



City of Bristol, TN

Housing Rehabilitation
Policy and Procedures

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The City of Bristol, Tennessee has been utilizing U. S. Department of Housing & Urban Development, Community Development Block Grant funds for the rehabilitation of single-family owner-occupied homes since 1982. The purpose of the Housing Rehabilitation Program is to support low and moderate income persons, address substandard housing conditions that exist in the City's neighborhoods in order to prevent blighting influences that cause slums and neighborhood decay, and to meet an urgent need.

Economic conditions prevent the average low-income homeowner from making necessary repairs and maintaining their homes in good condition. A disproportionate number of homeowners residing in deteriorated dwellings within the City are older, less affluent and otherwise unable to afford the expense of the rehabilitation of their residences.

The City initially offered this program in specific target neighborhoods; however, in 1998, a Citywide Unspecified Site Environmental Review was prepared that allowed for rehabilitation on a citywide basis for all income-eligible families.

In its simplest form, rehabilitation is the act of restoring a dwelling unit to its original condition and bringing it up to current City Codes. Rehabilitation is not a substitute for new construction but prevents the removal of existing housing stock. Rehabilitation is not a "patch and paint" process. It is a meshing of restoration, repair, replacement and new construction that changes a substandard dwelling unit into a like-new unit which is then in a readily maintainable condition and possesses a long remaining economic life. Rehabilitation can be used to correct the deficiencies of a major portion of a community's substandard housing. It has great potential for success if planned carefully and not abused by the use of half measures that are unpopular and short lived. It is proposed that every rehabilitation project correct all violations of local codes, remove all incipient violations and accomplish all work necessary to ensure the occupants a safe, decent and sanitary dwelling.

PURPOSE

This manual presents a summary of the design and operating procedures for the City of Bristol, Tennessee substantial rehabilitation, reconstruction, or emergency repair programs funded by the Department of Housing and Urban Development with the Community Development Block Grant. The program works to correct local building code violation(s) for low-income property owners up to 80% area median income.

DESIGNATED AUTHORITY

Administrative authority for implementation of the programs will rest with the Department of Development Services. Staff approves rehabilitation contracts in addition to contractual addenda and change orders, as needed, for project completion.

The Community Development Specialist will have the responsibility for approval of homeowner eligibility, final determination of the amount of assistance to be made available to an individual homeowner and final approval of selection of homeowners to be assisted, in accordance with the implementing procedures.

These policies and procedures are intended to comply with regulations enacted by HUD at 24 C.F.R. 570, and should be interpreted and implemented in a way that is not in conflict with those HUD regulations.

PROGRAM ELIGIBILITY REQUIREMENTS

Eligibility requirements for assistance must be met for both the homeowner's household and property.

A. Homeowner/Household Eligibility Requirements:

1. Each applicant and member of the household must either be a United States citizen or a legal resident alien.
2. Applicant must own and occupy the dwelling as their primary residence for a twelve-month period prior to their application.
3. The applicant(s) must hold the property in fee simple. If title is held in another way (for example, a life estate or joint tenancy), all persons with an ownership interest in the property must agree to the request for assistance and be available to sign necessary contracts and instruments.

If the applicant(s) inherited the property, a title search must show that the applicant(s) own the entire record interest in the property. Applicants should be prepared to provide copies of death certificates and wills.

4. The applicant(s) and household must meet program income limits. **Total family or household annual gross income determines program eligibility.** Annual gross income shall be at or below 80% of the area median income for household composition as determined by HUD. Annual income and asset income are calculated using HUD income calculations.
5. The applicant(s) must exhibit the financial ability to pay and be current on the following basic housing expenses:
 - a. Home Mortgage payment
 - b. Property taxes (City and County) must be current or have payment agreement
 - c. Insurance
6. The applicant(s) must demonstrate the ability to maintain their residence in areas of ongoing maintenance and repairs, safety hazards, and health/sanitation issues.
7. There must be no recorded judgments or liens against the applicant(s) or the home, unless the Community Development Specialist determines that the judgment or lien is one that is unlikely to interfere with the Program's ability to protect its interest in the

property through foreclosure. A property that is subject to a reverse mortgage would be ineligible for program assistance.

