

Webb County Colonia Fund Housing Rehabilitation Project

MARGIE R IBARRA
COUNTY CLERK
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Guidelines for Housing Rehabilitation Program 2022 Texas Community Development Block Grant Program

WEBB COUNTY, TEXAS

BY All DEPUTY

I. INTRODUCTION

Webb County, Texas Community Development Block Grant Program (TxCDBG) funds administered by the Department of Agriculture to administer grant programs that provide assistance in the form of housing rehabilitation for low to moderate income (LMI) homeowners and their family who reside in the same housing unit, located within the boundaries of rural Webb County, and located within designated targeted colonias as allowed under each respective funding source. The purpose of the housing rehabilitation program is to decrease dangerous and substandard living conditions and improve the quality of life for Webb County's colonia residents. This program will be operated in accordance with all applicable rules and regulations under each respective funding agency.

The Executive Director of the Webb County Economic Development Department or his authorized representative, shall be designated "Rehabilitation Manager", with authority to administer the rehabilitation components of the program. The Executive Director of the Webb County Economic Development or his authorized representative will formulate recommendations and items requiring Commissioner's Court action.

The Executive Director of the Webb County Economic Development Department or his authorized representative can be contacted at:

1308 San Agustin
Laredo, TX 78040
956-523-4605
jflores@webbcountytexas.gov

II. PROGRAM OBJECTIVES

The following objectives are provided for the implementation and administration of a successful housing assistance program.

- A. The primary objective of the Webb County Colonia Fund Housing Rehabilitation Project is to provide decent, safe, and sanitary housing for LMI applicant homeowners by the rehabilitation of substandard, single family, owner-occupied dwelling units in compliance with Texas Minimum Construction Standards (TMCS).
1. The Executive Director or his authorized representative, herein referred to as the "Rehabilitation Manager," will be the designated authority to administer the assistance components of the program, i.e., to take applications, verify eligibility, perform preliminary inspections for scope of work, coordinate and review work write-ups and cost estimates, prepare bidding documents, conduct oversight liaison with the applicant homeowner, and conduct all interim and final inspections (excluding inspections by Project Architect).
2. Every Colonia resident that visits a Community Center located in the targeted colonias will receive an informational flyer informing them of the available rehabilitation assistance with instructions to apply and relevant contact information. Flyers will also be posted at area convenience stores, restaurants, places of worship and other places frequented by colonia

residents. Also, all homes located in the eligible target area will be visited in person during the door to door outreach marketing campaign.

3. The Webb County Colonia Fund Housing Rehabilitation Project will be operated in accordance with all the applicable rules and regulations of the Webb County and the Department.
- B. A second objective of the Webb County Colonia Fund Housing Rehabilitation Project is to benefit LMI homeowners with disabilities.

III. ASSISTED HOMEOWNER ELIGIBILITY - THRESHOLDS

The following are threshold requirements, which must be met for an applicant to be eligible for assistance. Eligibility does not assure funding, since it is expected that there will be more eligible applicants than can be served with available funds.

- A. **Income Eligibility** In order to receive assistance, the applicant's total household income cannot exceed 80% of the area's median income. The area median income limits shall be determined utilizing the income limits established yearly by HUD for the Webb County area which shall be provided to each applicant. Housing Assistance Program funds will not be available to any applicants who have substantial financial resources available.

[Note: HUD updates the income limits annually by state and county. Current HUD income limits can be found here: <https://www.huduser.gov/portal/datasets/il.html>]

- B. **Proof of Ownership** The applicant must be an individual and any spouse or joint tenant who owns and occupies a single-family residential unit within the jurisdiction of the Webb County. The applicant must prove ownership of the property and must occupy the property as their principal residence.

