

HOUSING REHABILITATION LOAN PROGRAM POLICIES (Rev. 9-8-16)

INTRODUCTION

The Regional Housing Rehabilitation Loan Program of Lane County (RHRP), funded through Oregon Community Development Block Grants (CDBG), was initiated as a response to a community survey. The RHRP consists of a consortium of participating jurisdictions throughout Lane County, Oregon.

The goals of the Rehabilitation Loan Program are:

1. To alleviate health and safety problems and correct structural deficiencies in owner occupied homes.
2. To conserve and improve existing low income housing stock.
3. To increase housing opportunities for low and moderate income households.
4. To enable lower income residents to remain in their homes.

The term "applicant" in the following policy includes both singular and plural.

SECTION 1: APPLICANT ELIGIBILITY

In order to be eligible for a Housing Rehabilitation Loan, an applicant must meet all of the following requirements:

- 1.1 **Residency:** The applicant must own and occupy the property to be rehabilitated. More than 50% of the floor space of the dwelling must be occupied by the applicant. The property must also be in the target area approved in the grant application.
- 1.2 **Income:** Annual gross income of the applicant household must not exceed 80% of county median income limits established by HUD.
 - 1.2.1 Total gross income includes, but is not limited to, the following: wages, tips, interest, dividends, social security benefits, pensions, annuity income, alimony, child support, welfare payments, veteran's benefits, disability benefits, stipends, or living allowances.
 - 1.2.2 Annual income does not include the following:
 - a. Income from employment of children (including foster children) under the age of 18 years.
 - b. Payments received for the care of foster children.
 - c. Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses.

- d. Amounts received by the family, that is specifically for, or in reimbursement of, the cost of medical expenses for any family member.
- e. Income of a live-in aide.
- f. Amounts of educational scholarships paid directly to the student or to the educational institution, and amounts paid by the Government to a veteran, for use in meeting the costs of tuition, fees, equipment, materials, supplies, transportation, and miscellaneous personal expenses of the student.
- g. The special pay to a family member serving in the Armed Forces who is exposed to hostile fire.
- h. Amounts received under training programs funded by HUD. Amounts received by a participant in other publicly assisted programs which are specifically for in reimbursement of out-of-pocket expenses incurred (special equipment, clothing, transportation, child care, etc.) and which are made solely to allow participation in a specific program.
- i. Temporary, nonrecurring or sporadic income (including gifts.)
- j. Amounts specifically excluded by any other Federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under the United States Housing Act of 1937.

1.2.3 For the purposes of this subsection, "Applicant" is the person(s) who own the property and any other persons sharing residency whose income and resources are available to meet the household's needs and who are either related by blood, marriage or operation of law, or who evidenced a stable family relationship for the six months prior to signing the application.

Evidence of "stable family relationship" may include any of the following: birth certificates of the children, joint tax return, prior lease (held jointly), joint bank accounts, insurance policies, prior joint credit history, or equivalent documentation as determined by the Program Coordinator.

- 1.2.4 To determine the applicant's income for eligibility purposes, one of the following methods will be used:
- a. Applicants with full-time employment will use their income for the three months prior to the date of application.
 - b. Applicants receiving social security and welfare benefits will annualize their current monthly benefit prior to the date of application.
 - c. Applicants working temporary, part-time and seasonal occupations will have income computed from their latest Federal Income tax return.
 - d. Self-employed persons will use income reported on their latest Federal income tax return.

- 1.2.5 Income and employment information submitted by applicants will be subject to verification:
 - a. Applicants with full-time employment who receive social security or welfare benefits must provide a copy of their check(s) for the month(s) proper to application.
 - b. Applicants employed in temporary, part-time or seasonal occupations or self-employed persons must provide copies of Federal income tax returns.

