accordance with the U.S. Department of Housing and Urban Development (HUD) HOME Investment Partnership Program income tables.

USE OF THIS MANUAL

Program Administrators ("Administrator") must follow procedures described in this Program Manual and use the referenced Department forms. Program forms, the Program Manual, the Reservation System User Guide and other program information are available online at http://www.tdhca.state.tx.us/htf/single-family/amy-young.htm.

This Program Manual guides Administrators to implement the Program in accordance with Title 10, Part 1 of the Texas Administrative Code which includes the Single Family Umbrella Rule, the HTF Rule and other programmatic and compliance requirements. This manual supplements information published in the Notice of Funding Availability ("NOFA"). "Best Practices" from national sources and industry leaders are also included throughout this Program Manual. Administrators should contact HTF staff members Mark Leonard at (512) 936-7799 or mark.leonard@tdhca.state.tx.us, or Glynis Laing at (512) 936-7800 or glynis.laing@tdhca.state.tx.us regarding questions about the rules, policies and regulations that govern the Program.

TECHNICAL ASSISTANCE

Technical Assistance is always available at the Administrator's request and/or when the Department determines it is the most effective means for resolving program or capacity issues. Technical Assistance can be by telephone, email or in person.

CHAPTER 2: ADMINISTRATION

ENTITIES ELIGIBLE TO BECOME PROGRAM ADMINISTRATORS

The following entities are eligible to become a Program Administrator:

- Units of Local Government
- Councils of Government
- Nonprofit Organizations;
- Local Mental Health Authorities;
- Public Agencies
- Public Housing Authorities

Participating Jurisdictions that receive a direct award of HOME funding from the U.S. Department of Housing and Urban Development ("HUD") and that are not currently Administrators in the Program (i.e., do not have an executed and valid AYBRP Reservation Agreement) are *ineligible* to become an Administrator.

STEPS TO BECOMING AN ADMINISTRATOR

To participate in the Program, an eligible entity must first be approved as an Administrator by the Department by following the steps below.

1. ***Reservation System Access Application ("Application")*** – Complete, sign, scan and return the Application via email. Keep a copy on the Program file and do not mail a hard copy.
2. ***IRS 501(c)(3) determination letter*** – For Nonprofit applicants only.
3. ***Current roster of Board of Directors, Council or Commissioners***
4. ***Resolution*** – Dated within six months of the date of Application. The resolution must state: 1) that the board, council or commissioners have approved the Application to access the Reservation System for Amy Young Barrier Removal Program funds; and 2) the name and title of the individual authorized to execute a written Reservation System Access Agreement.
5. ***Uniform Pervious Participation Form*** – A disclosure of previously awarded TDHCA funds.
6. ***Evidence of financial accountability standards*** – Per the instructions detailed in the Application form.
7. ***Summary of experience*** – A Summary of Experience including the Qualified Inspector Certification form and supporting documentation.
8. ***Optional contracts with consultants or partnering organizations*** – Applicants relying on third parties to meet the experience requirement must submit current, executed contracts.
9. ***Reservation System Access Agreement ("Agreement")*** – Upon review and approval of the Application, the Department will provide the organization an Agreement for review and final execution, along with additional forms listed below. Complete, sign, scan and return the Agreement and forms via email. Keep a copy on the Program file and do not mail a hard copy.
10. ***Audit Certification Form*** – this form verifies for the Department when the Administrator's fiscal year begins and whether or not the Administrator conducts a single audit. This form is required even if the Administrator has never had an audit.

11. ***Same-Day Wire Transfer Information Memo*** – a memo for the Department's finance division listing the Administrator's bank account and routing numbers, plus accountant contact information.

12. ***Reservation System Access Request Form*** – a form that lists specific Administrator staff persons who are authorized to use the Department's online Reservation System.

These forms can be downloaded from the Program webpage or requested from HTF staff.

ADMINISTRATOR READINESS

It is very important that Administrators review and understand the Program NOFA, Program Manual, and their Agreement prior to reserving funds. Additionally, the following policies and administrative procedures must be in place prior to implementing the Program:

Procurement Policy – Nonprofit organizations must have board-adopted procurement policies. Procurement policies for municipalities and counties are defined by Local Government Code and Texas Government Code (See Chapter 6 for more information on Procurement).

Conflict of Interest Policy – All Administrators must have a board-adopted Conflict of Interest Policy that is applicable to the AYBR Program Reservation Agreement. No person who exercises or has exercised any functions or responsibilities with respect to HTF activities under Chapter 2306 of the Texas Government Code, or who is in a position to participate in a decision making process or gain inside information with regard to such activities, may obtain a personal or financial interest or benefit from an HTF assisted activity, or have an interest in any HTF Agreement, subcontract or agreement or the proceeds, either for themselves or those with whom they have family or business ties, during their tenure and for one year thereafter.

Best Practices: See the following resources for more information:

- ✓ 2012 Texas Conflict of Interest Laws
- ✓ Texas Community Building with Attorney Resources (C-BAR)

Affirmative Marketing Plan – Develop a written affirmative marketing plan that:

- Identifies the methods to be used to inform the general public, and more specifically, the methods used to identify persons less likely to apply for funding
- Describes measures to be used to evaluate the effectiveness of the affirmative marketing methods and the corrective measures to be taken, if necessary
- Includes a statement regarding display of Equal Housing Opportunity logo on all written materials
- Documents compliance with affirmative marketing requirements

Intake, Selection and Prioritization Policies and Procedures

- Identify where applications will be accepted
- Make arrangements to accommodate applicants with special needs (accessibility, language barrier, etc.)
- Establish frequency of intake (ongoing or limited)
- Ensure applicants are aware of the amount of time they have to complete applications on their own, or to submit additional information
- Retain written policies and procedures describing how applicants will be selected
- Describe the following processes in your Household Selection plan:

- Prioritization of eligible applicants: first-come, first-served or ranked according to specific scoring criteria or need
- Prioritization of other types of "special needs" Households, such as pending release from a hospital or rehabilitation center
- Notification process to applicants of eligibility status, reason, and next steps or other resources
- Waiting list policy (e.g., new intake application after a certain number of days/months)
- Denial policy, with instructions for reapplying, if applicable
- Walk-away policy (see Chapter 5 for more information)

Construction Contractor Recruitment and Pre-Qualification – A very important component of Administrator readiness is having an adequate number of pre-qualified Construction contractors who: 1) understand the nature of the Program; 2) fit within the specific requirements of the applicable Procurement Policy; and 3) are ready and interested in bidding on future projects.

Best Practices:

Knowing what you want – Before beginning the recruiting process, Administrators are advised to create a checklist describing the kind of Construction contractors they want to have in their Program. The checklist may include:

- ✓ Real, full-time contractors with several years of experience in the residential rehabilitation business – not part-timers
- ✓ Contractors that have their business registered with the Texas Secretary of State and the Texas Comptroller of Public Accounts . Use the Texas Franchise Tax Account Status search at https://mycpa.cpa.state.tx.us/coa/Index.html to determine whether a taxable entity's right to transact business in Texas is intact
- ✓ Contractors that have excellent local customer, banking, sub-contractor, and vendor references
- ✓ Contractors that have current certificates of insurance for general liability and worker's compensation
- ✓ Contractors that are registered with the Better Business Bureau (BBB) and have good records
- ✓ Contractors that are members of the local chapter of the National Association of the Remodeling Industry (NARI) and/or a local chapter of the National Association of Home Builders
- ✓ Contractors that are properly certified for the EPA Lead-Based Paint – Renovation, Repair and Painting Program
- ✓ Contractors that have sufficient financial strength and lines of credit to carry the job with only one final draw
- ✓ Contractors that share the values of the Administrator's mission and will be good business partners

Finding who you want – Competition generally benefits the program so it helps to reach as many qualified contractors as possible. There are many avenues for reaching potential contractors. Typically, one can advertise through newspapers or trade publications, and then gradually build a contractor list for future direct notifications and solicitation via phone and email. Outreach strategies should be applied consistently, without demonstrating any

preference for certain firms. When there are multiple methods to attract potential bidders, there will be higher competition and lower prices.

RECORDKEEPING REQUIREMENTS

Administrators must retain all documents pertaining to the Program at its regular place of business for at least **THREE** years after activity completion. Original documents may not be moved to a consultant's place of business or to any other location that is not under ownership or control of the Administrator. In accordance with Texas Government Code, Chapter 552, all Program-related documents (includes applications, bookkeeping, reports, program files, activity files, etc.) must be available for public inspection by the Department, the Comptroller of Public Accounts, the State of Texas or any of their authorized representatives.

