



**City of Las Cruces**<sup>®</sup>  
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## **Home Rehabilitation Handbook**

**Community Development Department**

**Originally Adopted – November 7, 2005**  
**Current – Version 2.3 February 4, 2013**

<u>Version #</u>	<u>Date of Adoption</u>	<u>Resolution</u>
<b>2.0</b> Adoption of a revised Home Rehabilitation Handbook.	<b>January 19, 1993</b>	<b>93-134</b>
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<b>4.0</b> Adoption of a revised Home Rehabilitation Handbook.	<b>November 7, 2005</b>	<b>06-155</b>
<b>4.1</b> Update of the Home Rehabilitation Handbook including, clarification of underwriters procedures, providing restrictions on change orders to stay within loan-to-value ratios, and allowed additional grant money for historic preservation activities.	<b>June 19, 2006</b>	<b>06-351</b>
<b>4.2</b> Update of the Home Rehabilitation Handbook to, incorporate the Mobile Home Ramp Installation Program into the Home Rehabilitation Program and Handbook, adjust the repayment term for a Home Rehabilitation Loan from 25 years to 30 years, provided an exception that the first \$2,000.00 of Lead Based Paint removal expenses will be provided and a loan, and a clarification regarding that grants not be included to the established funding limits.	<b>August 20, 2007</b>	<b>08-064</b>
<b>4.3</b> Update of the Home Rehabilitation Handbook to, add the Construction Standard for building Mobile Home Ramps to the Handbook, provide additional Grant money for Weatherization/Energy Efficiency measures, increase the maximum after rehabilitation purchase price, include mandatory escrow accounts for clients, to define and clarify actions for Substantial Rehabilitations, update the Construction Standards to allow for changes in code cycles, and other clarifications and interpretations.	<b>October 19, 2009</b>	<b>10-114</b>
<b>4.4</b> Update of the Home Rehabilitation Handbook to, incorporate the Mobile Home Utility Upgrade Program Handbook into the Home Rehabilitation Program Handbook and provide additional Grant money for Weatherization/Energy Efficiency measures, increase the maximum rehabilitation cost allowances, and update the Construction Standards to allow for changes in new code cycle years, and other clarifications and interpretations. To clarify the Home Rehabilitation Committee's authority and flexibility to adjust grant and loan amounts to meet the needs of the clients.	<b>February 4, 2013</b>	<b>13-</b>

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## Section 1

### I. Introduction

This Handbook has been developed to provide a comprehensive overview of the City of Las Cruces' Home Rehabilitation Program, a component of the Consolidated Plan and as specified with the Las Cruces Municipal Code, 1997, as amended. This Handbook shall govern all work undertaken with the Home Rehabilitation Program, either by City staff or contracted managing entity, and is considered a part of any contract executed for any Home Rehabilitation Project to be funded through the City of Las Cruces.

#### **Mission Statement:**

**Our mission is to assist low- and moderate-income homeowners within the City of Las Cruces in restoring their homes to a safe and sanitary condition, which contributes to a positive image within the neighborhood, thereby promoting pride and community values.**

The purpose of the Home Rehabilitation Program is to:

- Assist low- and moderate- income families in extending the useful life of their homes by restoring their homes to a level compliant with applicable local building/housing codes, established safety, sanitation and housing quality standards, and local rehabilitation standards incorporated in this Handbook.
- Prevent and/or reverse deterioration and blight of neighborhoods within the City of Las Cruces.
- Enable low- and moderate- income families who are owner-occupants of residential properties and who, by reason of limited income and resources, are unable to secure or qualify for funds from other sources under comparable terms and conditions, to finance improvement and rehabilitation of their properties to conform to minimum Program standards.
- Administer appropriated public funds in full compliance with all conditions and requirements stipulated by funding source entities as well as compliance with corresponding City policies and procedures.
- Responsibly utilize resources through prudent and equitable decisions that will be reflected in quality mortgage loans to citizens of the City of Las Cruces, which will provide program income to ongoing community development efforts.