- 1.3.1 **Net Worth:** In order to qualify for a rehabilitation loan, the applicant must meet the net worth requirements. Net worth is calculated according to the Housing Rehabilitation Loan Program Application Instructions. Excluded from the assets and liabilities used in the net worth calculation are the applicant's home, one automobile and household furnishings. The market value of Retirement Accounts may also be excluded from the net worth calculation but is subject to the discretion of the Loan Committee based upon the time remaining before future distributions. Thereby approval of this exception is more likely in cases where distributions are anticipated in the near future.

- 1.3.1 If the head of the household is under the age of 62, the net worth must be less than \$15,000.
- 1.3.2 If the head of the household is 62 years of age or older, the net worth must be less than \$30,000.
- 1.3.3 Applicants with a net worth that exceeds the limits in 1:3.1 and 1:3.2 must be approved by the Loan Committee. Some of the factors the Loan Committee will consider when approving loans where the applicant's net worth exceeds the limits are:
 - a. The amount that the applicant's income is less than 80% of median income. The lower the income, the more favorable will be consideration for approval.
 - b. The age and health of the applicant. Applicants who are elderly and/or are disabled will be given more favorable consideration for approval.
 - c. The amount that the applicant will contribute toward the rehabilitation. Applicants will be evaluated based upon the percentage of their assets that exceed the net worth requirements that will be contributed toward the rehabilitation work. The Loan Committee may require the applicant to contribute a specific amount of funds for the rehabilitation work as a condition for receiving a rehabilitation loan.
 - d. The amount that the net worth exceeds the limits of 1:3.1 and 1:3.2. Applicants that greatly exceed the limits will receive less consideration for approval than applicants that exceed the limits by a small amount. The Loan Committee may require applicants to contribute a specific amount of funds for the rehabilitation work based upon the amount that the applicant's net worth exceeds the

- limits and may make the applicant's contribution a condition for receiving a rehabilitation loan.
- e. Any unusual financial hardship of the applicant.

1.3.4 The property on which the home is located is excluded from the net worth calculation. The parcel can include more than one lot as long as the lots are adjacent to the lot on which the house is located and were purchased when the home was purchased.

1.4.1 Eligible for other Financing. Applicants who may be eligible for Conventional Bank Financing based on Income, Equity and Credit, may be required to apply for a Conventional Bank Loan.

Applications that have

1. High Equity in the Subject Property
2. Housing Expense Ratio [PITI/AGI] of 30% or less and
3. Total Debt Ratio [(PITI + Debt)/AGI] of 50% or less may then be required to
4. Present a Decline Letter from another Lending Institution

If conditions 1 through 3 above apply, then in order to qualify for a rehabilitation loan, the applicant must present a decline letter from another lending institution. Applicants will not be required to apply for and/or accept a Conventional Loan in all cases where the Applicants Housing Expense Ratio exceeds 30% of Adjusted Gross Income (AGI) as per HUD Guidelines. Exceptions to this policy may be considered on a case-by-case basis and are subject to the discretion and approval of the Loan Committee.

SECTION 2: REHABILITATION LOAN REQUIREMENTS

All loans will be deferred. *The term of the loan shall be 20 years. The Borrower may extend the term of the deferred loan in additional 5-year increments for as long as the residence remains the primary residence of the borrower and remains in the ownership of the last surviving borrower.* Principal and three percent (3.%) interest to be charged and accrued for the first seven (7) years of the loan, are due upon sale or transfer of ownership by the last surviving borrower, or when the property is no longer the primary residence of the borrower. Applicants will be required to use other private or public resources where possible to provide rehabilitation assistance.

Noted Exception & Addendum to Section 2 regarding the possibility for allowing a borrower to refinance an existing other Loan against the subject property and allowing the Subordination of the existing Rehabilitation Loan.

A Refinance of existing loan(s) is to be considered on a case-by-case basis and the Rehabilitation Loan lien position may be subordinated based on certain conditions listed below and only upon approval of the Loan Committee.