8. The applicant(s) must voluntarily apply for assistance. Participation in the programs of the City is voluntary by both the applicant(s) and City. A determination can be made by the applicant(s) or the City at any time to terminate this relationship.
9. The applicant must have resources (family/friends) readily available if temporary relocation is necessary during the rehabilitation construction period.

PROPERTY ELIGIBILITY REQUIREMENTS

1. The home must be located within the city limits of Bristol, Tennessee. Permanent structures only; no mobile homes, travel trailers, etc. Modular homes on a permanent foundation are eligible.
2. The property must comply with and meet all environmental regulations, including, but not limited to, historical, floodplain, noise and lead. Properties located in the 100-year floodplain are ineligible unless they are currently covered by flood insurance.
3. The property must be serviced by or accessible to a City-approved water supply, gas, sanitary sewer (or have an approved septic system) and electrical system.
4. The dwelling unit must be in need of immediate and necessary repairs to correct situations which pose a threat to the health and safety of those who reside in the home. Eligible emergency repairs include, but are not limited to electrical, roofing, plumbing and HVAC repairs.
5. Accessory structures (as defined in the Bristol, Tennessee Zoning Ordinance) are not eligible for the program. If an accessory structure must be torn down as part of a reconstruction, it will not be rebuilt.

OTHER GRANT CONDITIONS

Specific terms and conditions are incorporated in the contract documents. The applicant will be asked to agree to:

1. Allow inspection by the City of the property whenever the City determines that such inspection is necessary.
2. Furnish complete, truthful and proper documentation and information as needed to determine eligibility for receipt of rehabilitation assistance.
3. Permit the contractor to use, at no cost, reasonable existing utilities such as gas, water and electricity which are necessary to the performance and completion of the work.

4. Cooperate fully with the City and the contractor to ensure that the rehabilitation work will be carried out promptly.
5. Defend, indemnify and hold harmless the City, its officials, employees and assigns, from all claims, demands, damages, actions, expenses, attorney's fees and causes of action that may arise from an act of God or nature during the rehabilitation of the property.
6. Abide by Lead-based Paint requirements outlined in application for assistance, if applicable. Have alternative housing during the time period of the rehabilitation project when the removal of lead-based paint hazards is necessary.
7. Upon completion of the rehabilitation, agree to maintain the property in a clean, neat and sanitary condition.

APPLICATION FOR AND SELECTION OF RECIPIENTS FOR ASSISTANCE

INTAKE/PRELIMINARY APPLICATION

The interested Homeowner contacts the Community Development Specialist to discuss needed repairs. If the repairs meet the criteria for one of the programs, an Application Checklist will be mailed, emailed or faxed to the homeowner. Once the applicant has assembled all of the necessary documentation, an appointment will be scheduled for them to come into the office and complete the application with the Community Development Specialist. The Community Development Specialist is located in the City Hall Annex (104 8th Street) Monday through Friday, 8:00 a.m. till 5:00 p.m. The application must be filled out completely (no questions can be left unanswered). The application must be signed by all household members 18 years or older.

The applicant will have thirty (30) days to submit all required information. If not received within the thirty (30) days, the application will be closed and filed as ineligible.

Upon receipt of the application and supporting documentation, it will be reviewed by the Community Development Specialist for eligibility. If the information given meets the income limits and other criteria, the applicant will be placed on the waiting list. If the application does not meet the program guidelines, the applicant will be notified in writing within thirty (30) days. When an applicant's name comes up on the waiting list, they will receive a phone call and letter or email to call the Community Development Specialist for an appointment to start the acceptance process.

Any intentionally falsified information will cause the application to be rejected and the homeowner to be deemed ineligible to apply for assistance. Failure to disclose information that may affect eligibility requirements shall also constitute fraud. Homeowners shall be required to make full restitution to the City in the event the rehabilitation services are provided to

homeowners who provide inaccurate or incomplete information in order to meet eligibility requirements.