### II. Property Eligibility

A property *must* meet the following conditions to be eligible for the Home Rehabilitation Program:

1. Be an owner-occupied one or two family site-built residence, provided that the owner-occupied unit is the only unit eligible for rehabilitation.
2. Be in violation of the City of Las Cruces Building Code, Housing Quality Standards, or Program Construction Standards or be determined to be feasible for rehabilitation to meet minimum housing code standards within the Program guidelines, or have issues related to the state of the dwelling that present a clear public health or safety hazard to the occupants, such as, but not limited to rodent, insect or mold infestation, sewer problems, exposed electrical dangers or structural failures. Be in such condition that it will be possible to rehabilitate the property up to the Program standards (i.e. the amount of work needed would not exceed program investment limits or such that it would be



- more fiscally responsible to demolish and reconstruct the house).
3. Have all property taxes paid and be insured or after rehabilitation be able to be insured in an amount sufficient to protect the public investment.
  4. Have an estimated after-rehabilitation value, as disclosed in an acceptable appraisal, which does not exceed 110 percent of the median purchase price of single family homes in the City of Las Cruces, as determined by HUD. Exceptions up to 125 percent of the median purchase price may be granted through review of the Committee (See Section IV) and action by the Community Development Director.
  5. Have a total combined loan-to-value that allows available equity sufficient to protect the public investment.
  6. Be located within the corporate limits of the City of Las Cruces, New Mexico.

### **III. Applicant/Participant Eligibility**

An applicant/participant must meet the following eligibility standards to qualify for assistance under the City's Home Rehabilitation Program:

#### **A. Low- and Moderate-Income Household**

To qualify as a low- and moderate-income household, the household must have an annual (gross) income that does not exceed 80% of area median income for the City of Las Cruces, adjusted for family size. The Section 8 definition (24 CFR Part 5 Annual Income Inclusions) of income shall be used.

1. Annual income refers to the household's anticipated income for the next twelve months. Income includes employment compensation, as well as income from any assets the household owns. For homeowner rehabilitation programs, however, equity in the home to be rehabilitated is not counted towards household income.
2. Household size affects the maximum eligible income. Those that should be counted include year-round occupants, absent children in cases where the parent is pursuing legal custody, members temporarily away, such as students at school, children placed in foster care, and Armed Forces personnel on temporary duty assignment. Live-in aides and absent or unborn children shall not be counted.
3. Income Limits are revised annually by HUD and are based on area median income with adjustments for family size.

#### **B. Owner Occupied-Principal Residence**

The homeowner must occupy the assisted property as its principal residence, and the applicant(s) must be fee simple owner(s) of record. This means that no temporary subleases, Real Estate Contracts, or leasehold agreements are allowed. Participant(s) must have owned home and lived in home for at least 12 months immediately prior to applying for assistance.

#### **C. Emergency Applications for Public Health/Safety Issues**

As allowed within this Handbook and meeting all other requirements for eligibility, Program Staff may expedite the application for homeowners that are experiencing public health and/or safety issues within their dwelling. This includes forwarding the homeowner's application before other applicants on the established waiting list to complete all rehabilitation required as well as addressing the emergency situation.

#### **D. Subsequent Participation**

An applicant who has previously been a participant in the City's Home Rehabilitation

Program may be allowed to apply again only under the following circumstances:

1. Previous Mortgage has been paid satisfactorily, or if still outstanding, is not currently delinquent.
2. The applicant may receive, based on current income and funding limits established elsewhere in this Handbook, the difference between what was previously done on the home and the current funding limits, provided there is ample equity in the home for a second rehabilitation to the same home. This is provided that the mortgage is at ten (10) years old or older, and the work proposed was not previously completed under this program, unless the work performed is subject to a Building Code change, upgrade, or of poor workmanship. For example, Homeowner Jones received rehabilitation assistance 12 years ago for \$6,000.00. Today, Homeowner Jones has \$33,000 equity in their home, and well under the handbook's established 80 % loan-to-value ratio for the home. Homeowner Jones is eligible for the difference of \$34,000.00 for the second rehabilitation (i.e. \$40,000.00(current max.) - \$6,000 (first rehabilitation amount) = \$34,000.00). Please note that the \$33,000.00 is less than the full amount available to the homeowner. These amounts change when higher rehabilitation allowances are approved.
3. Second time applicants may be eligible for the additional \$10,000 in discretionary funds available for home rehabilitation for extenuating circumstances, through review of the Committee (See Section IV. below) and action by the Community Development Director.