Administrators must adhere to recordkeeping requirements, which may include, but are not limited to:

- Information necessary to determine whether the Administrator has carried out housing activities in accordance with the objectives and requirements of the Single Family Umbrella Rule, HTF Rule, NOFA and the Reservation Access Agreement
- Information necessary to determine if a project is benefiting low, very low, and extremely low-income Households
- Data on race and ethnicity for Households who have applied for and/or benefited from any activity funded with HTF Program funds

File Organization – The Administrator must maintain a recordkeeping system for HTF activities that can be easily reviewed by the Department. The Department requires two types of files: Program files and Activity files, described below.

Program File – The Program File is a single file that documents the overall administration of the Program. Group the documents according to function. The Program File should contain the following sections at a minimum:

- ***NOFA and Agreement.*** Administrators should keep a hard copy of the NOFA (along with any subsequent NOFA Amendments), Program Application, fully executed Reservation System Access Agreement, any amendment requests, and any executed amendments on file.
- ***Accounting.*** This section of your files should include a copy of documents needed to track and justify costs related Program administrative and project costs. This may include:
    - Receipts for all Program expenditures (tracked and reconciled)
    - Disbursements of Program funds (tracked and reconciled)
    - Bank statements for the bank account(s)
    - Adequate support documentation for all receipts and disbursements
    - Summary of draw requests to the Department, tracking payments received
    - A copy of the same-day wire transfer instructions for the bank account
- ***Procurement and Program Eligibility Policies.*** This section of your Program file should include adopted plans and policies related to the Program. This may include your application selection/prioritization policy, board-adopted procurement policy/city or county procurement policy, walk-away policy/infeasibility policy, and conflict of interest policy.
- ***Program Marketing.*** Administrators should create and implement affirmative marketing and outreach plans. Copies of all materials should be retained in a file for future reference. The following documents may be included, as applicable:

- Copies of Program brochures, notices, hand-outs, and other advertising materials or publications
- Documentation of public outreach efforts, including dates, times, locations, and content of information and/or materials provided
- Copies of invoices for paid advertising and publication services
- Transcripts of radio or other media announcements including dates and times of publication

Activity Files – The multiple Activity files organize all records pertaining to each applicant, regardless of their final approval for assistance. Create a separate Activity file for each approved and disapproved applicant. The documentation should include the documents outlined on the Activity File Checklist, a form within the AYBRP Forms Workbook.

RESERVATION SYSTEM REQUIREMENTS AND GUIDELINES

Program funds are available on a first-come, first-served basis through an online Reservation System. However, to promote the dispersion of funds, the funds will be subject to regional set-asides for two months after the initial release of funds or the "Reservation Start Date."

For approximately the first 30 days after the Reservation Start Date, funding for each region will be divided into urban and rural subregion set-asides. After approximately 30 days, any remaining funds in the urban and rural subregions will collapse into a single set-aside per region.

After approximately 60 days of the initial release of funds, any funds available in all regions will collapse into a single statewide pool and will be made available on a first-come, first-served basis.

Audit Requirement – An Administrator is ineligible to access the online Reservation System until any past due audit has been submitted to the Department in a satisfactory format with no unresolved findings.

Reservation System User Guide – The HTF Reservation System User Guide for the Program (User Guide) provides step-by-step instructions for submitting Activity Reservation Setups, Interim Stage Reviews, Activity and Administrative Draw Requests. It is available on the Program website and from HTF staff.

ADMINISTRATIVE FEE

An Administrative fee equal to 10% of each activity's combined Hard and Soft Costs will be paid to the Administrator upon completion of each Activity. Administrative fees are in addition to the maximum $20,000 grant per Household. Administrators will complete and submit the Activity Draw Request Form following instructions in the User Guide.

See Chapter 7 for more information about the Activity Closeout and Draw process.

RESERVATION SETUP & DRAW TIMELINES

STEP	DOCUMENTS TO UPLOAD TO TDHCA	TIMING
STAGE 1: RESERVATION SETUP (TDHCA reviews within 10 business days)	• Activity Reservation Setup Checklist • Intake Application • Certification of Disability • Household Income Certification	Administrator uploads after determining Household is eligible according to their own selection plan/policies
STAGE 2: WORK WRITE UP & COST ESTIMATE REVIEW (TDHCA reviews within 10 business days)	• Stage 2 Document Checklist • Initial Inspection • Work Write-up and Cost Estimate • "Before" Photos	Administrator uploads within **30 DAYS of STAGE 1 APPROVAL** (Reservation setup)
STAGE 3: BID REVIEW (TDHCA reviews within 10 business days)	• Stage 3 Document Checklist • Copy of Construction line item bid	Administrator uploads within **60 DAYS of STAGE 2 APPROVAL** (Work Write-Up & Cost Estimate Review)
CONSTRUCTION COMPLETION & FINAL DRAW (TDHCA reviews within 10 business days)	• Activity Draw Request Checklist • Change Order(s) • Final Inspection • Energy Efficiency Final Inspection • Construction Contractor's Requests for Payment • Construction contractor's itemized invoice • Activity Soft Cost Invoice • "After Photos" • Administrative Draw Request form	Administrator uploads within **90 DAYS of STAGE 3 APPROVAL** (Bid Review)

CHAPTER 3: APPLICATION INTAKE & HOUSEHOLD ELIGIBILITY

APPLICATION INTAKE OVERVIEW

When the policies and procedures outlined in Chapter 2 have been put in place, Administrators may begin the application intake and Household eligibility process. Intake may take place anywhere the Administrator deems suitable within the state of Texas. Administrators should familiarize themselves with the required forms and the processes and resources necessary to verify Household eligibility.

Best Practices:

- ✓ Use the Activity File Documentation Checklist to gather required documentation
- ✓ Provide interested Household the list of required intake documentation and advise them to gather docs before scheduling a home or office visit
- ✓ Download forms directly from the Program website each time you working with a new applicant. Forms are updated periodically and previous versions of forms may no longer be acceptable.
- ✓ Complete the forms in full and leave no blank spaces. If a field is not applicable, put "N/A" or "none."
- ✓ Do not use correction fluid or correction tape to cover errors. To make corrections, draw a line through the incorrect information, write the correct information nearby, and have the applicant initial nearby the correct information.
- ✓ Be prepared to submit support documentation. In case of a discrepancy, the Department may ask for additional verifications and information that may not be specified on the checklists or forms.
- ✓ Review bank account statements carefully for signs of unreported income.
- ✓ Make sure that no conflict of interest exists between any applicant Household member and persons designated by the Administrator to receive, evaluate, assist, or process applications.

PROPERTY OWNERSHIP AND PROPERTY TAX STATUS

To determine household eligibility, Administrators must verify each applying Household's property ownership and property tax information. Administrators can do a Property Search on the appropriate County Appraisal District website to confirm ownership and current property tax status.

- ✓ If a property has any liens of record for unpaid property taxes, a payment plan with the Appraisal District must be in place.
- ✓ If the owner of record does not live in the subject property with the Person with Disability, the Department will consider it a renter-occupied home and restrictions on correcting hazardous and unsafe conditions will apply (See Chapter 5 for additional information).

ALBERT URESTI, MPA
TAX ASSESSOR-COLLECTOR

TAX HOME | TAX ASSESSOR | OFFICE LOCATIONS | PROPERTY TAXES | VEHICLE REGISTRATIONS | BEER & LIQUOR PERMITS | BEXAR HOME

Shopping Cart

Find Your Property Tax Account

Begin a New Search Search for Overpayments Go to Your Portfolio

You can search for any account whose property taxes are collected by the Bexar County Tax Office. After locating the account, you can pay online by credit card or eCheck. After locating the account, you can also register to receive certified statements by e-mail. Please follow the instructions below.

1. Enter an account number, owner's name (last name first), address, appraisal district reference number, or fiduciary number, then select a **Search By** option.

For Owner Name searches, enter the Last Name first

- (●) **Owner Name (Containing these words)** ( ) **Owner Name (Exact Phrase)**
- ( ) **Property Address (Containing these words)** ( ) **Property Address (Exact Phrase)**
- ( ) **Account No.** ( ) **CAD Reference No.**
- ( ) **Fiduciary No. (this may take several minutes)**

To view the full record, click on the desired account number.

Your search took 2 seconds.