1. A Subordination Processing Fee of \$250 will be collected in order to consider the request. One half of the fee (\$125) will be refunded upon denial of the request. Fee(s) that are not collected at the time of the request or through closing of newly refinanced loan may be added to the principal balance of the RHRP loan.
2. Borrower to provide a written request for subordination, detailing the purpose of the proposed refinance
3. Provide evidence of sufficient equity to secure the cumulative loan balances, which is the sum of all existing and proposed lien balances. [Assessed Value or Copy of recent Appraisal]
4. Provide evidence of the new proposed loan terms: Amount, Interest Rate (fixed or variable), Term in Years and Payment Amount. [Truth in Lending Disclosure]
5. Provide evidence of the details of the Refinance transaction. [Good Faith Estimate & Settlement Statement]
6. Provide a copy of the signed loan application that was made to the new lender.
7. Any special conditions stipulated by our approval of subordination must be listed in the subordination document to be recorded.
8. After closing on a refinance, a copy of the new promissory note must be provided for our records.
9. Note: The purpose of the refinance must be to lower the overall interest rate and/or monthly payments
10. Note: A "Cash-Out-Refinance" is not allowed
11. Note: The Rehabilitation Loan lien position must not change downward as a result of a Refinance
12. Subordinations are not guaranteed and borrower will be informed of this during loan closing procedures.

2.1 **Loan Amounts:** The maximum rehabilitation loan will be:

2.1.1 The standard rehabilitation loan will be \$25,000.00. The maximum loan will be \$35,000.00. All loan requests exceeding \$25,000.00 will be reviewed by the Loan Committee. Both Minor and Major housing rehabilitation projects are allowed under the program policies. A project is considered to be "major" when the rehabilitation costs exceed 50% of the value of the structure only before rehabilitation, all projects that do not exceed 50%, are considered "minor." Major rehabilitation projects will be performed using de-federalized, or non-CDGB funds.

2.1.2 Actual cost of approved rehabilitation work and fees.

2.1.3 Applicant's equity in subject property as determined by subtracting all liens and/or judgments of record from county assessed value or

appraised value as determined by a certified appraiser. The appraisal must have been completed within the past twelve months. An exception can be made if the rehabilitation loan and all other priority liens are less than the assessed or appraised value. Priority liens are liens that must be paid from the proceeds of the sale of the property before payment can be made for the rehabilitation loan. Questions about the priority of a specific lien should be referred to legal counsel if necessary. Also an exception can be made, when health and safety conditions warrant, in cases where the Assessed Value does not demonstrate sufficient value to cover the new loan and the amount of the loan is less than \$5000. A Realtors Comparative Market Analysis Report that does demonstrate a value sufficient to support the additional loan may be accepted in lieu of a new Appraisal for the property along with a written statement demonstrating the likeliness of an improved value. This report must also be accompanied with a written summary of evidence in regards to market conditions that support the finding of the report and is subject to the discretion and approval of the Loan Committee.

- 2.1.4 Loans exceeding \$25,000.00 as noted in 2:1.1 must be approved by the Loan Committee. Some of the factors that will be considered are:
 - a. The applicant's ability to finance some of the rehabilitation work. The applicant will be evaluated based upon the percentage of income devoted to the housing costs, the percentage of income devoted to total installment debt, the credit worthiness of the applicant and the suitability of the house for financing.
 - b. The amount that the requested loan exceeds the limit allowed in 2:1.1. Loans that slightly exceed the limit will be given more favorable consideration than those that greatly exceed the limit.

- 2.1.5 Loans that exceed the limits of 2:1.3 must be approved by the Loan Committee. Some of the factors that will be considered are:
 - a. The credit worthiness of the applicant as evidenced by a credit report. Generally, applicants with a good credit report will receive more favorable consideration; however the Loan Committee will carefully examine the circumstances regarding negative credit information such as illness, disability, job loss or divorce.
 - b. The applicant's ability to finance some of the rehabilitation work. (Refer to 2:1.4 (a).)
 - c. The amount that the requested loan exceeds the limit allowed in 2:1.3 (Refer to 2:1.4(c).)