Ownership can be documented as follows:

1. Possess a valid deed of trust or mortgage deed which has been filed for record with the County Clerk's office and which includes reasonable rights of redemption and quiet and peaceful possession of the property as determined by the Webb County Civil Legal Department;
2. Possess a life estate, which has been filed for record at the County Clerk's office;
3. Heir Property - if property is in an undivided "heir ownership" situation, the applicant must be one of the heirs. While clear title may not be required, the locality should verify ownership status and determine the likelihood of continued occupancy by the applicant. As determined by the Webb County Civil Legal Department, proof of control of the property is necessary, such as, proof of payment of insurance and property taxes for at least two years;
4. Maintains a 99-year leasehold interest in the property; or
5. Possesses a fee simple title to the property.
6. Contracts for deed do not convey fee simple title to the property and therefore, will not be allowed to substantiate proof of ownership. (For homes located within a colonia that were financed through a contract for deed, assistance converting a contract for deed to a

traditional warranty deed is available. Contact the Texas Department of Housing and Community Affairs (TDHCA) HOME Program.

7. Other acceptable forms of ownership, subject to approval by the respective funding agency on a case-by-case basis.

C. **Applicant Requirements** Applicants are required to submit the required application along with supporting documentation to Webb County within the allotted time period. Applicants must have water / sewer services in order to be eligible for housing rehabilitation assistance. Webb County will allow a reasonable number of days by which the applicant must submit the required documentation. Webb County will disqualify applications for failure to submit documents within the allotted time period. Time extensions may be considered on a case-by-case basis. *Applications containing any false or fraudulent information will be disqualified from receiving program assistance.*

D. **Occupant Eligibility**

1. Properties occupied by renters are not eligible for assistance with these programs.
2. Applicant must furnish evidence that all property taxes assessed on the property proposed for assistance have been paid prior to the award of the assistance, or the property owner qualified for and received a tax deferral as allowed under Section 33.06 of the Texas Property Tax Code. If homeowner does owe back taxes, an established payment plan with evidence of regular payments may be acceptable, depending on the amount of taxes owed and ability of the homeowner to pay back the past-due ad-valorem taxes, on a case-by-case basis.

E. **Property Taxes** Applicant must furnish evidence that all property taxes assessed on the property proposed for assistance have been paid prior to the award of the assistance, or the property owner qualified for and received a tax deferral as allowed under Texas Tax Code, Title I, Chapter 33, Section 33.06 Deferred Collection of Taxes on Residence homestead of elderly or disabled Person.

F. **Insurance**

1. Assisted homeowners will be encouraged to obtain fire and casualty insurance for their residence. A hazard insurance policy may be purchased with program funds and effective for a period of one (1) year upon completion of construction project.
2. If the unit is located in a flood hazard area, flood insurance must be in effect for the duration of the assistance term.

IV. PROPERTY ELIGIBILITY

A. **Unit Characteristics**

1. Only Single-family owner-occupied units will be eligible for housing assistance. A family is defined as a homeowner and one or more other persons living in the same household who are members of his/her immediate family. Immediate family is considered to be spouses, parents, children, and grandchildren. An individual living alone and joint tenants who both occupy the unit are also eligible.
 - *A single-family structure is defined as 1 to 4 units; only the units occupied by LMI persons are eligible for assistance.*
3. Properties utilized for commercial/rental purposes are not eligible for assistance.
4. Mobile/manufactured homes are not eligible for assistance.

B. Location

1. Units must be located within the jurisdiction of the Webb County.
2. Units must be located within the boundaries of the following Webb County Colonia Areas identified in the application: Los Altos, San Carlos I, San Carlos II Ranchitos 359 East, Pueblo Nuevo, and Mirando City.

C. Inspection

A preliminary inspection will be conducted to determine the condition of the unit for each eligible applicant. The initial inspection will be conducted by a Certified Professional Inspector or other qualified inspector and a list of the code deficiencies will be prepared. The inspection will provide a general estimate of rehabilitation costs to determine if the unit can be rehabilitated within the limits of the assistance, and whether the unit requires more rehabilitation than what is possible through the provisions of this Housing Assistance Program.

V. CONDITION REQUIREMENTS

- A. Upon completion of the rehabilitation, units must comply with Texas Minimum Construction Standards (TMCS).
- B. "Suitable for Rehabilitation" is defined as a unit occupied by (LMI) person(s) and/or person(s) with disabilities which can be brought up Texas Minimum Construction Standards (TMCS) with a Colonia Fund Housing Assistance Program investment not to exceed \$75,000. All homes assisted with Colonia Fund Housing Assistance Program funds will have a recorded lien placed on the property secured by a five (5) year / sixty (60) month pro-rated forgivable note.
- C. "Unsuitable for Rehabilitation" is defined as a residential unit which has major structural conditions that were either inadequate original construction, or has failing foundation, floor, wall, ceiling, roof, and exterior systems. Systems failures or violations in electrical, plumbing, doors, windows, and other building components will also be taken into consideration.