#### **IV. Committee Established**

A Home Rehabilitation Review Committee, as established by Section 13-31 of the Las Cruces Municipal Code, 1997, as amended to serve as an advisory/review committee to the program and the Community Development Director. This Committee will consist of three to five members with knowledge of rehabilitation, construction, and finance and provide recommendations on loan underwriting approval, exemptions to the requirements of this Handbook, and other activities identified elsewhere within this Handbook. This Committee shall not consist of any Home Rehabilitation Program Staff. The Committee shall work with Program Staff and the Community Development Director in providing prompt and efficient service to the Program Recipients and Applicants. The Community Development Director recommends appointments to the City Manager, who shall make the final decision and appointments of all members of the Committee.

#### **V. Waiting List, Applicant Intake, Evaluation and Qualifying**

##### **A. Waiting List Established**

Program staff shall maintain a waiting list of potential applicants that may qualify for the Home Rehabilitation Program. Applicants will be served on a first-come, first-served basis and will need to meet all Program and Handbook requirements at the time of formal application intake/processing.

## **B. Loan Application**

The following documents are required, at a minimum, and must be obtained from the applicant, and any other qualified, income earning household member, in order to determine eligibility:

1. Completed, signed Loan Application,
2. Signed Authorization Forms,
3. Copies of last two years filed Federal Tax Returns, complete with all schedules. W-2's and/or 1099's (a statement of non-filing from the IRS will be accepted in lieu of actual Tax Return),
4. Copies of pay stubs covering most recent 3-month period,
5. Copies of award letters for retirement/social security/annuity,
6. Copies of all (bank) statements for savings, CD's or investment/retirement accounts, and most recent 6 months checking account statements,
7. Copy of Deed indicating ownership of property and legal description,
8. Property debt information
9. Copy of Improvement Survey, if available,
10. Copy of Owner's Title Insurance Policy, if available,
11. Copy of current Homeowner's Insurance Policy,
12. Copy of most recent Property Tax Assessment,
13. Copy of most recent receipt for payment of Property Taxes or end of year Escrow Account Statement,
14. Social Security Cards of all household members,
15. Government-issued picture identification of all adult household members,
16. Birth certificates of all household members, and
17. Marriage Certificate, Divorce Decree, Documented Legal Separation, or Death Certificate where applicable.
18. Proof that all members of the household are in this country legally.

The applicant will be given 20 business days from date of initial application to provide the required documentation. If an applicant fails to produce any of the documents requested, Program Staff will prepare a Notice of Action Taken Form (Notice) advising the applicant of the incompleteness of their application. The Notice will list the documents missing at that stage of processing, and give the applicant a deadline of seven (7) calendar days to comply or their application will no longer be considered for the Program. Exemptions to this provision, the number of days to respond, shall be reviewed for extenuating circumstances by Home Rehabilitation staff. "Extenuating Circumstances" shall consist of the death of a family member, long-term illness, other debilitating situations, or any other situation, beyond the applicant's control, which impairs or prevents them from responding in a timely manner. Staff will negotiate the deadlines and provide a written agreement to the client. Staff will issue a Notice when an applicant is disqualified or withdraws.

## **C. Loan Processing**

Program Staff will follow these procedures to process all eligible applications for the City's Home Rehabilitation Program:

1. Disclosures  
Upon receipt of a completed application, Program Staff will prepare the following disclosures to be given to the applicant at time of application, or

within 3 days of receipt of application, in order to comply with federal lending requirements:

- a. Good Faith Estimate (RESPA/Reg. X)
  - b. Servicing Disclosure Statement, only required if City will be taking first mortgage on property (RESPA/Reg. X)
  - c. Appraisal Disclosure (Reg. B)
  - d. IRS Form for Verification of Income
2. Income Verification/Determination  
Program Staff will mail and/or fax a Verification of Employment (VOE) to each employer to verify current and anticipated income for applicant(s). Upon receipt of the VOE, together with documentation listed above, household income will be determined following HUD's Part 5 Rules.
3. Credit History
- a. Program Staff will obtain a credit report and 12-month pay history for City utilities on the applicant(s) to assess the willingness of the prospective borrower(s) to meet their past and current credit obligations.
  - b. In the interest of prudent lending, loans will be made to creditworthy borrowers who are capable of repaying the rehabilitation loan. Each applicant will be given the opportunity to address and explain any instances of derogatory credit, and will be encouraged to correct any negative or incorrect credit-report information.
  - c. Exception: Medical bills are excluded from consideration in regards to applicant(s) credit history.
4. Verification of Mortgage  
Program Staff will mail and/or fax a Verification of Mortgage to each mortgagee of the subject property if sufficient information is not available on the credit report.
5. Repayment Ability/Debt-to-Income and Housing Expense Ratios  
Using the income figures determined above, and the monthly debt payments as disclosed on the application and/or credit report, debt to income ratios will be calculated by Program Staff for each household/applicant:
- a. Monthly housing expenses [including first mortgage payment, if any, property tax payments (1/12 of annual figure, homeowner's insurance payments (1/12 of annual premium), and proposed rehabilitation loan payment] will be divided into gross monthly income to obtain a percentage that shall not exceed 30%.
  - b. Monthly housing expenses plus all other monthly debt payments will be divided into gross monthly income to obtain a percentage that shall not exceed 42%.
  - c. Any applicant with ratios exceeding these guidelines will be reviewed by the underwriter, the Committee, and Community Development Director for compensating factors that might offset higher ratios, following Program underwriting guidelines.
6. Re-Applications  
If at any time during the application or loan processing period, an applicant is denied or withdraws from the Program for any reason, said applicant will not be allowed to re-enter the waiting list until after a period of 12 months from

previous termination date. Exemptions to this provision shall be reviewed for extenuating circumstances, as previously described within this Section, by the Committee. The Committee will make a recommendation to the Community Development Director for approval of the exemption.

## **VI. Underwriting (Preliminary and Final) and Final Approval**

Underwriting consists of an objective analysis of the risks associated with the loan, as well as conformity to the Program parameters. The application, credit report, verifications and all requested documentation shall be reviewed by the underwriter for pre-qualifying before ordering the title work and appraisal (preliminary underwriting). Underwriting will be completed by a City staff member not part of the Home Rehabilitation Program that can provide a professional, objective review of the application. The preliminary underwriting will prevent the possibility of incurring costs for a project that may not meet Program guidelines. A final underwriting review following underwriting standards, will be done on the completed application package, which includes the credit and income documentation, appraisal, title binder, and work write-up. The five key variables that will be considered in underwriting the loan are:

### **A. Affordability**

A determination will be made regarding the applicant's ability to repay a loan if the applicant qualifies for an interest free loan rather than a deferred payment loan. In order to make the determination; a front-end (housing expense) ratio and a back-end (debt-to-income) ratio analysis will be applied.

- Front-end ratio: The monthly housing expense must not exceed 30% of gross monthly income. Monthly housing expense includes: the monthly principal and interest payment on all debt secured by the property after the rehabilitation loan closing, payments on mortgage insurance premiums; and monthly payments for real estate taxes and hazard insurance premiums.
- Back-end ratio: The monthly cost of all long-term debt must not exceed 42% of gross monthly income. Long-term debt includes: the monthly housing expense, payments on loans, notes, installments loans, or revolving charge account debts with more than 10 remaining payments; and alimony, child support, or separate maintenance payments.
- Exceptions: Exceptions for both front-end and back-end ratios shall be considered and reviewed for recommendation by the Committee to the Community Development Director, as established elsewhere in this Handbook. The exception can only be granted provided that either ratio for any applicant does not exceed 5% above the established limit. Should the applicant's front-end or back-end ratio exceed 5% above the established limit, then no exception can be granted and the applicant is therefore disqualified from further consideration.

### **B. Credit history**

Serious consideration will be given to the applicant's prior record of meeting financial obligations.

#### **1. Short-term Delinquencies**

No loans will be given to an applicant whose credit history shows any current delinquencies more than 60 days and less than 120 days, without an exception review and recommendation by the Committee to the Community Development

- Director, as established elsewhere in this Handbook.
- 2. Long-term Delinquencies
  - a. No loans will be approved for applicants whose credit history shows any current delinquencies more than 120 days.
  - b. No loans will be approved for applicants who have had any:
    - 1) Unpaid charge-offs;
    - 2) Debts designated uncollectible by a creditor; or
    - 3) Bankruptcy, any of which has occurred within the last 3 years.
- 3. Judgment Liens
 

No loans, other than DPL's, will be approved for applicants with any outstanding judgment liens, as long as the judgment is not accruing interest and there is enough equity on the property to protect the City's investment.
- 4. Medical Exceptions
 

Medical bills are excluded from consideration in regards to applicant's credit history.
- 5. Grant & Deferred Payment Loans – Credit history review
 

Credit history will be reviewed but will not be considered for applicants that qualify for grants and deferred payment loans only.