- 2.2 **Eligible Rehabilitation Costs:** The rehabilitation loan may be used to pay for all the work necessary to achieve the rehabilitation standards of the program as determined by the Construction Inspector. The minimum standard will be the **HUD Section 8 Housing Quality Standard**. The preferred standard will be the **HUD Minimum Design Standard for Rehabilitation for Residential Properties** and other improvements

and repairs not required by this standard but determined to be necessary to reduce maintenance and operating costs by the Construction Inspector.

- 2.2.1 Removal of architectural barriers to meet the special needs of elderly and handicapped persons will be considered an eligible rehabilitation cost.
- 2.2.2 Recording, title insurance, and, appraisal expense are eligible rehabilitation costs. Payment of Hazard Insurance annual premium is allowed only with the consent of the Program Coordinator. Any miscellaneous fees which are not defined above must be reviewed and approved by Oregon Business Development Department Infrastructure Finance Authority's (OBDD-IFA) Regional Coordinator for an eligibility determination with the CDBG program requirements and for compliance with the amended program income requirements enacted on May 23, 2012.
- 2.2.3 Additions that are necessary due to overcrowding are eligible rehabilitation costs. However, no expansion of the building footprint will be allowed using CDBG funds. Guidelines used by the local housing authority and the rehabilitation standards of the program will be used to determine whether overcrowding exists.
- 2.2.4 Costs associated with Lead Based Paint and Asbestos assessment including temporary relocation costs to the home owner are eligible rehabilitation loan costs. Abatement projects will only be considered on a case-by-case basis.

2.3 Ineligible Rehabilitation Costs:

- 2.3.1 Expansion, addition or the finishing of unfinished spaces, such as attic or basement. Exceptions to this policy are dwellings which do not meet guidelines used by the Local housing authority and the rehabilitation standards of the program and are to be funded using Non-CDBG funds. Materials, fixtures or equipment of a type or quality which exceeds that customarily used in properties of the same general type or value as the property being rehabilitated. Materials which exceed customarily use quality by 10% or less in cost are acceptable. Materials which exceed 10% of customarily used quality are ineligible. Homeowners wishing to upgrade materials within the allowed range, will be responsible for payment of the difference in cost of materials reflected by the upgraded.
- 2.3.3 Purchase, installation or repair of furnishings.
- 2.3.4 Labor performed by the applicant or a member of the applicant's family or household.

2.4 Ineligible Structures: The existence of the following conditions will disqualify a structure for a Housing Rehabilitation Loan:

- 2.4.1 The structure has deteriorated to the extent where rehabilitation is not economically feasible.
- 2.4.2 The structure and/or use are in substantial nonconformity with the zoning regulations and/or the comprehensive land use plan of the city or county in which it is located.