Account Number	Owner's Name & Address	Property Site Address	Legal Description	CAD Reference No.
115080010841	CALDERON FELIX & DOMINGA M 202 W CHERYL DR SAN ANTONIO, TX 78228-4039	202 W CHERYL DR	NCB 11508 BLK B LOT 84	485265

ALBERT URESTI, MPA
BEXAR COUNTY TAX ASSESSOR-COLLECTOR

08/01/2013

2012 TAX STATEMENT

11508-001-0841

LEGAL DESCRIPTION:
NCB 11508 BLK B LOT 84

OWNER: **REAL PROPERTY**
CALDERON FELIX & DOMINGA M
202 W CHERYL DR
SAN ANTONIO, TX 78228-4039

ACREAGE: 1.2784

LOCATION: 202 W CHERYL DR

APPRAISED VALUE LAND	APPRAISED VALUE IMPROVEMENT	CAP VALUE	HOMESTEAD VALUE	NON-QUAL VALUE
29,050	80,990	0	110,040	0

AGRI. MKT VALUE	PROD VALUE	ASSESSED VALUE
0	0	110,040

TAXING UNIT	EXEMPTIONS HOM	EXEMPTIONS O65			TAXABLE VALUE	TAX RATE	TAX AMOUNT
FLOOD FUND	3,000	0	0	0	107,040	0.030679	11.07
ALAMO COMM COLLEGE	0	30,000	0	0	80,040	0.149150	64.23
HOSPITAL DISTRICT	0	0	0	0	110,040	0.276235	303.97
BEXAR COUNTY	0	50,000	0	0	60,040	0.296187	127.39
S A RIVER AUTHORITY	5,000	5,000	0	0	100,040	0.017370	17.38
CITY / SAN ANTONIO	0	65,000	0	0	45,040	0.565690	144.64
SAN ANTONIO ISD	15,000	10,000	0	0	85,040	1.357600	696.89

TOTAL TAXES THIS STATEMENT:	$1,365.57
TOTAL TAXES PAID:	$1,365.57
TOTAL TAXES MINUS PAYMENT:	$0.00
PENALTY AND INTEREST ADDED:	$0.00
TOTAL AMOUNT DUE:	$0.00

HOUSEHOLD ELIGIBILITY AT-A-GLANCE

Type	Requirement	Documentation
Income Eligibility	Annual Gross income is no more than 80% AMFI or the State Median Income adjusted to Household size, whichever is greater , in accordance with the HUD HOME Investment Partnership Program income tables. http://www.tdhca.state.tx.us/pmcomp/irl/index.htm#htf	Intake Application Household Income Certification Support documentation - **Pay stubs for most recent 30 day pay period prior to Application date**; current year benefit award letters; two previous years' tax returns for self-employed applicants. **Support documentation must not be more than 120 days old at date of Reservation System submission.**
Liquid Assets	Liquid assets may not exceed $20,000.	**TWO MOST recent CHECKING** account statements prior to date of application AND the **MOST recent SAVINGS** account statement prior to date of application OR optional Asset Verification form completed by financial institution **Support documentation must not be more than 120 days old at date of Reservation System submission.**
Person with Disabilities	At least one Household member meeting definition of Person with Disabilities.	Certification of Disability form

Forms can be located on the Program website at http://www.tdhca.state.tx.us/htf/forms/index.htm

INCOME QUALIFICATION GUIDELINES

Income Type	Requirement	Instructions/Documentation
Wages and Salaries	Paystubs for the most recent 30 days prior to application date, use gross income amount	Paystubs OR a completed Verification of Employment (VOE) form
Benefits and Pensions (including Social Security and VA benefits)	Use gross income amount	Most recent award letters, showing gross amount of the benefit or pension, OR a completed Verification of Benefits form
Public Assistance	Include unemployment, workers compensation, rental assistance payments, and military housing allowance benefits	Award letter OR a completed Verification of Public Assistance form
Other Income	Include bonus, overtime, shift differential, commissions, part-time employment, and second jobs	Paystubs OR a completed VOE form
Seasonal Work or Self-Employment	Include income from seasonal and migrant farm work or self-employment	Determine by calculating the most recent two year average using signed and submitted federal tax returns
Employment by Relative	Include income from employment by relative or family business	A completed VOE form and most recent signed federal tax return
Alimony and Child Support	Alimony and child support income will be used for income eligibility purposes if disclosed by the applicant on the intake application or bank statements and appropriately verified.	Divorce documents or separation agreement specifying the amount and duration of the award, plus copies of cancelled checks, bank statements and/or Attorney General's office confirmation
Familial Support	Include recurring cash support to any Household member by persons not living in the Household.	A completed Verification of Recurring Cash Contributions form
Excluded Sources	SNAP (formerly known as Food Stamps) and Earned Income Tax Credit payments	Not Applicable

PROPERTY ELIGIBILITY AT-A-GLANCE

Type	Requirement	Documentation
Property Eligibility	Proof of ownership or written permission of the property owner if a rented unit. Person with Disability is a listed occupant of the rental unit in the unit lease. Property is the principle residence of the Person with Disability For owner-occupied homes, property taxes are current or owner is enrolled and current in an arranged payment plan with the taxing authority. Proof that mortgage is current or paid in full. Manufactured Housing Units (MHUs) built after June 15, 1976 may be eligible as determined by the Department. **Properties developed, owned or managed by an Administrator or an Affiliate and rental units in properties financed with any federal funds are ineligible for assistance.**	Documentation from the county appraisal district Property owner permission form developed by Administrator Copy of the lease Documentation from the county tax assessor/collector Copy of most recent mortgage statement or certification of property owner that all debt secured by the property is current or paid in full. If the property is "family" owned but the owner of record is not a Household member, contact HTF staff for a determination of eligibility. This would also be the case if the owner of record is deceased.
Correcting Hazardous and Unsafe Conditions Limitation	Hazardous and unsafe conditions must be corrected. However, no more than 25% of project funds may be used for this purpose unless the Department grants a waiver of this requirement. If an owner-occupied unit cannot be made free of hazardous or unsafe conditions within the budget of this Program, or in conjunction with funds leveraged from other sources as a part of this Project, then the Household must be determined as ineligible for this program, based upon property eligibility criteria. Rental units must not have hazardous or unsafe conditions at the time Program funds are used to assist a renter.	Initial Inspection, Work Write-Up & Cost Estimate Forms "Before" photos of the exterior views of the unit, each room in the unit, and every item in the Work Write-Up and Cost Estimate.
Prohibited Liens	Property subject to unresolved liens of record for property tax may be ineligible for assistance (to be determined by the Department).	Ensure applicable lien is resolved and released

APPLICANT NOTIFICATION

Notify each applicant Household of its eligibility status in writing, in a timely manner, after receipt of a complete Intake Application and supporting documentation. Notifications may communicate the following:

- The Household has been determined eligible to receive assistance;
- The Household has been determined ineligible to receive assistance (provide written explanation for the denial of assistance plus instructions on how to appeal the denial); or
- The Household has been added to a Waiting List.

Retain a copy of the status notification letter in the applicant's individual Activity File as outlined in Chapter 2.

NEXT STEPS FOR ELIGIBLE APPLICANTS

After verifying that an applicant meets all the eligibility factors, the Administrator should confirm that the applicant understands the Program requirements, the timeline for next steps, and their rights and responsibilities.

At this point, the Administrator requests reservation of funds for the eligible Household by submitting a "Reservation Setup" via the Department's online Reservation System.

CHAPTER 4: STAGE 1, SUBMITTING A RESERVATION

WHAT IS A RESERVATION SETUP?

A "Reservation Setup" is the process by which the Administrator reserves HTF Program funds for an eligible Household. The Administrator will reserve funds for Households by entering and submitting setups using the Department's online Reservation System ("System"). Setups require entering information about the eligible Household, attaching required forms, and uploading other supporting documentation into the System.

WHO MAY SUBMIT RESERVATION SETUPS?

The Administrator must authorize the staff persons allowed to submit information to the Department through the System using the Reservation System Access Request Form. The Department will assign unique login names and temporary passwords to the authorized users. Login names and passwords may NOT be shared with anyone other than the person to whom it is assigned. If authorized users are no longer involved in administering the Program, the Administrator must submit an updated form to remove and/or add additional users.