Homeowners who apply for this assistance do so voluntarily and with the understanding that they are not being displaced under HUD's Acquisition, Relocation and Displacement Policy. They may be required to find alternative housing during the time period of the rehabilitation project. In some cases, a rehab project may not include the disturbance of lead paint surfaces; however, the City may still deem it in the best interests of the homeowner to find alternative housing with a family member or friend in order that the contractor may expedite the project. This program does not fund the expense of temporary housing for applicants and their families.

ENVIRONMENTAL REVIEW

An Environmental Review must be completed for each rehab/reconstruction project. See Environmental Review checklist and methods of documentation.

SECURING THE LOAN

Rehabilitation: For both substantial rehabilitation and emergency rehabilitation, the homeowner(s) will execute a Deed of Trust and Promissory Note promising to repay to the City the costs of the rehabilitation over a term of five (5) years. Soft costs do not need to be repaid and should not be included in the Note. The promissory note will provide that the debt will be forgiven at a rate of one-fifth per year, provided that the homeowner(s) continue to reside in the property. Rehabilitation projects that are expected to cost less than \$2,000 in total do not need to be secured by a Deed of Trust.

Reconstruction: For reconstruction projects, the homeowner(s) will execute a Deed of Trust and Promissory Note promising to repay to the City the costs of the rehabilitation over a term of ten (10) years. Soft costs do not need to be repaid and should not be included in the Note. The promissory note will provide that the debt will be forgiven at a rate of one-tenth per year, provided that the homeowner(s) continue to reside in the property.

Once the Note has expired, at the request of the Homeowner a Release Deed shall be prepared by the Community Development Specialist and recorded in the Sullivan County Register of Deeds office in Blountville, Tennessee. A copy of the recorded Release Deed shall then be mailed to the homeowner.

SUBSTANTIAL REHAB PROGRAM

The City of Bristol Substantial Rehab Program is designed to assist low-income homeowners in Bristol whose homes exhibit exterior and interior substandard deficiencies that make the dwelling unsafe, unsanitary or in need of renewal as determined by staff. Acceptable repairs shall be defined as:

1. Vinyl siding
2. Painting
3. Storm windows
4. Replacement windows
5. Glass
6. Entry doors
7. Storm door
8. Roofing
9. Electrical and heat systems

The list is not meant to be all inclusive, and each property will have different needs as determined by the Inspector.

A. ADMINISTRATIVE PROCESSES

1. The date of the application completion and eligibility will determine the order of assistance (a waiting list will be maintained on a **first-come, first-serve basis**).

If funding is sufficient to complete a large number of rehabs, applicants may be solicited at a public meeting. Once applications have been completed and information verified, a selection/scoring process may be utilized based upon the following factors:

- a. Number of people in the household
- b. Number of people 62+ years old
- c. Number of handicapped
- d. Female-headed household
- e. Number of children under 18
- f. Condition of the home (determined by Codes Enforcement)
- g. Income level

Once all of these factors have been taken into consideration and scores assigned, the family with the highest score will be first on the list, and the lowest score will be last.

2. **The maximum allowable grant shall be up to \$40,000.**
3. Repairs must conform to the then current building and property maintenance codes of the City of Bristol, Tennessee, and to any rehabilitation standards issued by HUD.

4. Reasonable and necessary related soft-costs will be paid by the City. These costs include, but are not limited to:
 - a. Architectural, engineering or related professional services (inspection, work write-ups);
 - b. Costs related to lead-based paint hazards.
5. Staff will provide counseling and assistance to the Homeowner in order to facilitate the rehabilitation, including the following:
 - a. Information on the program;
 - b. Information regarding potential lead-based paint hazards;
 - c. Soliciting bids for rehabilitation;
 - d. Fair Housing information;
 - e. Assistance in contractual compliance between the homeowner and contractor; and,
 - f. Inspection of rehabilitation of dwelling.
6. Please use checklists for Contract Signing and Project Closeout.
7. **Property Inspection** – After conditional approval, at the earliest convenient time, the Inspector will perform the property inspection and complete the lead-based paint inspection (applicable only for properties built prior to 1978). The purpose of the inspection is to identify all local building code, Housing Quality Standards, and environmental review violations and determine actions necessary to bring the property into compliance.