- 2.4.3 Significant code violations exist which would be extremely difficult and/or economically unfeasible to correct.
 - 2.4.4 The proposed expenditure would not increase the value of the property sufficiently to protect the owner's existing equity.
 - 2.4.5 Cost of the repairs required to bring the dwelling up to minimum property standards will exceed the program's loan limit.
 - 2.4.6 Pre-1977 mobile or manufactured homes when using CDBG funds. Non-CDBG or de-federalized funds from previous housing rehabilitation revolving fund awards may be used for this purpose.
- 2.5 **Consent from Holders of Prior Financing:** Written consent from all holders of Prior financing with recorded liens must be secured prior to loan closing if required under prior financing agreements. Prior financing includes but is not limited to prior mortgages, trust deeds and land sales contracts.
- 2.6 **Prior Financing Balloon Payment Provisions:** Prior financing containing balloon payment provisions must be approved by the Loan Committee. Some of the factors that will be considered are:
- 2.6.1 The amount of the balloon payment
 - 2.6.2 The present equity and projected equity when the balloon payment is due
 - 2.6.3 An assessment of the applicant's ability to refinance or pay the balloon payment.
- 2.7 **Judgments/Federal Tax Liens:** A judgment in excess of \$3,000 at the time of entry will disqualify the property for a Housing Rehabilitation Loan. All Federal tax liens must be satisfied prior to loan closing.
- 2.8 **Property Taxes:** All real property taxes that are due and payable at the date of loan closing must be paid before loan closing if the property taxes due, existing liens and the rehabilitation loan exceed 80% of assessed or appraised value.
- 2.9 **Fire Insurance:** Applicants are required to have fire insurance equal to the lesser amount of the sum of the existing liens and the rehabilitation loan or the maximum insurable value at the time of loan closing and to maintain the insurance during the term of the loan. All premiums for fire insurance coverage that are due and payable at the date of loan closing must be paid before loan closing.
- 2.9.1 **Flood Insurance:** For subject properties that are or will be located in an area designated by the Director of the Federal Emergency Management Agency as in a Special Flood Hazard Area, Flood Insurance will be required as a condition for loan closing under Federal Law. Flood insurance must be purchased in an amount equal to the lesser of: (1) the outstanding balance of the loan; (2) the insurable value of the structure; or (3) the maximum amount

of coverage allowed for the type of property under the National Flood Insurance Program.

SECTION 3: APPLICATION PROCESSING

- 3.1 **Application verification:** All verification documentation except consent from holder of prior financing must be submitted within 60 days of the signing of the application. If the required documentation is not received within 60 days of signing of the application, the next eligible applicant may be considered for a loan.
- 3.2 **Property Inspection:** All dwellings must be inspected to determine needed repairs and improvements by the Rehabilitation Inspector. Input and participation by the homeowner is encouraged in determining needed repairs and improvements. When the Rehabilitation Inspector is not a staff member, a Professional Service Agreement will be established between the Sub-grantee and the Inspection firm.
- 3.3 **Inspection Report/Bid Form:** After the Property Inspection, the Construction Inspector will prepare a written report based on the Property Inspection that describes the substandard conditions of the house and recommended corrections. The homeowner must agree to carry out the repairs described in the report. Contractors interested in submitting bids for rehabilitation projects must use the Inspection Report/Bid Form for their proposal and cost estimate. The Rehabilitation Inspector will prepare a cost estimate for the file to evaluate cost reasonableness of bids provided by contractors.
- 3.4 **Procurement of Bids:** It is the responsibility of the applicant to procure a minimum of two (2) acceptable bids for the rehabilitation work within 30 days. Applicants are encouraged to obtain at least three (3) bids. If the applicant has difficulty obtaining bids, the program staff will work closely with the homeowner through the bid solicitation and contract process. In the event that more than 30 days has passed and sufficient efforts to obtain bids for the project have been demonstrated, one (1) bid may be acceptable if the proposed scope of work and the proposal total are within reason of the Rehabilitation Loan Program Estimate and is approved by the Rehabilitation Inspector. In all cases, the homeowner must select the contractor and provide written documentation of who and why they have selected a particular contractor. Contractors who have a record of poor performance with prior rehabilitation projects funded through the Rehabilitation Program will not be awarded contracts and will be removed from the list of approved contractors provided to homeowners for a period of six months. Some of the factors that will be considered as evidence of poor performance are:
- 3.4.1 The quantity and severity of complaints from homeowners. Complaints will be documented from the Evaluation Form provided to the homeowner and complaints filed with the Construction Contractors Board (CCB). Complaints will be evaluated based upon records and findings made by the Construction Inspector and

Program Coordinator and the CCB. Homeowner complaints that are not sustained by the Construction Inspector and Program Coordinator and/or the CCB will not be considered evidence of poor performance.