RESERVING FUNDS

Program funds are available on a first-come, first-serve basis in the Reservation System, subject to the Regional set-asides described in Section 1 of the NOFA. **An Administrator may not have more than 5 "Active" status Reservations at any one time, regardless of the region(s) in which the Activities are located.** If a sixth reservation is submitted, it will be set back to "pending" status in the System and the Administrator may resubmit once an Activity is closed and if funding permits.

After collecting and verifying the required Household income and property eligibility documentation, the Administrator shall enter the Reservation Setup information into the System and request an amount of funds, up to the maximum of $20,000. The forms listed on the Activity Reservation Setup Checklist will be uploaded using instructions provided in the HTF Reservation System User Guide available on the Program website or from HTF staff. The Administrator does not enter a reservation for the Administrative Fee. This will be done by the Department at the time the Activity Reservation is funded.

Reservation Setups will be processed in the order submitted to the Department via the System. Submission of a Reservation Setup on behalf of a Household does not guarantee funding.

The Department will review the Reservation Setup documentation within 10 business days of submission by the Administrator.

If the documentation needs correction or additional information, the Department will notify the Administrator of the deficiency. If the deficiency is not corrected within 10 business days of notification, the Department may cancel the reservation from the System and the Reservation Setup may be resubmitted if funding permits.

Once a Household is verified by the Department as eligible for assistance, the Department will reserve up to the maximum of $20,000 in Project Costs and an Administration Fee of 10% of the Project Costs on behalf of the Household and Administrator. The Department will notify the Administrator to proceed to Stage 2 (See Chapter 5).

CHAPTER 5: STAGE 2, INITIAL INSPECTION, WORK WRITE-UP & COST ESTIMATE

THE REVIEW PROCESS

When the Reservation Setup is approved by the Department and has been set to "Active" status in the Reservation System, this indicates that Project and Administrative funds have been reserved for the Household for 30 calendar days.

Within the next 30 calendar days, the Administrator must complete and submit "Stage 2" to the Department, which includes the initial inspection, "before" photos, work write-up and cost estimate.

The Department will review the Stage 2 documentation within 10 business days of submission by the Administrator.

If the documentation needs correction or additional information, the Department will notify the Administrator of the deficiency. If the deficiency is not corrected within 10 business days of notification, the Department may cancel the reservation from the System and the Reservation Setup may be resubmitted if funding permits.

When complete documentation is approved by the Department, the Department will notify the Administrator to proceed to Stage 3 (See Chapter 6).

THE INITIAL INSPECTION

Once the Household and property have been determined to be eligible for participation in the Program, the next step in the process is the Initial Inspection. When the Initial Inspection is performed properly, problems down the road are minimized. Conversely, an Initial Inspection that is performed poorly will almost guarantee that there will be problems at every other step in the process.

Inspector Qualifications

Only inspectors meeting the criteria below may inspect Program activities. A Qualified Inspector Certification plus supporting documents must be submitted to the HTF for review and approval.

- A Professional Residential Inspector with an active license from the Texas Real Estate Commission (TREC); OR
- A qualified inspection individual, if certified by the Administrator that the individual has professional certifications, relevant education and a minimum of 5 years of experience in a field directly related to home inspection, including but not limited to, installing, servicing, repairing or maintaining the structural, mechanical, plumbing and electrical systems found in Single Family Housing Units, as evidenced by inspection logs, certifications, training courses or other documentation. Qualified inspection individuals may be a staff member of the Administrator or a contracted third party.

Preparing for the Initial Inspection

- Be very familiar with the Initial Inspection forms and the applicable Program Construction Standards, Energy Efficiency Standards and Texas Accessibility Standards.
- If the property is in a jurisdiction that has local building codes and ordinances, be familiar with them. It is a good idea to meet with the local Building Official or Residential Inspectors to learn local protocols and get a schedule of permit fees.
- If the property is in an unincorporated area where there is no local residential code, the Program Construction Standards described in this Program Manual will apply and Department

staff will make the final determination of applicability to the work. The Inspector should be in communication with HTF staff to resolve any uncertainties.

- Contact the Head of Household to make an appointment for the Initial Inspection that is convenient for the client. When appropriate, arrange for the caretaker or other significant family member to be present. Plan to spend as much time as is necessary in order to determine the needs of the client and to make a thorough inspection of the property. It is not unusual for this process to take two to four hours.
- Recommended equipment to conduct an inspection include:
  - ✓ digital camera
  - ✓ 6-foot step ladder
  - ✓ extension ladder tall enough to reach roof
  - ✓ flashlight
  - ✓ measuring tape and/or digital SAE tape measure
  - ✓ 24" and 48" level and/or 50' laser line level
  - ✓ digital multimeter or GFCI tester to check electrical systems
  - ✓ telescoping wand with lighted hand mirror
  - ✓ basic tools such as screwdrivers, pliers, adjustable wrench
  - ✓ gloves
  - ✓ dust mask
  - ✓ overalls for inspecting crawlspace
  - ✓ graph paper and pencil or tablet computer for sketching building layout
  - ✓ International Code Council (ICC) Code Check book for appropriate IRC year
  - ✓ Program Initial Inspection form

Conducting the Initial Inspection

The purpose of the Initial Inspection is to:

- Assess and document the condition of the property, identifying all deficiencies that constitute hazardous and/or unsafe conditions; and
- Identify the accessibility modifications needed by the Person with Disability.

Note that the required Inspection for this Program exceeds what is performed by a TREC-licensed inspector for a sales transaction. This inspection must identify the causes of hazardous unsafe deficiencies and the degree to which they can be corrected within the scope of the Program and the budget.

It is critically important that the Inspector is knowledgeable about all applicable codes, consumer product safety notifications, residential building systems, and local costs for residential rehabilitation. At times the Inspector may need to consult with another professional who specializes in any of the above systems. Note that when an additional specialist assists in evaluating a problem and recommending a solution, that specialist *must be excluded* from consideration as a potential bidder or sub-contractor for that particular activity.

"Before" photos

Using a quality digital camera, take a full set of exterior and interior photos with date and time stamps. Exterior photos should include all four sides of the building, with special attention given to showing the condition of the:

- ✓ Roof
- ✓ Doors and windows

- ✓ Porches and decks, steps and handrails
- ✓ Guttering and downspouts (if present)
- ✓ Foundation and crawlspace (if present)
- ✓ Site drainage
- ✓ Path of travel from parking area or driveway
- ✓ Electrical service entry
- ✓ HVAC equipment
- ✓ Exterior outlets and hose bibs

Interior photos should include views of each room, with special attention given to:

- ✓ Flooring
- ✓ Bathroom fixtures
- ✓ Doors, closets
- ✓ Lighting and ceiling fans
- ✓ Receptacle outlets and wall switches
- ✓ Heating and cooling equipment
- ✓ Kitchen cabinets and countertops
- ✓ Kitchen and laundry room appliances
- ✓ Water heater and furnace/HVAC closets
- ✓ Window AC units
- ✓ Bathroom and kitchen ventilation
- ✓ Electrical breaker panel
- ✓ Attic scuttle and attic insulation
- ✓ Evidence of water damage or foundation failure on walls and ceilings

Common Hazardous and Unsafe Conditions

The American Society of Home Inspectors (ASHI) recently surveyed its members to find out what were the Top Ten home inspection problems.

1. **Improper surface grading and drainage.** Reported by 36% of inspectors, bad drainage causes cracked slabs and water penetration of the basement, footings or crawlspace. Fixing bad drainage includes re-grading the ground around the house, repairing or installing a gutter and downspout system and/or providing positive drainage away from the foundation.
2. **Improper and undersized electrical wiring.** Reported by 20% of inspectors, poor wiring includes causes insufficient electrical service to the house, inadequate overload protection, improper grounding and dangerous amateur wiring connections. This includes aluminum wiring. The inspectors say that much of the improper wiring they see was put together by do-it-yourselfers. This is a serious safety hazard, not just a cosmetic defect.
3. **Older and damaged roofs.** Reported by 9% of inspectors. Many wooden roofs are at the end of their useful life. Asphalt shingle roofs only last about 15 to 20 years. Old or damaged shingles or improper flashing causes expensive roof leakage, but this can be inexpensively avoided by repairing damaged tiles and shingles and re-caulking roof penetrations. If this maintenance is put off, costly roof repairs may be required down the road.
4. **Deficient and older heating systems.** This includes broken or malfunctioning controls, blocked chimneys, unsafe exhaust flues and cracked heat exchangers. More than just inefficient, poor heating systems are a health and safety hazard. Heating systems should be serviced annually by a professional following manufacturer's instructions. Modern and more efficient central heating/cooling systems may be an investment at first, but will result in future savings by reducing heating and cooling costs.