**C. Loan-to-Value Ratio**

A determination will be made regarding the ratio amount of encumbrances against the property on the closing date of the rehabilitation loan or grant to the after-improved, appraised market value of the property.

- 1. Loans only
 

The loan-to-value ratio for any property shall not be greater than 85% for the loan or deferred payment loan amount of the total award.
- 2. Loans with grants
 

The loan-to-value ratio for any property shall not be greater than 95% for any grant or grant made in combination with a loan or deferred payment loan.
- 3. Change Orders
 

Any change orders approved, after construction has commenced, shall be subject to the loan-to-value ratios in #1 and #2 above, but not part of the preliminary and final underwriting procedures, provided that the increased expenses are:

  - a. Added to the loan amount for any applicant below the 85% loan-to-value ratio established in item #1 above, or
  - b. Added as a grant for the applicant that exceeds the 85% loan-to-value ratio, but is below the 95% loan-to-value ratios for grants or grants made in combination with any loan. For this section and limited to change orders only, the maximum grant amount established in Section VIII is authorized to be exceeded, with the acknowledgement of the Community Development Director as part of the change order approval process.
  - c. In the event that both loan-to-value ratios are exceeded as the result of a change order, the Community Development Director shall have the authority to grant an exception to these requirements.
- 4. Except as provided for C.3 above, no other exception shall be granted to these ratios without recommendation by the Home Rehabilitation Committee and approval of the Community Development Director.

**D. Loan Position**

The City of Las Cruces will not issue any mortgage or subordinate its mortgage to another mortgagor for the same property with an applicant and/or homeowner where the City's mortgage would be beyond second lien position without recommendation by the Home Committee and approval of the Community Development Director.

**E. Underwriting Completion and Application Processing**

Once the loan underwriting is complete, the Home Rehabilitation Staff will provide the application package with loan and grant options for the Review Committee's review final approval or rejection. The application package and underwriter's decision by the Committee will be reviewed with all decisions to be made fairly and equitably. The Committee shall provide a written decision, including the individual recommendation of each Committee member, of their actions on all files.

- If the loan is approved, the applicant is notified of the approval along with the final terms and conditions of the loan and a date is scheduled for loan closing.
- If the loan is denied, at final review or at any point in the process, a Notice of Action Taken will be mailed to the applicant explaining the reason(s) for turning down the loan. This Notice should be followed up with a discussion between the applicant and staff on the reasons for rejection.

**VII. Property Rehabilitation Assessment**

**A. Emergency Applications for Public Health/Safety Issues.**

As allowed within this Handbook and meeting all other requirements for eligibility, Program Staff may expedite the application for homeowners that are experiencing public health and/or safety issues within their dwelling. This includes forwarding the homeowner's application before other applicants on the established waiting list to address the public health/safety issues as well as all rehabilitation required to make the dwelling safe, decent and sanitary.

**B. Property Inspection/Work Write-Up**

The Program Staff will visit the property and identify deficiencies to be corrected to bring the property into compliance with local rehabilitation construction standards, if any, local building codes, Housing Quality Standards and Program Construction Standards. Program Staff will review the inspection findings with the homeowner and estimate whether the deficiencies can be corrected within the Program's maximum limits. If the cost estimate is greater than the Program limits, it will be necessary to decide if the applicant can provide the difference in cost from other fund sources or if there are other options available at the discretion of the Community Development Director. If the applicant is to provide other funds, these funds will be provided by the applicant at loan closing and will be held by the City or Managing Entity to be applied to the construction contract before any Program funds are expended.