- 3.4.2 Failure to pay subcontractors and suppliers when payment is due: Failure to pay a disputed claim may or may not be evidence of poor performance. The Construction Inspector and Program Coordinator will issue decisions on disputed claims in accordance with the Construction Contractor. However, if the contractor fails to pay undisputed bills to subcontractors and suppliers when due, this may be considered as evidence of unsatisfactory performance.
 - 3.4.3 Failure to complete work in a timely manner. Both the frequency and the magnitude of time will be evaluated and compared with the records of other contractors participating in the program.
 - 3.4.4 Other material violations of previous contracts awarded through the Rehabilitation Program. Contractors may appeal the decision to have their name removed from the list to the Loan Committee.
- 3.5 **Loan Approval:** The Program Coordinator and authorized official of the Grantee will approve all rehabilitation loans. Some loans will also require approval of the Loan Committee as applicable. Applicants approved for a rehabilitation loan will be notified in writing. Applications will be approved in the order they are completed. Should a situation arise whereby more than one loan application is submitted at the same time and all are deemed eligible, the order of priority will be determined by the Program Coordinator based on the physical condition and rehabilitation needs of the dwelling. Priority will be given to dwellings posing an imminent threat to the health and safety of its household. All loans will be secured by a recorded trust deed. Title insurance is required and can be included in the loan.
- 3.6 **Other Rehabilitation Assistance:** Program staff will assist the homeowner apply for weatherization grants/loans, bank loans for rehabilitation and/or refinancing and other assistance as appropriate. All other rehabilitation assistance and bank loans for rehabilitation and/or refinancing must be committed, in writing, prior to loan closing. Weatherization grants/loans may be committed after loan closing.

SECTION 4: THE CONSTRUCTION CONTRACT

The parties to the contract are the homeowner and contractor. All Construction Contracts and related documents must be completed on forms supplied by the Program Coordinator. All Construction Contracts and contract modifications must be approved by the Program Coordinator. The Program Coordinator is authorized to interpret and enforce the provisions of and satisfactory performance of the Construction Contract.

- 4.1 **Contractor Eligibility Requirements:** All contractors and sub-contractors awarded contracts through the Rehabilitation Loan Program must be registered with the Construction Contractors Board (CCB) and possess the required registration classifications, liability insurance, bond and Workmen's

Compensation Insurance. St. Vincent staff will verify contractor eligibility. Contractors with a record of poor performance pursuant to paragraph 3:4 will not be eligible for rehabilitation contracts. Homeowners are encouraged to hire local contractors whenever possible.

- 4.2 **Owner/Contractor:** The owner may act as the general contractor for the rehabilitation work. The owner will be responsible for coordinating the work of the subcontractors and will be required to submit billings from sub-contractors in order to receive payment. The Rehabilitation Inspector is also responsible for ensuring that all subcontractors are registered with the Construction Contractor Board.
- 4.3 **Work Performed by Homeowner:** For projects funded with CDBG funds, all work must be performed by an Oregon licensed, bonded contractor. However, for projects that are funded with non-CDBG funds, homeowners may be encouraged to do some or all of the work when, in the estimation of the Construction Inspector, they are able to do so. The owner and members of the owner's household cannot receive any payment for their labor. The homeowner will be required to submit invoices for materials purchased in order to receive reimbursement.
- 4.4 **Contract Completion Time:** All work must be completed within 90 days from the date of the Notice to Proceed. The contract may be terminated by the Program Coordinator if work has not begun within 45 days or less than 30% of the work is completed within 60 days of the Notice to Proceed. Time extensions may be approved due to weather and other reasons in accordance with the Construction Contract. Completion dates of less than 90 days may be required in order to complete the Rehabilitation Loan program in a timely manner.
- 4.5 **Contract Payments:** Progress payments can be made for up to 90% of the value of acceptable work completed as determined by the Rehabilitation Construction Inspector. Payments will be made in accordance with the Accounts Payable Schedule for the Rehabilitation Loan Program. Before final payment can be authorized:
 - 4.5.1 All contract work must be completed.
 - 4.5.2 Work must pass inspection of the Rehabilitation Construction Inspector and City or County Building Department.
 - 4.5.3 The borrower must sign the Owner's Certification and Acceptance of improvements.
 - 4.5.4 The contractor must sign the Contractor's Warranty and Lien Waiver.
- 4.6 **Contract Payments Withheld:** The Program Coordinator may withhold or, on account of subsequently discovered evidence, nullify the whole or part of the Contract Sum owing to Contractor as may be necessary to protect the Owner and/or Grantee from loss on account of:
 - 4.6.1 Defective work not remedied.
 - 4.6.2 Claims filed or reasonable evidence indication probable filing of