5. **Poor Overall Maintenance.** Home inspectors agree that American homeowners take better care of their cars than they do their homes. We procrastinate on maintaining cracked, peeling or dirty painted surfaces, crumbling masonry, make-shift wiring or plumbing and broken fixtures or appliances because these issues may seem more cosmetic than structural. But, these details reflect the overall lack of care that has been given to a home.
6. **Structural Problems.** Older homes sustain damage—although usually not serious—to structural components like foundation walls, floor joists, rafters or window and door headers. These can be a result of problems in one or more of the other categories.
7. **Plumbing problems.** Old or incompatible piping materials, faulty fixtures and waste lines, and improperly installed water heaters are common plumbing defects. Some inspectors even reported finding natural gas leaks.
8. **Exteriors items.** Flaws in a home's exterior, including windows, doors and wall surfaces lead to water and air penetration and eventually damage and discomfort. Inadequate caulking and/or poor weather stripping make homes cold and drafty, and may result in extra heating expenses.
9. **Poor Ventilation.** Overly ambitious homeowners wanting to save energy may "over-seal" their homes, which unfortunately may result in excessive interior moisture. This can cause rotting and premature failure of structural and nonstructural elements. Moisture from unvented bathrooms and kitchens can damage plaster and may lead to the accumulation of mold, which can cause allergic reactions.
10. **Miscellaneous items.** This category included various interior components, such as sticky windows or dripping faucets, as well as environmental concerns like lead-based paint and asbestos.

Lead-Safe Paint & EPA Lead Regulations

Administrators need to be familiar with the Environmental Protection Agency (EPA) Lead-Safe Paint and EPA Lead Regulations to comply with federal law. Only an EPA-certified firm may rehabilitate, renovate and/or demolish any pre-1978 home. And, only an EPA-certified Lead Renovator may oversee construction.

Ensure that your staff double check a home's age early in the eligibility process so that you pause when encountering a pre-1978 home and can proceed and prepare accordingly. For example, bid packages for pre-1978 homes must clearly indicate the EPA-related contractor requirements.

Regarding lead-based paint, only an EPA-certified inspector may assess the applicability of the EPA's Lead-Based Paint Renovation, Repair, and Painting Program (RRP). For more information on EPA's Lead-Based Paint RRP Program: http://www2.epa.gov/lead/renovation-repair-and-painting-program

While it is ultimately the certified contractor's responsibility to comply with RRP Rule, Administrators must know how to avoid violating EPA regulations.

Inspecting Septic Systems

Prior to completing the Work Write-Up and Cost Estimate, all On-Site Sewage Facilities (OSSF or septic system) shall be inspected by a licensed OSSF inspector, unless waived by the Department on a case-by-case basis. If an existing OSSF system is not performing as intended, one of the following activities shall take place:

- **Repair:** The tank shall be drained and all components will be tested and repaired or replaced. The drainage field may require tree cutting, site clearing, and/or replacement. The drainage field must be designed for the existing soil conditions and the water table at the site and shall be installed by a licensed installer.

- **Abandonment:** Abandonment is required if the existing OSSF has reached the end of its useful life and it is possible to connect to a public system. The existing tank shall be pumped, collapsed, and filled. A licensed plumber shall connect the home to a public system and include a clean-out close to the home.

Inspecting Renter-Occupied Properties

The inspection process for renter-occupied properties versus owner-occupied properties is the same with one major exception. In rental units, any hazardous and unsafe conditions identified in the inspection must be corrected by the property owner prior to any accessibility modifications funded by the Program. The Inspector must re-inspect and document that the hazardous and unsafe conditions have been corrected, by creating an updated version of the Initial Inspection Form.

- Properties occupied by family members of the owner of record, but not including the owner of record, are considered rental properties for the purpose of this Program.
- Properties occupied under a contract-for-deed are considered rental properties for the purpose of this Program.

Inspecting Manufactured Housing Units

Accessibility modifications and elimination of hazardous and unsafe conditions in Manufactured Housing Units (MHUs) may be an eligible use of Program funds under the following conditions:

- The MHU was constructed after June 15, 1976, in compliance with HUD's construction and safety standards, commonly known as "HUD Code", as evidenced by a HUD Certification Label on the MHU.
- The Applicant owner of the MHU provides a copy of a current and valid Statement of Ownership and Location (SOL) to the Administrator. A copy of the SOL shall be kept in the Applicant's Activity file.
- At Initial or Final Inspection, the MHU must be in compliance with the manufacturer's written instructions for installation. Foundation and anchoring must meet all applicable state and local codes, ordinances, and requirements, as found in 10 TAC Chapter 80 and Title 7 of the Occupations Code, Chapter 1201.
- If the MHU is served by a septic system, the above inspection requirements for OSSF apply.
- Only materials allowed by HUD Code may be used in the modification and repair.
- Issues relating to the presence of formaldehyde and the absence of required ventilation in pre-1994 MHUs should be investigated and appropriate ventilation included in the scope of work.
- Structural additions and/or alterations of the MHU must be in compliance with Model Manufactured Home Installation Standards, 24 CFR Part 3285.

Variations from these conditions will be considered by the Department on a case-by case basis.

ACCESSIBILITY VERSUS HAZARDOUS AND UNSAFE CONDITIONS

In a Household's construction contract, a minimum of 75% of the Program funds must represent accessibility modifications; and, no more than 25% of the Program funds may go towards correcting hazardous and unsafe conditions. The Department may adjust this ratio requirement on a case by case basis if the Administrator submits a request and justification for approval by the HTF Director.

- All work items which address the accessibility needs of the Person with Disability, as determined in consultation with the Household, will be considered a part of the Accessibility Modifications.

- Hazardous and unsafe conditions include, but are not limited to: air quality; electrical hazards; emergency and fire egress; flammable materials storage; garbage and debris; pest infestation; and lead-based paint. At the Final Inspection, all areas and components of the housing must be free of health and safety hazards.

MINIMUM ENERGY EFFICIENCY REQUIREMENTS

As of January 1, 2015, all TDHCA-funded single family construction activities must meet the Minimum Energy Efficiency Requirements in Texas Administrative Code, Part 1, Chapter 21, Rule §21.6 for Housing Rehabilitation Activities.

(a) Unless otherwise required by federal law or NOFA, this subsection is not applicable to Housing rehabilitation activities that do not exceed $10,000 in total construction costs.

(b) A proposed scope of work and awarded construction contract for existing single family residential dwellings that are rehabilitated shall contain, at a minimum, six (6) of the measures described in paragraphs (1) - (16) of this subsection:

(1) Air sealing of all penetrations in the building envelope in accordance with Section N1102.4.1 of the 2009 International Residential Code. Exhaust fans in bathrooms and kitchens are required if Air sealing is completed;

(2) Air sealing of ductwork located in unconditioned spaces in accordance with Section M1601.4.1 of the 2009 International Residential Code. Ductwork located in unconditioned spaces shall be insulated to R-8;

(3) Attic insulation shall be increased to R-30 (R-38 in Climate Zone 4 as defined by Figure N1101.2 of the 2009 International Residential Code), including insulation covering the top plates of exterior walls. Baffles shall be installed in framing bays of existing soffit vents;

(4) Attic accesses shall be insulated in accordance with Section N1102.2.3 of the 2009 International Residential Code;

(5) Energy Star certified ceiling fans with light(s) shall be installed in each bedroom and in the main living space;

(6) Inoperable windows requiring replacement shall be replaced with Energy Star certified windows for southern climates, meeting the U-factor and Solar Heat Gain Coefficient for the climate zone of the dwelling as identified in Table N1101.2 of the 2009 International Residential Code;

(7) Windows located on eastern and western facing walls shall have solar shades permanently installed;

(8) South facing windows shall have permanently installed overhangs sized to keep summer sun from entering the home while allowing winter sun to enter the home. Flashing details shall maintain a positive drainage plane;

(9) Exterior doors requiring replacement shall be replaced with Energy Star certified exterior doors;

(10) All incandescent light bulbs in the kitchen, bathrooms, bedrooms, hallways, and the main living area shall be replaced with Energy Star certified compact florescent lamps (CFLs) or light-emitting diodes (LEDs);

(11) All inoperable showerheads requiring replacement shall be WaterSense certified products;

(12) All inoperable faucets requiring replacement shall be WaterSense certified products. If existing faucets are operable and do not need to be replaced, WaterSense certified aerators shall be installed;

(13) Exhaust fans venting to the exterior shall be installed in all bathrooms and the kitchen in accordance with Chapter 15 of the 2009 International Residential Code;

(14) Replacement or installation of central heating and cooling equipment shall be sized as specified in Section M1401.3 of the 2009 International Residential Code;

(15) Weather stripping existing and operable exterior doors and windows;

(16) Replacement of a 40-gallon natural gas domestic water heater with a new one with a minimum Energy Factor of 0.67 or replacement of a 40-gallon electric domestic water heater with a new one that has a minimum Energy Factor of 0.93. Domestic water heaters with different storage capacities shall comply with Energy Star requirements.