VI. TYPES OF IMPROVEMENTS

- A. Improvements needed to meet Texas Minimum Construction Standards (TMCS), and Cost Effective Energy Measures are eligible improvements.
- B. Improvements must be physically attached to the house and be permanent in nature (e.g., sheds or garages located separately from the house are ineligible). Eligibility of attached structures such as carports or utility rooms is based upon available funds and agreement by the Department in cases where safety or the structural integrity of the house is involved.
- C. Improvements will include as necessary; accessibility for special needs, energy efficiency or ventilation items such as ceiling fans, window screens, screen doors, and window blinds.
- D. Cook stoves, refrigerators, and other necessary appliances are eligible items, but will only be considered when they are not present or the repair would not be cost effective. They will be considered on a case-by-case basis.
- E. Required permits, if any, will be obtained by the contractor at his/her expense and will be included as part of the bid costs.
- F. Assistance will not be used for luxury items, including but not limited to garage door openers, security systems, swimming pools, television satellite dishes, and other items as determined by the Rehabilitation Manager.

VII. SUPPLEMENTAL REHABILITATION IMPROVEMENTS

- A. All debris, abandoned vehicles, and derelict buildings must be removed from the property prior to the start of construction. The assisted homeowners should remove whatever they are physically able to remove.
- B. All electrical components must be inspected including service, meter, wiring, and fixtures even if no electrical work is being specified. Unsafe components must be replaced. All exposed wiring, switches, and light bulbs in living areas must be encased.
- C. All homes must be equipped with a smoke detector installed in conformance with the Texas Minimum Construction Standards (TMCS) code.
- D. Homes inhabited by persons with disabilities or elderly persons must be analyzed as to the special physical needs of such persons. Improvements such as widened doorways, ramps, level entry and doorways, and grab bars in bath areas must be installed, if appropriate.

VIII. MAXIMUM CEILING OF HOUSING ASSISTANCE

The cost of rehabilitating a single housing unit will not exceed the maximum amount allowed under the rules of the Texas Department of Agriculture. The maximum cost of a single housing unit will be \$75,000 for rehabilitation. Webb County reserves the right to deny funding and “walk away” in cases where the amount needed for repairs exceeds the average rehabilitation cost.

IX. HOUSING ASSISTANCE

1. **Type of Assistance** – The housing assistance provided shall be in the form of a five-year, sixty (60) month pro-rated deferred payment, zero-interest forgivable loan. A forgivable loan resembles a grant in that if the present owner retains the property for a specified period of years, no repayment is required.

The forgivable loan is instituted through the use of a promissory note, secured by either a first or second deed of trust mortgage lien. The assisted homeowner shall provide a primary or subordinate (2nd) mortgage lien against the property to the Housing Assistance Program in the amount stipulated on a related promissory note. The note is initially valued at the amount of the grant assistance amount. Each year (pro-rated monthly) that the assisted homeowner retains ownership and resides in the home a percentage of the amount is forgiven.

2. **Repayment of Note** - If the assisted homeowner continues to occupy the home until the term of the note expires, the owner pays nothing and there are no conditions on the disposition of the property. If the property is sold, transferred or vacated by the assisted homeowner for any single period that exceeds thirty (30) days during the five-year forgivable loan period, the repayment terms of the promissory note and primary or subordinate mortgage lien will be enforced except in those cases addressed in paragraph XI, Section C below. If the assisted homeowner for any reason ceases to reside in the assisted unit during Webb County’s contract period, only (LMI) persons may reoccupy the unit until the contract is administratively closed by the Texas Department of Agriculture or the grant contract period expires, whichever is earlier.
3. **Accelerated Forgiveness in Certain Cases**: In the event of (1) the death, (2) relocation to a managed care facility, or (3) relocation resulting from documented mental or physical incapacitation of the sole remaining assisted homeowner identified in the original application, the Webb County may forgive any remaining loan balance. However, the requirement that only LMI persons may occupy the assisted housing unit until the TxCDBG contract is closed by the Department or the contract period expires shall not be waived by the Webb County. Any waiver

of this policy must be given by the Department. If the loan balance is forgiven, the Webb County shall issue and file a Release of Lien.