Program Staff will prepare a work write-up identifying the complete scope of work, including floor plans or detailed drawings, as needed. The work write-up will also identify those items, slated to be removed during the construction period, which the applicant wishes to keep rather than have the contractor remove permanently with right of ownership. The work write-up will also include a cost estimate, which will be kept confidential from potential contractors to insure that undue advantage is not given to

prospective bidders based on accessibility to estimated cost data. Any personal property retained by the property owner and not disposed of by the contractor, shall either be disposed of by the property owner within 10 days of construction completion or shall be stored properly so as not to violate property maintenance standards in accordance with the City’s Municipal Code, 1997, as amended.

**C. Environmental Review**

Expenditures contained within Sections VII.C and D shall be provided to all qualifying applicants in the form of a grant not to exceed \$2,000.00. Federal entitlement grantees are required to consider the environmental quality of all projects and their surroundings. Staff will perform an environmental review and the HUD Statutory Checklist will be completed. As part of this review, the following activities are required:

1. Standard Flood Hazard Determination  
 If the property is not within the flood plain, no further action is required. If the property is within the 100 year flood plain, the following steps must be taken:
  - a. Inform applicant by Notice of Special Flood Hazard Area
  - b. Require flood insurance coverage of subject property in an amount sufficient to protect public investment
2. Lead Based Paint Hazards  
 Federal regulations (24 CFR 35) require the actions be taken to reduce lead-based paint hazards in any project receiving federal funds. See Table I for procedures to be followed for testing, notification and full compliance.

**TABLE I: SUMMARY OF LEAD-BASED PAINT REQUIREMENTS FOR REHABILITATION (24 CFR 35; Subpart J)**

<b>Total Project Cost</b>	<b>&lt;\$5,000</b>	<b>\$5,000 - \$25,000</b>	<b>&gt;\$25,000</b>
<b>Strategy</b>	Do no harm	Assess and Control Lead Hazards	Assess and Abate Lead Hazards
<b>Notification</b>	All 3 types	All 3 types	All 3 types
<b>Lead Hazard Evaluation</b>	Paint Testing or Presume Lead	Paint Testing and Risk Assessment or Presume Lead	Paint Testing and Risk Assessment or Presume Lead
<b>Lead Hazard Reduction</b>	Repair Surfaces disturbed during rehabilitation	Interim Controls and Standard Treatments	Abatement (Interim controls on exterior surfaces not disturbed by rehabilitation)
<b>Work Practices</b>	Safe work practices Clearance of site	Safe work practices Clearance of site	Safe work practices Clearance of site
<b>Documentation</b>	Notice Evaluation Clearance Report	Notice Evaluation Clearance Report	Notice Evaluation Clearance Report

3. Historic Review  
 Program Staff will comply with the requirements in 24 CFR 58, Section 58.17.



This includes:

- a. Sending letter to State Historic Preservation Officer along with photographs of the property and the work write-up for review.
  - b. Modifying the work write-up, as necessary, to comply with any requirements stipulated by the State Historic Preservation Office.
4. Noise, Thermal and Explosive Hazards Review  
Assessment will be made for these hazards for compliance with required HUD regulations.

**D. Property Evaluation**

Once the applicants have been pre-qualified and a work write-up prepared according to the steps outlined above, the property shall be further evaluated by obtaining the following:

1. Title Binder/Commitment  
This commitment will be reviewed to ensure legal ownership of the property, and to determine any problems that need to be cleared prior to closing.
2. Uniform Residential Appraisal Report  
This report should indicate a subject to improvements' valuation of the property. This will establish whether the value is within the maximum Program limits allowed, the homeowner's equity in the property, the proposed loan to value percentage, and whether property values in the neighborhood are stable, declining, or increasing. This appraisal shall be developed by a licensed NM appraiser. Final inspection of the appraisal is required at the end of rehabilitation work to verify accuracy of appraisal and work completed.
3. Improvement Survey  
A survey will be done if the applicant does not have a recent survey, or if the legal description is inadequate or if the Title Company recommends/requires one for its use in providing proper title documentation.

**VIII. Program Funding**

**A. Grants**

The grant programs in Section VIII.A are not subject to the limits established by Section VIII.B.3. Homeowner and flood insurance, for a term of one calendar year, may be paid by grants provided through Section VIII.A.