If the project is not deemed feasible because the cost estimate exceeds the maximum allowable grant amount for the project, the Homeowner will be notified by the CDBG Specialist within seven (7) business days.

Upon completion of the write-up, the Inspector will schedule an appointment with the Homeowner to explain the specification notes, guidelines and the bidding process.

Once a project is complete, all Punch List items must be addressed to the satisfaction of the Inspector and the homeowner.

8. **Lead Based Paint Requirements** – If the repair cannot be accomplished without disturbing any painted surface on any portion of the home’s exterior, for properties built prior to 1978, the surfaces to be disturbed will be either tested in order to detect the presence of lead-based paint or presumed to have lead-based paint present. If tested, it will be by a certified lead-based paint Inspector or risk assessor to determine the presence or absence of lead-based paint. If lead-based paint exceeding the acceptable limit is found, then the surfaces disturbed will be repaired utilizing safe work practices. A “Notice of Lead Hazard Evaluation” will be provided to the Homeowner. This notice will summarize the nature, scope, and results of the evaluation.

The lead-based paint hazard reduction work will be performed by a contractor who is certified and licensed in utilizing safe work practices. After the hazard reduction work is completed, a clearance examination of the work site will be performed by a certified risk assessor to determine if the affected dwelling is safe for occupancy. This involves a visual assessment, analysis of dust samples and preparation of a clearance report. A “Notice of Lead-Based Paint Hazard Reduction Activity” will be provided to the Homeowner. The contractor must also obtain a final inspection from the City before payment can be made.

9. First Tennessee Development District provides an Inspector and other housing specialist services (as described in the Contract between the City and First Tennessee Development District), unless First Tennessee Development District is unable to provide such services for a particular project. In such case, the CDBG specialist shall retain another qualified individual to perform such services.

B. CONTRACTOR CRITERIA

1. Any properly licensed contractor can bid on CDBG Rehab projects. Contracts will be signed with qualified contractors that have:
 - a. Post-consumer satisfaction, as evidenced by references;
 - b. Acceptable workmanlike skills evidenced through verifiable references of previous rehabilitation or new construction;
 - c. Ability to obtain and carry commercial general liability with at least One Million Dollars (\$1,000,000), along with any employer’s liability (workmen’s compensation) as required by the state of Tennessee and auto liability insurance of at least One Million Dollars (\$1,000,000) for the duration of a contract – insurance certification is required;
 - d. Ability to guarantee work performed for a period of one year from date of grant settlement;
 - e. Ability to provide a \$1,000 security bond to the City to ensure performance of the work.
2. No contractor appearing on the debarred contractor list will be approved to perform work.
3. Once an eligible contractor has been identified as low-bidder, then CDBG staff will work to qualify the company on the items above.
4. The Community Development Specialist will work with Codes Enforcement to make sure that all permits have been secured for the project.

C. INELIGIBLE CONTRACTORS - The City may determine a contractor is ineligible to bid on projects if:

- a. The contractor does not have a valid Tennessee license if required for the work to be done; or

- b. The contractor is listed on the Federal or State debarred list or is on the City's ineligible list for failure to complete warranty repairs; or
- c. There is documented proof that the contractor has not paid material suppliers; or
- d. The contractor has not completed projects within the allotted time frame; or
- e. There exist valid complaints by homeowners about quality of the contractor's work and performance.

D. OPEN SOLICITATION CONTRACTOR PROCUREMENT AND COMPETITIVE BID POLICY

The City will maintain a list of qualified contractors for each trade used in the housing rehab program generated through a solicitation of qualified contractors. The solicitation for qualified contractors will be conducted on an as needed basis through public advertisement that lists the requirements and qualifications needed for substantial on single-family residences. The public advertisement will include, at a minimum, placing an advertisement in the local newspaper and direct mail to existing contractors.