4. **Relocation Assistance:** Relocation assistance will not be provided as participation in the Housing Assistance Program by the assisted homeowners is voluntary.

X. CONFLICT OF INTEREST

A. The conflict of interest regulations contained in the TxCDBG contract between the Webb County and the Department prohibit local elected officials, Webb County employees, and consultants who exercise functions with respect to TxCDBG activities or who are in a position to participate in a decision-making process or gain inside information with regard to such activities, from receiving any benefit from the TxCDBG activity either for themselves or for those with whom they have family or business ties, during their tenure or for one year thereafter.

B. For purposes of this section, the Texas Community Development Block Grant Program has defined "family" to include parents (including mother-in-law and father-in-law), grandparents, siblings (including sister-in-law and brother-in-law), and children of an official covered under the CDBG conflict of interest regulations at 24 CFR Sec. 570.489(h).

XI. SELECTION OF APPLICANTS

A. Applicant Policies

1. The Housing Assistance Program will benefit the number of LMI households cited in the TxCDBG application unless a change is approved by the Department. Low to moderate income (LMI) is defined as 80% of the locality's median income as computed on the most current HUD Income Limits. Any activity carried out with TxCDBG funds that involves acquisition or rehabilitation of property to provide housing is considered to benefit LMI persons only to the extent such housing will, upon completion, be occupied by such persons.

2. The Housing Assistance Program will assist low to moderate-income persons (up to 80% area median family income).

3. The Housing Assistance Program will ensure that every individual is treated with fairness and consistency. The adopted guidelines will apply equally to each applicant.

B. Priorities for Evaluating Applicants All eligible applicants will be assisted on a first come first serve basis.

C. Selection and Approval of Applicants

1. The Rehabilitation Manager will take applications as required by respective funding agency and pre-qualify the applicants who meet the eligibility criteria. Applicants who clearly do not qualify will be informed immediately that they do not meet baseline eligibility criteria.

2. The Rehabilitation Manager will accept applications from potential Housing Assistance Program beneficiaries during Webb County's regular business hours until all funds have been exhausted.

3. All eligible rehabilitation applications will be reviewed and approved by the Webb County Housing Assistance Scoring Committee.

D. Income and Asset Limits

1. The GROSS Annual income (before any deductions) of households to be benefited must not exceed 80% of HUD's current Maximum Income Limits.

2. All income will be verified from independent source documentation such as letter from employer(s), benefit letter from the Social Security Administration, or valid income tax returns. Income will be verified for all members of the household.

3. Any income producing assets belonging to any household member will be included in the total household income. Any non-income producing assets will not be counted in the total household income.

1. Income/ Elderly /Handicapped Status / Head of Household (47 Points)

51%-80% of income limits – up to 10 points

0% - 50% of income limits – up to 15 points

Elderly 62 years old or older – up to 6 points

Disabled/Handicapped Head of household- up to 6 points

Single Parent Head of Household – up to 10 points

2. Dependent Children (10 points)

Less than 5 years old – up to 5 points

Less than 12 years old – up to 3 points

Over 12 years old (in school) – up to 2 points

3. Home Ownership (8 points)

Living in home 10 years or more – up to 5 points

Living in home less than 10 years – up to 3 points

4. Property Description (35 points)

Lack of essential plumbing – up to 6 points

Lack of essential heating – up to 5 points

Lack of adequate electrical – up to 5 points

Lack of doors and windows – up to 3 points

Condition of interior – up to 3 points

Condition of foundation – up to 2 points

Condition of roof – up to 5 points

Hardship consideration – up to 5 points

Property maintenance – up to 1 point

TOTAL (maximum score

100 Points

Committee Recommendations: Applicants with a final average score of 38 points or higher will receive a recommendation from the Scoring Committee to be presented to the next Commissioner's Court for assistance with housing rehabilitation under the Colonia Fund Program.