1. Weatherization/Energy Efficiency  
All applicants that are in need of Weatherization/Energy Efficiency efforts shall be provided those activities in the form of a Weatherization/Energy Efficiency Grant (WEEG), not to exceed \$15,000.00, and not subject to the funding limits established herein. Weatherization/Energy Efficiency shall include those activities related to HVAC (Furnace and/or air conditioner replacement), insulation, and window/door replacement or upgrade, as well as replacing appliances with Energy Star® rated appliances. However, if the dwelling needs only weatherization improvements the WEEG may be increased to \$25,000, to allow for, exterior wall insulation, roofing insulation (if the house has a flat roof), etc and have the resources to finish these improvements with stucco, roofing materials, and other costs directly related to providing the WEEG improvements. The level of improvement needed and the amount of the Grant will be made by Program Staff and presented to the Home Rehabilitation

Program Committee for recommendation and approval by the Community Development Director.

2. Accessibility

All applicants that are in need of improvements to address the needs of a disabled occupant of the home, shall be provided those activities in the form of a grant, not to exceed \$10,000, and not subject to the funding limits established herein. However, if the dwelling needs only accessibility improvements the grant may be increased to \$25,000. Improvements to serve the needs of disabled occupants can include, but shall not be limited to, improved path of travel to and throughout the home, grab bars and bathroom improvements, and cabinetry and appliance needs, as appropriate. The level of improvement needed and the amount of the Grant will be made by Program Staff and presented to the Home Rehabilitation Program Committee for recommendation and approval by the Community Development Director.

3. All applicants are entitled to only one grant from items 1 or 2, above. The other construction activities, may be provided as part of the regular eligible activities as a loan as contained elsewhere within this Handbook.

4. All combined grants (i.e. soft costs plus any of items 1 or 2, shall be forgiven at the rate of \$1,000.00 per year rounded to the next highest \$1,000.00 whole dollars.

5. All applicants that are awarded a Loan, Grant or a Deferred Payment Loan (DPL) must open an escrow account with the City's Escrow Provider to make monthly deposits for the payment of property taxes, homeowner's hazard insurance and flood insurance (if needed), unless taxes and insurance are escrowed under a first mortgage. The hazard insurance has to have extended coverage to cover all improvements erected on the property by the Home Rehabilitation Program at all times.

The Flood Disaster Protection Act of 1973, as amended, requires that property owners purchase flood insurance for buildings located within Special Flood Hazard Areas (SFHA), when Federal financial assistance is used to acquire, repair, improve, or construct a building. The amount of flood insurance coverage need not exceed the outstanding principal balance of the financial assistance provided.

**B. Loans/Grants**

Mortgage loans granted under this Program will be limited to 100% of eligible rehabilitation costs, and will be subject to minimum and maximum program limits. Repayment terms of the mortgage loans will be set according to the table below based on the applicant's projected annual income as determined and verified during the processing of the loan request.

1. Eligible Rehabilitation Costs

Eligible rehabilitation costs include the actual construction cost of rehabilitating the property, required appraisal fees, title and closing fees, costs of required homeowner's and/or flood insurance, recording fees, improvement survey (if needed), relocation assistance (if needed), escrow set-up fees, and all costs of lead based paint inspections and testing. Homeowner and flood insurance will be

attached to any loan provided through Section VIII.B.

2. Minimum/Maximum Loan Amounts

Program funds may only be used for projects that require an investment of at least \$1,000 for eligible costs, and funding for a home rehabilitation project shall not exceed \$60,000 per unit for eligible rehabilitation costs, first-time assistance only, under the City's Home Rehabilitation Program.

- a. If, after a project has been started, unforeseen deficiencies or code violations are discovered which will cause the project to exceed the maximum approved funding, additional assistance may be provided upon approval of the Community Development Director.
- b. There will be an exception made for residences requiring lead based paint control measures as mandated by federal law, when such measures cause the total amount expended to exceed these limits. Additionally, the first \$2,000 of all lead based paint removal or abatement procedures shall be applied to the loan amount for the home/property owner; however, all other expenses in excess of \$2,000 for lead based paint will be given in the form of a grant to the home/property owner. Any expenses for lead based paint removal/abatement in excess of \$2,000 shall not count toward the maximum limits established herein.
- c. There will be an exception made for residences requiring historic preservation requirements as mandated by state and/or federal law, when such measures cause the total amount expended to exceed these limits. The first \$2,000 of all historic preservation requirements shall be applied to the loan amount for the home/property owner; however, all other expenses in excess of \$2,000 for historic preservation will be given in the form of a grant to the home/property owner. Any expenses for historic preservation in excess of \$2,000 shall not count toward the maximum limits established herein.
- d. There may be an exception made when Program Staff finds a residence needs Substantial Rehabilitation. When Program Staff finds that a structure is in a state of disrepair i.e., that the cost of rehabilitation is higher than the program allowances, or if the condition of the core of the structure is so dilapidated that the only practical action is to demolish and rebuild, then Program Staff will seek approval of a Substantial Rehabilitation Project. The decision to undergo a Substantial Rehabilitation is not an option to the homeowner, but will be made only by Program Staff with approval of the Las Cruces City Council through Resolution.