- claims.
- 4.6.3 Failure of Contractor to make payments properly to subcontractors or for material or labor.
 - 4.6.4 A reasonable doubt that the contract can be completed for the balance then unpaid.
 - 4.6.5 Damage to another Contractor.
 - 4.6.6 Failure of Contractor to complete work within the time limits set forth in the Construction Contract.
 - 4.6.7 Work not authorized under the Construction Contractor or approved Contract Change Order.
- As the above situations are remedied, payment can be made for amounts withheld.

SECTION 5: CONFLICT OF INTEREST

Grantee: No employee of the Grantee, its agents, members and families of the Grantee Loan Committee, and other 'covered persons' pursuant to 24CFR 570.489(h) who exercise any functions or responsibilities in connection with administration of the housing Rehabilitation Program shall be eligible for a Housing Rehabilitation loan, nor shall such a person have any interest, direct or indirect, in the proceeds of such a loan unless a waiver is granted in accordance with 24CFR 570.489(h).

SECTION 6: POLICY EXCEPTIONS

The Grantee Loan Committee may waive non-statutory program policies. The request for the waiver will be submitted by the Program Coordinator. Requests for waivers will be evaluated based upon whether the requested waiver is necessary to accomplish the goals of the Rehabilitation Loan Program and will apply only to the application for which a waiver was requested and is subject to exceptions otherwise outlined in the policy and procedures. During the start-up phase of the rehabilitation loan program and from time to time thereafter, the Grantee Loan Committee may wish to review loan applications. The purpose of this review would be to make determinations regarding applicant eligibility, loan requirements, application process, construction contract, and/or any other policy related issue.

SECTION 7: GRIEVANCE PROCEDURE

In the event of a conflict between the homeowner and the contractor, the following procedure will be followed:

Prior to the beginning of work, both the homeowner and the contractor will have a clear and precise understanding of the work to be done. There may be times, however, when the understanding of the two parties may be different. In this event, the Rehabilitation Construction Inspector will immediately attempt to mediate the problem.

If the Rehabilitation Construction Inspector is not able to mediate the problem to the mutual satisfaction of the homeowner and the contractor, then the contractor or

homeowner can request the Program Coordinator to review the case. Within 30 days of the request for review, the Program Coordinator will issue a written decision. The decision of the Program Coordinator may be appealed through the Construction Contractors Board.

SECTION 8: PROGRAM INCOME

Should any Program Income be realized during program delivery, the Program Income shall be managed in accordance with requirements of Title 1 of the Federal Housing and Community Development Act of 1984 as amended including, but not limited to requirements for eligible costs, compliance with national objectives, environmental review, labor standards, procurement, equal employment opportunity, affirmatively furthering fair housing, nondiscrimination against persons with disabilities, and relocation and real property acquisition. The Grantee shall rely primarily on guidance from the State of Oregon in complying with these requirements, since the State is responsible for monitoring the local use of program income earned from Oregon Community Block Grant projects.

Program income earned as a result of this program shall be used for continuation of the rehabilitation loan program as described in the approved application and Rehabilitation Loan Policies included in the approved applications.