XII. CHANGE ORDERS AND COST OVERRUNS

Effort will be made to limit the number of changes made to the scope of work for each assisted unit. However, a typical rehabilitation contract cannot possibly cover or anticipate every contingency. For example, the initial inspection can easily miss termite damage, which is discovered during the course of the project. This damage cannot be ignored and an alteration in the scope of work is required to take care of it. This alteration is authorized by means of a change order. The change order form provided by the TDA will be utilized to explain in writing any variation from the work write-up. It will become an addendum to the contract and will be specific with respect

to the work to be performed, cost and the schedule. It can be initiated by any party to the contract, but must be formally approved by the assisted homeowner, the contractor, the Project Architect and the Rehabilitation Manager and /or the Webb County Commissioner's Court. TDA approval is required for all change orders. Change orders can cover any sort of revision to the contract, including: change in scheduling; additional activities; or deleted activities. In the event that an unforeseen change order request is denied by TDA or the change order is excessive in cost, Webb County will first look for alternative funding sources but may request the homeowner to cover the cost which exceeds the original contract amount.

XIII. SELECTION OF APPLICANTS, WORK WRITE-UP AND CONTRACTING PROCESS

- A. After scoring the applications, the Webb County Housing Assistance Scoring Committee will make a formal recommendation to the Webb County Commissioner's Court to either proceed with assistance or to deny assistance based on the Scores for each applicant. Applicants with final average scores of 38 points or higher will receive a recommendation for assistance from the Scoring Committee. This will ensure that the applicant most in need will receive prioritization. In the event of a tie, the application dated first will prevail. The Rehabilitation Manager will review the eligible applicants to determine if the specific items to be repaired or replaced to bring the units up to Texas Minimum Construction Standards (TMCS) can be carried out with the allotted budget. All work write-ups will be submitted to TDA for approval before procurement.
- B. Applicants may accompany the Construction Coordinator on the work write-up inspection in order to point out areas of concern. When the work write-up has been completed and a cost estimate prepared, the Construction Coordinator will discuss the scope of work and the effect of the cost estimate with the applicant. The Construction Coordinator will make a determination whether rehabilitation is feasible. If the estimated cost exceeds the maximum amount allowed by the respective funding agency, the applicant's property will not be considered for rehabilitation. Upon applicant qualification, an inspection is then performed by the Project Architect together with the Construction Coordinator, identifying all deficiencies that need to be addressed in the work write up. The Project Architect will develop a cost estimate for the home.
- C. For homes built before 1978, each assisted unit will be tested for the presence of lead based paint. If present, the removal of lead-based paint will be considered in the costs of rehabilitation. Lead paint inspection provides two benefits: (1) the costs of abatement are considerable and must be factored into the cost estimates for rehabilitation, and (2) the health risks to residents, particularly children, may be severe so any presence of lead based paint in an assisted unit, even one that is to be reconstructed, must be reported so that the residents may seek appropriate medical attention.
- D. Webb County will solicit bids using standard statutory procurement and/or bidding practices on behalf of the homeowner. The lowest responsible bidder will be recommended for award.
- E. Once a bid has been awarded through the Webb County Commissioner's Court, the Civil Legal Division Attorney's will proceed with securing a promissory note and contract agreement and mortgage lien on the property. The promissory note and lien will be filed with the County Clerk.
- F. A pre-construction conference between the assisted homeowner, contractor, Webb County Purchasing Agent, Webb County Civil Legal Division, Project Architect and the Construction Coordinator will be conducted to ensure that all parties are in agreement about the work to be completed. Details will be discussed regarding basic contract and procedural issues: issuance of the Notice to Proceed, review and confirm the begin and end dates of the construction

contract; terms of the contract; payment schedules and procedures; inspection procedures and requirements; responsibilities of the contractor and the assisted homeowner; change order procedures; payment requests and procedures; lead-based paint requirements; role of the Construction Coordinator; complaint and conflict resolution procedures, payment and/or performance bonding and insurance requirements, payment schedules and other programmatic procedures. All parties should understand how the work will proceed. Instructions will be given regarding clean up by the homeowner prior to the work, and the contractor after the work.