Any interested contractor may be added to the list at any time after the solicitation process has ended, if the contractor meets the requirement and qualifications in effect during the current year.

The Community Development Specialist will email to contractors a scanned copy of the work write-up which will denote the date/time of the bid opening. The City need not include any contractor with outstanding warranty items. The Homeowner(s) will receive a copy of the work write-up during the pre-bid visit to the home. If the homeowner(s) has questions, the Inspector will be consulted regarding the scope of the work prior to the date of bid opening.

The Invitation to Bid must advise the contractor that bid proposals will be accepted in person or by mail or overnight delivery. Each individual bid shall be in a sealed envelope listing the homeowner's name and address on the front of the envelope. Contractor shall provide business name, license number with classification and expiration date. Information must also be included for any subcontractors. Contractors and subcontractors must be in good standing with the State of Tennessee Board of Licensing.

Staff must designate a specific location for return of bid documents. No response within the required time will be regarded as a **NO BID**.

NO BIDS WILL BE ACCEPTED IF SUBMITTED ANYTIME AFTER THE SPECIFIED DUE DATE/TIME AND DESIGNATED LOCATION.

All present during bid opening must sign in. The Community Development Specialist, along with the Inspector are responsible for reviewing all bids and determining reasonableness of each bid line item prior to bid award and confirming that funding is available for the entire project.

Bids may be rejected for any of the following reasons:

1. The total price exceeds the maximum grant amount approvable by the City;
2. The prices quoted are considered too high or too low (a 15% variance either way will be allowed);
3. Not all work items are bid upon; and/or the contractor or contractor's representative failed to visit and inspect the property;
4. The contractor is ineligible.

The project will be awarded to the qualified contractor with the lowest reasonable responsive bid. Time being of the essence, the bid may be awarded to the next lowest bidder should the contractor with the low bid have been awarded or hold contract for other uncompleted jobs through the City;

Should all bids for the substantial rehabs exceed the \$40,000.00 grant allowance, the City may elect to negotiate a lower cost with the lowest qualified bidder by reasonably modifying or deleting one or more repair items if feasible. The City must be able to certify the condition of the property will still meet minimum standards after such modification or deletions.

E. SUBSTANTIAL REHAB CONTRACT SIGNING PROCEDURES

Before signing a contract for a substantial rehab, the Inspector will schedule a "pre-construction" conference at the property with the homeowner and contractor in attendance. The Inspector will go through the line items on the work write-up and discuss with both parties each item and what construction is required and where it will be applied. This conference is required to ensure a thorough understanding by the Homeowner. The homeowner and contractor will be contacted by the Community Development Specialist to schedule an appointment to sign documents. Documents requiring a signature are:

1. Homeowner/contractor agreement
2. General Information for Participants
3. Homeowner Receipt of Lead Base Paint Inspection/Risk Assessment
4. Right of Rescission (two copies)
5. Non-Kickback Certification
6. Notice to Proceed
7. Deed of Trust
8. Promissory Note
9. Certification of Eligibility to Participate (Contractor)
10. Any other document or certification required by federal, state or local law.

F. WORK MONITORING

The Inspector will monitor the progress of the construction project. All licensed trade work shall be inspected by the City of Bristol Building Code Enforcement. Unless otherwise provided in the contract, the contractor must begin work no later than fifteen

(15) business days from the date of the contract and must complete the work within sixty (60) business days, unless given an extension by the City. The Inspector will visit the job site as necessary.