(c) If one or more of these measures are existing and in operable condition, they may be counted as a required measure.

Best Practices: Information on hazards that represent potential for injury or property loss.

TEXAS REAL ESTATE CONSUMER NOTICE CONCERNING HAZARDS OR DEFICIENCIES

Each year, Texans sustain property damage and are injured by accidents in the home. While some accidents may not be avoidable, many other accidents, injuries, and deaths may be avoided through the identification and repair of certain hazardous conditions.

Examples of such hazards include:

☐malfunctioning, improperly installed, or missing ground fault circuit protection (GFCI) devices for electrical receptacles in garages, bathrooms, kitchens, and exterior areas;

☐malfunctioning arc fault protection (AFCI) devices;

☐ordinary glass in locations where modern construction techniques call for safety glass;

☐malfunctioning or lack of fire safety features such as smoke alarms, fire-rated doors in certain locations, and functional emergency escape and rescue openings in bedrooms;

☐malfunctioning carbon monoxide alarms;

☐excessive spacing between balusters on stairways and porches;

☐improperly installed appliances;

☐improperly installed or defective safety devices; and

☐lack of electrical bonding and grounding.

To ensure that consumers are informed of hazards such as these, the Texas Real Estate Commission (TREC) has adopted Standards of Practice requiring licensed inspectors to report these conditions as “Deficient” when performing an inspection for a buyer or seller, if they can be reasonably determined.

These conditions may not have violated building codes or common practices at the time of the construction of the home, or they may have been “grandfathered” because they were present prior to the adoption of codes prohibiting such conditions. While the TREC Standards of Practice do not require inspectors to perform a code compliance inspection, TREC considers the potential for injury or property loss from the hazards addressed in the Standards of Practice to be significant enough to warrant this notice.

Contract forms developed by TREC for use by its real estate licensees also inform the buyer of the right to have the home inspected and can provide an option clause permitting the buyer to terminate the contract within a specified time. Neither the Standards of Practice nor the TREC contract forms requires a seller to remedy conditions revealed by an inspection. The decision to correct a hazard or any deficiency identified in an inspection report is left to the parties to the contract for the sale or purchase of the home.

This form has been approved by the Texas Real Estate Commission for voluntary use by its licensees.
Copies of TREC rules governing real estate brokers, salesperson and real estate inspectors are available from TREC.
Texas Real Estate Commission, P.O. Box 12188, Austin, TX 78711-2188,
512-936-3000 (http://www.trec.texas.gov)

TREC Form No. OP-I

Silent Alarms; Deadly Differences:
90 Percent of U.S. Homes Estimated to Have Less-Accurate Fire Alarm

The American Society of Home Inspectors Advocates the Use of Photoelectric Smoke Alarms

DES PLAINES, Ill. (September, 2013) – The American Society of Home Inspectors (ASHI) is urging homeowners to replace ionization fire alarms, which account for over 90 percent of alarms in use according to the National Fire Protection Association, with photoelectric sensing alarms.

Intended to be the first line of warning for residential fires, smoke alarms have failed to provide warning in too many cases. Skip Walker, an ASHI and Fireplace Investigation, Research and Education (FIRE) certified inspector, said that while over 100 million U.S. homes currently have installed alarms, the chances of surviving a fire has only gone up 16 percent over the past 40 years. "The numbers didn't improve significantly, which doesn't make sense," said Walker.

Although studies show ionization alarms are responsive in flaming fires, they often fail to detect immediately *smoldering fires*. In fact, the Smoke Characterization Project Technical Report, released by Underwriters Laboratories Inc. on behalf of The Fire Protection Research Foundation, found 91 percent of ionization alarms failed to trigger at all in smoldering fires due to synthetic materials like mattress foam and nylon carpet. Smoke inhalation from smoldering fires is a common cause of death in home fires than exposure to flaming mode fires.

Photoelectric alarms are less-susceptible to nuisance alarms—such false alarms from cooking—and dramatically superior at detecting smoldering fires, particularly those that involve synthetic materials.

"All of the facts tell us that photoelectric alarms provide superior protection in real-world fatal fires," said Bill Jacques, ASHI President. "We recommend that homeowners replace their ionization alarms with photoelectric alarms whenever possible."

The official ASHI position is based solely on the facts that are available today and has not been mitigated by the opinions of other groups or organizations. Additional information about ASHI's official position about smoke detectors is also available in the June issue of the ASHI Reporter. For more information about the organization, please visit www.ashi.org.

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About the American Society of Home Inspectors
Founded in 1976 and with more than 5,000 members, ASHI is the oldest and most respected non-profit, professional organization of home inspectors in North America. Its Standards of Practice and Code of Ethics is the industry standard.

Final Thoughts on Completing the Initial Inspection

- Take time to sit down and talk with the client, other Household member(s) and/or the caretaker regarding the hazardous and unsafe deficiencies that were identified in the inspection. Review the accessibility modifications that were discussed earlier. Are there any additional meaningful accessibility modifications that could be added that were not identified earlier?
- Have you completely filled out the Program Initial Inspection form with words and details? Do not leave items blank or marked only with a checkmark.
- Have you taken sufficient photos of each area of the home on the inspection checklist?
- Have you taken adequate measurements for preparing the Work Write-Up and Cost Estimate?
- Have you given a copy of the Initial Inspection report to the homeowner, or if applicable, tenant and landlord?

CONSTRUCTION STANDARDS AND REQUIREMENTS

- Rehabilitation or modifications funded by the Program must meet all applicable state and local housing quality standards and code requirements, pursuant to Section 214.212 of the Local Government Code. Discuss applicable codes with a local code enforcement official to be aware of what situations require permits prior to seeking bids.
- Where local codes do *not* exist, the 2009 International Residential Code, including Appendix J for Existing Buildings and Structures, is the applicable code for the Program. To review the 2009 International Codes, visit http://publicecodes.citation.com/icod/IC-P-2009-000019.htm
- Accessibility modifications shall be made with consideration of the design standards established by the Texas Accessibility Standards (TAS) and/or Texas Government Code, Chapter 2306.514.
- Although the Program is specifically excluded from compliance with the Department's Construction Requirements of the Single Family Programs Umbrella Rule, 10 TAC Part 1 Chapter 20, the Texas Minimum Construction Standards referenced in the Umbrella Rule provide substantial guidance on the application of the 2009 IRC to rehabilitation.
- Administrators are responsible for providing construction contractor oversight. To ensure that construction is completed correctly, it may be necessary for an Administrator to contract out inspection and spec writing services if technical aspects of construction codes are not fully understood by Administrator staff.
- The Department may make periodic construction site visits to verify construction progress and/or completion.

WORK WRITE-UP & COST ESTIMATE

- Hazardous and unsafe condition deficiencies, accessibility modifications and energy efficiency improvements identified on the Initial Inspection form must be transferred to the Work Write-Up and Cost Estimate form.
- If the cost estimate for the Work Write-Up exceeds the budget for the Project, the Administrator must commit supplemental funding to the Project or the Project will be at risk of cancellation if all bids for the Work-Write-Up come in over-budget. Work identified as eliminating hazardous and unsafe conditions may not be deleted from the scope of work because of budget limitations or because the applicant does not consent to the work. Either of

these outcomes may result in having to "walk away" from the Project. There is some flexibility built into the Energy Efficiency Rule requirements that allow substitutions of one or more improvements in order to meet the minimum six measures.

- The Homeowner or, if applicable, property owner and tenant, must acknowledge agreement with the Work Write-Up by signing and dating it prior to its submission for Stage 2 Review.
- HTF staff will primarily look for the following in *each specification* of the Work Write-Up and Cost Estimate:
  - ✓ Administrator identified materials and products
  - ✓ Administrator referenced performance standards
  - ✓ Administrator identified location and special conditions, if any
  - ✓ Administrator identified quantity
  - ✓ Administrator identified method of installation
- HTF will grant Stage 2 approval if each specification clearly describes the five points above, cost estimates are reasonable, and all required documents are submitted.