XIV. CONTRACTOR QUALIFICATIONS

In order to be eligible to participate in the construction work financed under this Housing Rehabilitation Assistance Program, contractors must meet the following minimum requirements:

- A. The contractor must not be a debarred, suspended or ineligible contractor according to U.S. General Services Administration list located at www.Sam.gov. Verification of contractor eligibility will be obtained from the Department prior to awarding any contract.
- B. The contractor must carry worker's compensation insurance, automobile liability insurance, and unemployment insurance as required by the State of Texas and the Construction Coordinator. Additionally, the contractor must carry general liability and property damage insurance for rehabilitation work done within the Webb County in the amount of \$500,000. This insurance must be applicable to construction work done in the Webb County and must be in effect during the contracted period. Evidence of such insurance must be presented prior to the execution of the contract.
- C. Interested contractors may request to be placed on the bidders' list by submitting all required contractor certifications and insurances to the Construction Coordinator in order to be placed on the bidders' list and thus be included in the bidder's invitation packages.
- D. Webb County's Contractor Selection Procedures are as follows: Bid proposals will be submitted separately for each residential property; and, bidders comply with all requirements as set forth by the Webb County Purchasing Agent.
- E. To be eligible to bid on units requiring lead abatement or mitigation, contractors must be certified in Lead Hazard Reduction and Safe Work Practices.
- F. The contractor will be considered to be a non-responsible bidder if his/her past performance on other rehabilitation projects were not acceptable to Webb County.

XV. PROJECT ARCHITECT RESPONSIBILITIES

A Project Architect will be selected through a Request for Qualifications (RFQ), based on Qualifications. The Project Architect will be working together with the Construction Coordinator on each home being rehabilitated; the Project Architects responsibilities include:

- A. The Project Architect will conduct initial, final and progress inspections with the Construction Coordinator to identify deficiencies based on the Texas Minimum Construction Standards (TMCS).
- B. The Project Architect will prepare cost estimates that will be used to create Bid Packages for each home to be rehabilitated.
- C. The Project Architect will develop plans, specifications and work write ups for each home to be rehabilitated.

- D. The Project Architect will conduct Pre-Bid Conference, attended by interested contractors to include a project site walk through of each home to be rehabilitated.
- E. The Project Architect together with the Construction Coordinator will perform all payment draw inspections and sign off certifying that items being invoiced have been completed as per plans and specifications.
- F. The Project Architect together with the Construction Coordinator will conduct the final walk through and develop a punch list that must be completed before the final payment is released to the contractor.
- G. The Project Architect together with the Construction Coordinator will conduct post punch list inspections and sign off certifying that all items listed on the punch list have been addressed and corrected.

XVI. LOAN APPROVAL AND CONTRACTOR BID AWARD

- A. The Rehabilitation Manager will submit each eligible application, along with the construction bids received for each structure to the Webb County Commissioner's Court for their consideration and review. The Webb County Commissioner's Court will either accept or deny the application for a rehabilitation deferred assistance loan.
- B. In the event that the Webb County Commissioner's Court approves the assistance; the County Judge will execute an assistance agreement with the applicant. Such agreements and construction contracts will be executed on forms approved by the Webb County Civil Legal Division Attorney's.
- C. The construction agreement will be solely between the Rehabilitation Contractor and the assisted homeowner. This Rehabilitation Agreement will not be signed until after the applicant has a signed assistance agreement with the Webb County, thereby becoming an assisted homeowner and agreeing to permit Webb County to solicit bids on behalf of the homeowner using standard statutory procurement and/or bidding practices.

XVII. WORK INSPECTIONS AND FINAL PAYMENT

Inspections serve three purposes: a) to evaluate the contractor's progress; b) to confirm that local building codes or standards have been satisfactorily met; and c) to confirm that all requirements of the contract have been met to all parties' satisfaction.