G. CHANGE ORDERS

1. All Change orders to the work write-up specifications are to be approved by the Community Development Specialist prior to the work being completed. A change order form will be prepared by the Inspector and requires signatures from the Inspector or Community Development Specialist, Homeowner and contractor. Additional work contracted between Homeowner and contractor during job progress is prohibited without City approval. All change orders, together with contracted amount for "hard costs," may not exceed the \$40,000 limit for the substantial rehab program. The City may make an exception to exceeding the limit if additional funding is required to make any repair that was unforeseen in the scope of work write-up and deemed necessary due to health/safety hazard or other serious code violation or if funding could resolve dispute between homeowner and contractor.
2. The Inspector will approve materials on the job site to assure compliance with specifications.
3. In the event of a dispute between the homeowner and contractor concerning satisfactory completion of the job, the Inspector will work with both parties to negotiate a resolution and render a decision. Should either party wish to appeal the Inspector's decision, they may request a hearing with the Community Development Specialist for a final determination.

H. SUBSTANTIAL REHAB CLOSEOUT PROCEDURES

1. The Inspector will review with the Homeowner all completed Repairs on work write-ups and execute "Certificate of Final Inspection."
2. The Community Development Specialist will obtain from the contractor all final inspection "green tags," manufacturer's/supplier's warranties, certifications required on work write-up, final invoice and release of liens (if applicable) .
3. The Inspector will fill in the Certification of Final Inspection and acquire Contractor's Final Invoice as applicable for the specific project. The Inspector verifies that the necessary portion of work has been completed and that the quality of workmanship is satisfactory.
4. Upon approval by the Inspector, the payment request will be prepared by the Community Development Specialist. The Contractor shall receive payment for completed contract within thirty (30) business days after final inspection.
5. Payment of work performed for the substantial rehab program shall be made payable to the contractor, in one lump sum. Payment is subject to final approval by the Homeowner and the City before releasing check to the contractor. Exceptions to this are applicable when either of the following circumstances exists:
 - a. The City has found all work to be acceptable and the Homeowner refuses to sign an "Application for Payment" without a valid reason, or lacks understanding of work acceptability.

- b. The homeowner has left the city, cannot be located and failed to notify the City of whereabouts.

RECONSTRUCTION PROGRAM

If it is determined that a home is so dilapidated that it could not be rehabilitated for \$40,000 the home may be eligible for the Reconstruction Program. Reconstruction requires demolishing the home and rebuilding it on the same footprint. The Reconstruction Program is intended to provide safe, clean and sanitary housing for the residents of the former house, but it is not guaranteed to provide a house with the same square footage, number of bedrooms, number of bathrooms, or amenities as the original house.

The City or its designees is responsible for the design of the rebuilt house. The homeowner is not guaranteed input into the design process.

Application procedures are the same as for the substantial rehabilitation program.

The City will pay reasonable and necessary soft costs as in the substantial rehabilitation program.

Contractors will be paid in three payments as follows: (1) \$5,000 demo draw, (2) 50% of remaining balance once work is 60% complete, and (3) remaining 50%.

No grant under the Reconstruction Program shall exceed the maximum limits established by HUD.

BRISTOL, TENNESSEE EMERGENCY REPAIR PROGRAM

- A. The City of Bristol Emergency Repair Program is designed to assist low-income Homeowners in Bristol with repairs to items that pose an imminent threat to the health and/or safety of the Homeowner and the surrounding neighborhood. The determination of an emergency shall be at the discretion of the Community Development Specialist.

Acceptable repairs for existing structures shall be defined as:

1. Water leaks that are flooding the structure
2. Lack of water to the unit
3. Nonfunctioning water heater
4. Inoperable toilets
5. Inoperable lavatories
6. Broken sewer lines/water supply lines
7. No vented heat
8. No functioning air conditioning
9. Hazardous and electrical malfunctions that are imminent danger to the structure
10. Deteriorated roofs, guttering that affect other systems and pose imminent danger to the occupants
11. Collapsed floors and major structural hazards

This definition also covers repair situations created by accidents or natural disasters that are imminent danger to the structure and are creating an imminent threat to public health and safety and the surrounding neighborhood. These are only a few examples of potential conditions, which may exist. The examples demonstrated are not all inclusive; staff must evaluate each request on a case-by-case basis.