WALK-AWAY POLICY

The Administrator may, at its discretion, "walk-away" from an Activity. A "walk-away" policy spells out the guidelines to prevent investment in a property that is so deteriorated that meeting Program requirements is impossible within the limit of financial assistance. The Administrator must establish their policy in a way that leaves enough room for flexibility and objective decision-making, and follow it consistently.

Some Walk-Away Policies may include whether assistance will be provided in the following instances:

- Homes in need of substantial structural repair and funds are insufficient
- Homes for which the owner is not agreeable to the required elimination of hazardous or unsafe conditions.

Administrators should notify households of their walk-away decision in writing and retain a copy in the Activity File. As with all policies, Administrators should retain a copy of their adopted "walk-away" policy in the Program File.

CHAPTER 6: STAGE 3, BID & CONTRACTOR PROCUREMENT

CONSTRUCTION BID REVIEW

Within 60 calendar days of the date of the Stage 2 Departmental approval notification, the Administrator must submit the line item bid selected for award.

HTF staff will review the Stage 3 documentation within 10 business days of submission by the Administrator.

If the Department requires additional information or documentation, the Department will notify the Administrator of the deficiency. If the deficiency is not corrected within 10 calendar days of notification, the Department may cancel the reservation from the Reservation System and the Reservation Setup may be resubmitted if funding permits.

PROCUREMENT

Procurement is the process through which an Administrator obtains goods and services from vendors in order to administer the Program. All Administrators must establish written procurement policies. The procurement process usually includes the following actions:

- ✓ Establish the kind services needed
- ✓ Research an independent cost estimate of the goods or services needed
- ✓ Solicit multiple contractors for services
- ✓ Compare bids to the independent estimate to ensure a fair price for the good and services
- ✓ Select the winning bidder and draft a contract that clearly states the responsibility of each party
- ✓ Document each step in the entire process as it is completed

State Procurement Regulation

- Counties: Texas Local Government Code 262.003(a)
- Cities: Texas Local Government Code 252.021(a)
- Counties and Cities: Texas Government Code, Chapter 2254 when procuring professional services

Technical Assistance in Procurement

The Department offers procurement training and technical assistance resources for Single Family Programs: http://www.tdhca.state.tx.us/single-family/training/procurement/index.htm

NOTE: Some municipalities and counties may be subject to more stringent state and local procurement regulations than those cited in this document. Administrators should ensure compliance with the most stringent procurement requirements applicable and consult with city and county purchasing agents to determine exact procurement procedures to follow.

Nonprofit organizations must have a board adopted procurement policy that insures, to the greatest extent possible, fair and open competition.

BIDDING PROCESS

In addition to everything that should be required for accepting a bid (e.g., insurance), always include language in the Invitation for Bids that requires a bid amount for *each* individual specification. It is recommended that the Invitation for Bids state that “lump sum bids” will be rejected.

Lump sum bid are not allowed because: 1) without a comparable unit price, it is difficult to recalculate costs for approving/denying a change order, and 2) each spec bid allows for refining the cost estimates for future activities.

Pre-bid Inspections with Potential Bidders

Pre-bid inspections can clarify the scope of work and reduce future misunderstandings. Requiring pre-bid inspections could result in better quality bids especially for jobs that have unusual characteristics. Additionally, pre-bid inspections serve a dual purpose for new bidders wishing to work with your organization: they are an opportunity to communicate expectations while also explaining program details.

THE PRE-CONSTRUCTION CONFERENCE

All programs with direct construction monitoring responsibilities must have a pre-construction conference with the winning bidder at the construction site. The contractor, potential subcontractors, the Household, and Program staff all attend the pre-construction conference.

The purpose of the meeting is to discuss details on roles and responsibilities, timing, and to clarify the scope of work. The Household verifies his/her role in providing utilities, security issues, packing, insurance requirements, and relocation (if necessary). The Household, contractor, and program staff walk the job, re-inspecting every single item on the scope of work to clarify any differences in understanding. Use the Pre-Construction Conference form to document this step.

The General Specifications of the construction contract require the Contractor to locate underground utilities. The Pre-construction Conference provides the optimal opportunity to discuss this requirement before any digging takes place.

The State of Texas Underground Facility Damage Prevention and Safety Act governs excavation. Per the act, any party planning to disturb soil to a depth of 16 or more inches must contact a notification center before proceeding with their work. Electric cable, gas lines, water lines and wastewater lines could all be present under the property and hitting these lines could result in injury, property damage or pollution of the environment.

"Call Before You Dig" is a free service that locates your underground utilities. Use this service any time excavation is expected at a home (e.g., ramp installation). Call the Texas Excavation Safety System toll-free at (800) 344-8377. Operators are on duty 24-hours a day, seven days a week (excluding legal holidays).

You may call up to 14 business days before excavating, but no later than 2 business days before excavating. By providing your email address to the operator, they will email you the work order and the date that utility locating will occur. The operator will ask you where, when and what type of excavating is to be done. Keep your assigned request number for future reference. A locator for the various utilities will come mark their underground utilities at your site.

Sample Checklist for the Pre-Construction Conference:

- ✓ What each party should expect throughout construction
- ✓ Specific materials to be used, including samples and colors, as applicable
- ✓ Construction and demolition procedures and process
- ✓ Start and end date of the Project, including specifying acceptable working hours and days of the week when work may take place
- ✓ Budget limitations which may affect the scope of work

- ✓ Household agrees to provide access to the property to the Administrator, the Construction Contractor, workers, and other authorized persons providing administrative and construction services
- ✓ Household will ensure that all existing utilities (i.e., electricity, water, sewer, garbage) continue running for the Construction Contractor's use throughout the construction process
- ✓ Household may need to arrange for the movement and/or storage of personal belongings and insure the security of his/her personal property
- ✓ Personal property that is damaged, displaced, or missing during construction should be reported immediately to the Administrator
- ✓ Recommended: Household should compile a thorough photographic and written inventory before construction proceeds
- ✓ Household must make a reasonable effort to stay safely away from the construction site while work is in progress
- ✓ Demolition and construction may not begin until authorized by the Administrator

Interim/Progress Inspections

- Clarify issues and answer questions that homeowners or contractors may have
- Manage expectations, maintain momentum
- Quality control, make sure quality materials are being used
- Observe and photograph completed work before it is covered up with flooring, wall covering, or ceiling

When conducting interim/progress inspections, Administrator staff should reference the specs, the inspection report, the Contract Work-Write-Up, a copy of the TAS (applicable sections), and a copy of a code book (CodeCheck – books with tabs on the trades, Taunton Press). Relevant inspection tools (e.g., camera, flashlight, measuring tape, receptacle tester, etc.) should be taken to all inspections to aid in the verification of compliance with the construction contract.

CHANGE ORDERS

- All Change Orders must have written Department approval **PRIOR** to beginning any work related to the proposed change.
- Failure to get prior Departmental approval may result in disallowed costs.
- Change Order requests must be on the Program form and include detailed specification and justification for the change.
- Contract amounts that will be reduced by the Change Order must be tied to the line item contracted price for that specification.
- Contract amounts for work that will be added by the Change Order must be fair and reasonable.

THE FINAL INSPECTION

The Inspector will complete the Final Inspection report and take "After" photos of all completed construction. The Final Inspection allows the Administrator to:

- ✓ Verify that contractors have addressed any punch list items and corrected any deficiencies

- ✓ Demonstrate construction was completed for final draw request
- ✓ Demonstrate project meets all contractual and applicable state and local codes, and other Construction Standards requirements
- ✓ Demonstrate that there are no observed deficiencies related to hazardous or unsafe conditions
- ✓ Document that a minimum of 6 Energy Efficiency measures were in place prior to construction and/or were completed as part of the construction.

A copy of the Final Inspection report and Energy Efficiency Final Inspection Report must be provided to the Department and the Household.

Municipal code officials, as applicable, shall conduct inspections inside of city limits and extraterritorial jurisdictions.

CHAPTER 7: ACTIVITY CLOSEOUT AND DRAWS

ACTIVITY COMPLETION

When the Administrator has been notified that Stage 3 Review has been approved by the Department, the Administrator has 90 calendar days to complete all construction activities and submit the Project and Administrative Draw Request.