A. Progress Inspections

- 1. The Construction Coordinator will schedule progress inspections throughout the contract period. Inspections shall be conducted together with a Project Architect, at times when work can be evaluated for compliance and when project is nearing completion. A minimum of three inspections shall be performed for all projects.
- 2. Inspections to approve progress payments will be made at a time requested by the contractor. These inspections will be made as promptly as possible upon request so as not to delay the processing of the contractor's payments. Contractor's payment request's will be accepted and paid in itemized phases. Contractors may request payments for each **completed** phase of the project, i.e. roofing, plumbing, electrical, and framing. Inspections shall be conducted together with a Project Architect. If at all possible, the same Project Architect will conduct inspections each time.
- 3. A licensed electrician must perform all electrical work. Contractor must provide proof of electrical inspection by City inspector when required by City of Laredo.

4. A licensed plumber must perform all plumbing work. Contractor must provide proof of plumbing inspection by City inspector when required by City of Laredo.
5. A Licensed HVAC Contractor must perform all HVAC work. Contractor must provide proof of HVAC inspection by City inspector when required by City of Laredo.
6. Building permits are the responsibility of the contractor when required. Any fees or fines related to building permits and / or City inspections are also the contractor's responsibility.
7. The assisted homeowner, Construction Coordinator and the Project Architect will sign the inspection forms as acknowledgement that the work was completed and meets their approval. If the assisted homeowner is not satisfied with any aspect of the work, the inspection forms should not be signed until the contractor has corrected the faulty work.

B. Final Inspections

1. When work is nearing Substantial completion, the contractor will notify the Construction Coordinator of a specific date when the job will be ready for a final inspection. Both the Construction Coordinator and Project Architect will be present for the final inspection.
2. The final inspection will ensure that all deficiencies identified in the initial inspection have been completed according to specification.
3. The final inspection should be as thorough and deliberate as the initial inspection. Finished carpentry, painting, backfilling, electrical fixtures, all housing assistance activities, and clean-up should be closely checked for completion.
4. The Construction Coordinator will make sure that the assisted homeowner has received all warranties and instruction booklets for installed equipment.
5. The assisted homeowner, contractor, Project Architect and the Construction Coordinator as a result of the final inspection will develop the punch list, representing work yet to be done. Additional work over and above the original or amended contract may not be included in the final punch list.

C. Certificate of Completion and Owner Acceptance

1. After all items on the punch list have been satisfactorily completed, and all warranties issued and release of liens submitted, the project can be brought to final resolution. For purposes of accountability, the Housing Assistance Program must have written documentation that the assisted homeowner, Project Architect and Construction Coordinator have accepted the work.
2. The assisted homeowner may not include in the punch list items which were not included in the original work write-up/contract.

D. Warranties and Liens

1. When final inspections are completed, the Construction Coordinator will obtain from the contractor a "Lien Waiver Affidavit" and the contractor's request for payment. After receipt of these items, the Construction Coordinator will order a request for funds, and upon receipt of the funds, disburse the funds to the contractor. Webb County will retain 10% of the funds pending a supplemental inspection in no less than thirty (30) days. Following a satisfactory supplemental inspection, the retainage payment will be submitted for processing.
2. If any problems are identified in this supplemental inspection, the Construction Coordinator will then notify the contractor to come back and correct the same within a reasonable

amount of time, not to exceed two weeks. Should the contractor fail to do so, Webb County will not disburse the retainage, the assisted homeowner may take any necessary legal recourse, and the contractor will be barred from performing any more rehabilitation work in the Webb County. In addition, should the contractor be doing other work under this Housing Assistance Program and fails to correct any warranty problems, no other payments will be made until such problems are corrected.

3. All work performed by the contractor will be guaranteed for a period of one (1) year. Such warranty will be stipulated in the construction contract between the contractor and the homeowner. For a period of one (1) year, the assisted homeowner may require the contractor to correct defects or problems arising from his or her work under this contract. All plumbing and electrical workmanship shall be guaranteed for a period of one (1) year from the date of the passed final inspection.

The homeowner must inform the Construction Coordinator of any concerns the homeowner believes may be covered under contractor's warranty. The construction coordinator shall determine if contractor is liable and proceed accordingly. Should the contractor fail to correct any warranty covered items, the assisted homeowner may take any necessary legal recourse as prescribed in the rehabilitation contract. A reasonable amount of time will be given to correct the problem. This guarantee will not cover any work not included in the original or amended contract and will not include expected reasonable wear and tear.