The City is responsible for determining if the repairs requested fit the criteria for the Emergency Repair Program. When the Community Development Specialist is contacted by a homeowner, the Community Development Specialist will:

- A. Assist the homeowner with the application process;
- B. Make an expedited decision whether the threat posed is immediate and repairs requested are necessary for protecting the health and safety of the household;
- C. Consult with and advise the owner of the scope of work recommended and the availability of emergency repair assistance;
- D. Solicit bids from appropriate contractors;
- E. Facilitate the contract between the homeowner and the contractor;
- F. Inspect (or cause to be inspected) the repair work as it is being done and when it is completed.

Environmental Review: Under 24 CFR 58.34(a)(10), “Assistance for temporary or permanent improvements that do not alter environmental conditions and are limited to protection, repair, or restoration activities necessary only to control or arrest the effects from disasters or imminent threats to public safety including those resulting from physical deterioration” may be classified as **exempt from environmental review**.

Lead-Based Paint Requirements: Under 24 C.F.R. 35.115(a)(9), “For emergency actions immediately necessary to safeguard against imminent danger to human life, health or safety, or to protect property from further structural damage (such as when a property has been damaged by a natural disaster, fire, or structural collapse), occupants shall be protected from exposure to lead in dust and debris generated by such emergency actions to the extent practicable,” but the requirements of subparts B through R of that part shall not apply. This exemption applies only to repairs necessary to respond to the emergency. The requirements of subparts B through R of this part shall apply to any work undertaken subsequent to, or above and beyond, such emergency actions.”

When the City receives a call from a resident inquiring about a potential emergency repair, the Community Development Specialist will send a checklist of information and documents needed. An appointment will be set for the applicant to bring in the requested information, and an application will be completed.

When repairs meet the above criteria, the following approval process will apply:

1. Verify ownership of home
2. Verify income of all occupants

All procedures beginning with contract signing through contract closeout will be the same as listed for the substantial rehab program.

B. POLICY STATEMENT REGARDING THE EMERGENCY REPAIR PROGRAM

The maximum allowable Emergency Repair grant is \$10,000. The Director of Development Services can authorize a larger grant if the maximum allowable repair cannot remove the threat to life, health or safety of the family.

C. CONTRACTOR CRITERIA FOR EMERGENCY REPAIRS

No Contractor can be engaged to perform emergency repairs unless:

1. The Contractor holds a valid business license; and
2. If required by state law, the Contractor holds a valid license to perform the required work.
3. The Contractor has a policy of general liability insurance in the amount of One Million Dollars (\$1,000,000); automobile liability insurance in the amount of One Million Dollars (\$1,000,000); and workers compensation insurance, if and as required by state law.

All responding contractors will be subject to staff review of qualifications.

No contractor appearing on the debarred contractor list will be approved to perform work as a qualified contractor for emergency repairs.

D. MAINTENANCE OF LIST AND SELECTION OF EMERGENCY REPAIRS CONTRACTORS

The Community Development Specialist will maintain a list of contractors who are qualified under this section. The list will include the contractors' trades or specialties. Any additions of qualified contractors to the lists will be placed on the appropriate trade list.

When an emergency repair arises, the Community Development Specialist will contact each contractor with the necessary trade or specialty. Each contractor shall be provided with the same description of the Emergency Repair to be performed, and shall be invited to provide a quote for performing the Emergency Repairs. The communication shall include a deadline for submitting the quotes. The qualified contractor with the lowest reasonable responsive bid shall be awarded the project. If that contractor is unable to commit to completing the work in the designated timeframe, the City will proceed with next lowest bidder until an available contractor is selected.

E. WORK MONITORING

The Community Development Specialist will monitor the progress of the rehabilitation project. All licensed trade work shall be inspected by the City of Bristol Code Enforcement. The contractor must begin work no later than ten (10) business days from date of contract and complete the work within thirty (30) business days, unless otherwise specified in the contract or in writing by the City.