The Department may grant a one-time 30 calendar day extension to the Project completion deadline due to extenuating circumstances that were beyond the Administrator's control. Administrators must submit a written extension request within 90 calendar days after Stage 3 approval. If the Administrator fails to meet this deadline, the Reservation may be cancelled.

DRAW REQUEST GUIDELINES

A Draw Request is the process for transferring the reserved funds to the Administrator for an approved reimbursable expense. Eligible costs must be incurred during the Reservation System Access Agreement period in order to be reimbursed. Draw Requests require uploading forms and supporting documents, as well as entering financial information about the project into the Reservation System.

The Construction Contractor may submit a request for payment only after all costs have been incurred and all work for such costs has been satisfactorily completed. By signing the Construction Contractor's Request for Payment, the Construction Contractor, Household, Inspector, and Administrator are each verifying the satisfactory completion of each specific line item of work. All four parties must sign the Construction Contractor's Request for Payment before the Department will process the Draw Request.

If any work is completed according to specifications but the Household refuses to approve and sign Construction Contractor's Request for Payment, the Household may be responsible for payment to the Construction Contractor for time lost. Any such conflict must be resolved by the Administrator.

If the Department requires additional information or documentation to process a Draw request, the Department will notify the Administrator and may change the Draw status to "deficiency" until follow up documentation is received from the Administrator.

Details on the draw request process are outlined in the Reservation System User Guide located on the HTF website.

CHAPTER 8: PROGRAM MONITORING AND COMPLIANCE

The Department's Compliance Division monitors the performance of Administrators to ensure compliance with all applicable requirements. All Administrators are subject to a monitoring review at any time.

Administrators may be chosen for a monitoring review based on:

- a risk assessment performed internally by the Department
- a citizen complaint
- findings from a previous monitoring review

The following five objectives guide the Department's monitoring efforts:

1. Performance: Administrator is meeting the requirements of the NOFA, Agreement, Administrative Rules, and applicable laws
2. Expenditure of HTF monies: Administrator is expending funds in accordance with all applicable requirements as set forth in the Agreement, NOFA, and Program Manual
3. Compliance: Administrator is following applicable laws, Administrative Rules, and Department policies and requirements as applicable
4. Prevention of Fraud & Abuse: Administrator has adequate protections against fraud and misuse of Program funds
5. Quality Workmanship: Workmanship on assisted properties complies with applicable construction standards

WHAT WILL BE MONITORED?

FINANCE	ADMINISTRATION
Fiscal controls are in place to adhere to Chapter 2306 of the Texas Government Code, Administrative Rules, Department policies and other requirements. Administrator demonstrates financial integrity. Administrator follows Generally Accepted Accounting Practices (GAAP).	Documented program policies (e.g., marketing, fair housing, procurement, conflict of interest, etc.) meet requirements and are being followed. Record keeping system is established. System organizes and maintains Program documents. Timely, accurate reports are submitted and written agreements are enforced, as applicable.
ELIGIBILITY	CONSTRUCTION/HOUSING QUALITY
Each activity meets all Program requirements for Household eligibility, property eligibility, and funding limits. Administrator has established a record keeping system to organize and maintain activity files.	Physical inspection of assisted units support previously reported progress and condition. Physical inspection verifies that workmanship is in accordance with construction standards

DESK REVIEWS

A Desk Review is a monitoring review in which the monitor does not visit the Administrator but examines documentation submitted by the Administrator.

Part 1: The monitor will send a notification letter directly to the Administrator (copies are also mailed to the consultant, if any) requesting information to be submitted to Department offices by a certain date. The letter lists specific information that the monitor will be reviewing, such as program files, activity files, financial records, etc.

Part 2: The monitor will analyze the documentation submitted and test for compliance.

Part 3: The Desk Review concludes with a monitoring report which could detail any findings or observations. The Administrator will have an opportunity to correct any findings, secure additional information or clarification, and report any actions the Administrator may already be taking to address areas of non-compliance.

ON-SITE VISITS

An On-site Visit is a monitoring review in which the monitor travels to the Administrator's place of business to physically review program documents and files and inspect assisted housing units.

Part 1: The monitor sends a notification letter directly to the Administrator (copies are also mailed to the related consultant, if any) identifying the date, time and purpose of the visit. The letter lists specific information that must be available on the day of the visit, such as program files, activity files, financial records, etc.

Part 2: On the day of the visit, the monitor will conduct an entrance interview with the Administrator (and with the consultant, if applicable) to ensure that the Administrator clearly understands the purpose, scope and schedule for the visit.

Part 3: The monitor will select files for review. Any activities referenced in a public complaint may also be reviewed and physically inspected.

Part 4: Administrator staff member must accompany the monitor during all physical inspections of assisted units. The monitor may also obtain information through interviews with Administrator staff and/or members of Households assisted. The monitor will analyze all information gathered and test for compliance.

Part 5: The on-site visit concludes with an exit interview to discuss any preliminary findings. The monitor will later prepare a monitoring report that details any findings. The Administrator will have an opportunity to correct any findings, secure additional information or clarification, and report any actions the Administrator may already be taking to address areas of non-compliance.

MONITORING REPORTS & CORRECTIVE ACTION

Part 1: The monitor will issue a monitoring report. The monitoring report will detail findings of non-compliance, if any, identified during the review and prescribe corrective actions.

Part 2: The Administrator will usually have 30 days to submit a written response that verifies corrective actions were completed.

Part 3: The monitor will review the corrective action documentation submitted by the Administrator. If the corrective action does not sufficiently resolve the findings of non-compliance, the Administrator may have to repay disallowed costs to the Department. Any disallowed costs are to be repaid to the Department immediately. Following receipt of payment, the monitor will close the review and issue a monitoring closeout letter.

If Administrator fails to take the action specified in the monitoring report, it may result in any or all of the following:

- Suspension or termination of the Agreement
- Deobligation of any funds remaining in the Agreement
- Recommendation that the Administrator be debarred
- Other financial penalties in accordance with Administrative Rules

SUBMITTING YOUR SINGLE AUDIT

The audit-related deadlines are:

- Within 60 DAYS after Administrator's Fiscal Year End (FYE): Submit the Audit Certification Form, available on the Program website or from HTF staff
- Within 9 MONTHS after Administrator's FYE: Submit the Single Audit Report (if applicable)

Failure to submit an Audit Certification Form or a Single Audit Report on time may result in the suspension of an Administrator's use of the Reservation System for reservation set-ups and draw requests until outstanding documentation is submitted to the Department's satisfaction.

CHAPTER 9: REFERENCES AND APPLICABLE REGULATIONS

Administrators are encouraged to familiarize themselves with all of the federal regulations, state statues and administrative rules that govern the Department and the Housing Trust Fund.

Other regulations may also apply, including but not limited to:

- ✓ TDHCA Governing Statute (Texas Government Code, Chapter 2306)
  - o http://www.statutes.legis.state.tx.us/Docs/GV/htm/GV.2306.htm
- ✓ TDHCA Administrative Rules (Texas Administrative Code, Title 10, Part 1)
  - o http://info.sos.state.tx.us/pls/pub/readtac$ext.ViewTAC?tac_view=3&ti=10&pt=1
- ✓ Texas Accessibility Standards
  - o http://www.license.state.tx.us/ab/abtas.htm
- ✓ State Procurement Regulations
  - o Counties: Texas Local Government Code, Chapter 262
    http://www.statutes.legis.state.tx.us/Docs/LG/htm/LG.262.htm
  - o Cities: Texas Local Government Code, Chapter 252
    http://www.statutes.legis.state.tx.us/Docs/LG/htm/LG.252.htm
- ✓ Counties and Cities: Texas Government Code, Chapter 2254 (procuring professional services)
  - o http://www.statutes.legis.state.tx.us/Docs/GV/htm/GV.2254.htm
- ✓ Federal "Fair Housing Act" Sec. 800. [42 U.S.C. 3601 note]
  - o http://www.justice.gov/crt/about/hce/title8.php
- ✓ Environmental Protection Agency – Renovation, Repair & Painting Rule (40 CFR 745, Subpart E)
  - o http://www2.epa.gov/lead/lead-renovation-repair-and-painting-program-rules
- ✓ TDHCA – Manufactured Housing - 10 TAC Chapter 80
- ✓ Title 7 of the Occupations Code, Chapter 1201 – Manufactured Housing
- ✓ Model Manufactured Home Installation Standards, 24 CFR Part 3285