4. Webb County reserves the right to withhold contractor's payments for any rehabilitation project. Should a contractor fail to correct any valid warranty problem, the County may exercise the right to withhold payments until the warranty is granted.

XVIII. COMPLAINTS AND APPEALS

Complaints are either informal or formal. An informal complaint is usually made by the assisted homeowner or contractor to the Construction Coordinator or to housing rehab staff. If the complaint is not resolved at the staff level a formal complaint may be submitted in writing to the Executive Director of the Webb County Economic Development Department.

If the assisted homeowner does not agree with the proposed resolution the assisted homeowner may choose to address the Webb County Commissioner's Court. The Webb County Commissioner's Court will handle complaints, which cannot be resolved by the Executive Director. The Assisted Homeowner Complaint Form will be provided to all approved applicants at intake.

Formal Procedures to Resolve Complaints A formal procedure for dealing with construction-related disputes or complaints will have the following elements:

1. Any and all kinds of disputes or complaints may be handled formally. The person filing the complaint must initiate the formal complaint process upon submission of a complaint in writing on the prescribed form;
2. The complaint will be written on a form provided by the Rehabilitation Manager and submitted to the Rehabilitation Manager via the staff;
3. The Webb County Commissioner's Court will handle complaints, which cannot be resolved by the Rehabilitation Manager.
4. Every step of the process will be thoroughly documented and maintained in the files.

Appeals Procedures An applicant has the right to appeal a decision in writing by contacting the Rehabilitation Manager. Contact information will be provided to applicants in all denial letters.

XIX. FILES AND REPORTS

Webb County will maintain accurate Colonia Fund Construction Housing Rehabilitation Assistance Program files and records for general administration activities, for each applicant, and for each assisted homeowner for a period of three (3) years as required by the Department. Such files will be open for inspection as to qualifications, bids, and awards.

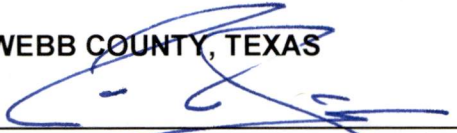
XX. CHANGES, WAIVERS, AND/OR CONFLICTS

A. The Executive Director of the Economic Development Department will be authorized to make word changes and amendments to these guidelines, on a case-by-case basis, in order to address urgent issues that were unforeseen but will facilitate or assist in carrying out the overall objective of the program or issues that may arise between County Commissioner's Court meetings and only if the proposed word change or guideline amendment is approved by the Department (TDA).

Details and backup documentation for each particular case will be maintained in the files to justify all changes or amendments including TDA approval. The Webb County Commissioner's Court will have the right to change, modify, or revoke all or any part of these Housing Rehabilitation guidelines by a majority vote of the governing body. However, the Department (TDA) must be informed of such changes and if the changes are substantial and do not meet the respective funding agency requirements, then in that event, TDA will have final word on the issue.

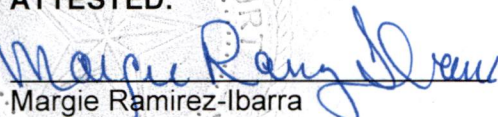
B. Webb County will have the right to waive the Texas Minimum Construction Standards (TMCS) requirements or code violations providing such waiver will not diminish marketability of the property, or when long-standing local acceptance is evident of topography or the architecture of the structure make compliance unfeasible. TDA must be informed of this action.

WEBB COUNTY, TEXAS



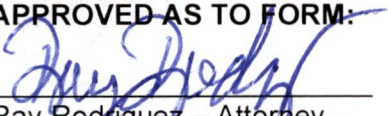
Tano E. Tijerina
Webb County Judge
Date: September 11, 2023

ATTESTED:



Margie Ramirez-Ibarra
Webb County Clerk

APPROVED AS TO FORM:



Ray Rodriguez – Attorney
Webb County Civil Legal Division

*By law, this office may only advise or approve contracts or legal documents on behalf of its clients. It may not advise or approve a contract or legal document on behalf of other parties. Our review of this document was conducted solely from the legal perspective of our client. Our approval

of this document was offered solely for the benefit of our client. Other parties should not rely on this approval, and should seek review and approval of their own respective attorney(s).

Passed and approved by the Webb County Commissioners Court on August 28, 2023; Item No. 9F