WARRANTY FOLLOW-UP PROCEDURES FOR BOTH SUBSTANTIAL REHAB AND THE EMERGENCY REHAB PROGRAMS

- A. If homeowner is experiencing problems with the workmanship and/or materials are not holding up according to warranties.
1. If problems exist, an inspection will be performed and the contractor will be notified, in writing, if necessary, and requested to make repairs. A follow-up call or reinspection will be made by the Inspector to ensure the contractor has made the requested repairs.
 2. Contractors failing to comply with the one-year warranty of their work will no longer be “qualified bidders” for CDBG rehab projects.
 3. No further inspections will be made by the City unless the Homeowner reports needed repairs or problems within the one-year warranty period. HUD may inspect the properties during any CDBG program monitoring visit for compliance purposes only.
 4. The Homeowner’s failure to maintain the property is not considered a warranty problem.

BRISTOL, TENNESSEE EMERGENCY & SUBSTANTIAL REPAIR PROGRAMS

SUBORDINATION POLICY

When a homeowner/financial institution requests that the City subordinate to a new lien due to the refinancing of their mortgage, the City may subordinate if:

1. The reason for refinancing is to:
 - a. Make home improvements (upgrade the condition of the home must show receipts).
 - b. Improve the homeowner's rate of interest by at least one percent.
 - c. Change terms from a variable interest rate to a reasonable fixed rate.
 - d. Eliminate a balloon payment feature at the end of a specified number of years.
 - e. Cash outs are not allowed except for in a. above.
2. The new appraisal on the home must exceed the amount of the new mortgage plus the amount of the City's loan/grant.
3. The City will not assume a position lower than second position, unless the Community Development Specialist determines that the subordination is unlikely to interfere with the Program's ability to protect its interest in the property through foreclosure
4. Unless unusual circumstances exist, the City will not subordinate more than once.
5. The financial institution will prepare the Subordination Agreement for Bristol, TN (City Manager's) signature, have it recorded and provide a copy to the Development Services office.
6. The financial institution will provide the City with a copy of the new appraisal (if required) and the Settlement Statement.
7. Total closing costs and prepaid items cannot exceed 6% of the purchase price of the home. An exception to the 6% would be as a result of the Private Mortgage Insurance requirements. Lenders are not allowed to charge the applicant an interest rate higher than 3% over the Wall Street Journal prime lending rate. The City will not subordinate to interest only loans or reverse mortgages. Adjustable/variable rates may be allowed if the adjustable/variable rate feature of the loan offers a fixed term for the entire length of the Deed of Trust.

Example: A ten-year fixed rate loan with a balloon payment after that time period would be acceptable. After five years (unless a reconstruction), the City's Deed of Trust would be released.

8. In order to assist clients with foreclosure prevention, subordination requests may be considered on a case-by-case basis by the City.

BRISTOL, TENNESSEE EMERGENCY & SUBSTANTIAL REPAIR PROGRAMS

CONTRACTOR POLICY

1. The Contractor may be limited to the number of homes that he/she may have under contract at any given time within the program(s). "Under contract" is defined as a contract in progress until Final Payment is made and the Final Close-out has been accomplished. Contractors who have never been associated with the funded program(s) or the Grantee's representative(s) will be allowed only one contract initially. When the first contract is successfully completed the Contractor may be allowed to have more than one home under contract at any one time.
2. The City of Bristol will allow a contractor to be awarded up to three (3) projects with the CDBG program at one time (Emergency and/or Substantial Rehabs).

MISCELLANEOUS PROVISIONS

1. **CONFLICT OF INTEREST OF PUBLIC OFFICIALS** - No elected or appointed Federal, State or local official, member of the Bristol City Council, or any other public official or employee who exercises any functions or responsibilities in conjunction with the administration of the City of Bristol's CDBG program shall have any interest, direct or indirect, in the proceeds or benefits of the emergency repair grant program. None of the aforementioned people may participate as homeowners or contractors in such program.

2. **KICKBACKS AND DISCOUNTS** - No member of the Bristol City Council or any City of Bristol employee shall receive kickbacks or discounts from either contractors or property owners in return for special favors in regard to housing rehabilitation.