3. Terms of Loan

- a. *Interest Rates:* For a qualified low- and moderate-income household (at 80% or below of area median income), and based solely on the legal homeowner(s) income and not that of any other non-owner, adult household members, the interest rate for the Program Loan will be determined as follows:

Area Median Income* (Adjusted for Household Size)	Interest Rate
50.01% to 80%	0%
Up to 50%	Deferred Payment Loan

\*As determined and published annually by the Dept. of Housing & Urban Development

- b. *Repayment Period:* The term for repayment of a Home Rehabilitation Loan shall not exceed 360 months or 30 years for household with adjusted area median income between 50.01%-80

**IX. Relocation Limits**

The relocation assistance funds will come from the total amount of the loan/grant/deferred payment loan allocated to the proposed rehabilitation project. The finds are limited to an amount equal to the actual relocation expenses including moving, rent, rental of a storage unit and utilities for the minimum period of time required during the rehabilitation project where habitation of the residential property is not feasible.

The total relocation assistance amount for all applicants shall be in accordance with the City’s Anti-Displacement and Relocation Policy, as amended and adopted by separate City Council Resolution.

**X. Contractor Selection/Bid Process**

The City shall maintain a list of Contractors that meet the eligibility requirements listed herein. Construction work for rehabilitation financed through the City’s Home Rehabilitation Program shall be undertaken only through a written contract between an acceptable contractor and the applicant/participant. The City is not a party to any rehabilitation construction contract.

**A. Contractor Eligibility and Responsibilities**

1. Must be licensed and in good standing with the State of New Mexico licensing body (or bodies), and in full compliance and good standing with all registration licensing requirements stipulated by the City of Las Cruces.
2. Must assure that all subcontractors under contract with him/her on the Project are likewise fully licensed and registered with the State and City as may be required to perform the work under contract.
3. Must be in good standing with the City’s Home Rehabilitation Program, and shall not have any contract violations or Owner complaints pending adjudication and resolution.
4. Must not have more than three (3) projects under contract at any one time with the City’s Home Rehabilitation Program.
5. Must provide evidence of liability insurance and worker’s compensation coverage as may be required and stipulated by state statutes, local ordinances, or HUD, and such insurance must remain in full force and effect for the term of each job awarded.
6. Must not be on any suspended or debarred list.

7. Must provide evidence of acceptable bonding, either in the form of a performance bond from the contractor's insurance company or by a non-refundable performance bond paid to the City in an amount equal to three percent (3%) of the total contract. The Bond or three percent (3%) Payment must be provided to staff before construction begins.
8. Must complete an Application provided by Program Staff.
9. Failure to abide by any of the responsibilities established herein, the City may pursue any and all legal actions afforded to it under state and federal regulations, including suspension and debarment from the City and other federal programs. This includes assisting with legal action on the owner's behalf.
10. Provide a one-year warranty covering all parts and labor and participate in all warranty inspections established elsewhere in this Handbook.
11. Provide a five-year warranty covering new and replacement roofing and labor and participate in all warranty inspections established elsewhere in this Handbook.

**B. Bid Solicitation**

The applicant/participant shall request a bid from at least three (3) Contractors, utilizing the bid packet provided by Program Staff. The applicant participant may invite contractors he/she knows to participate in the bidding process. The bids will be returned to Staff to determine eligibility of Contractors, comparison of bid to cost estimate and final selection of bid by applicant.

**C. Bid Percentages**

Bids that are considerably lower than staff's estimate for the proposed work and other accepted bids will be closely evaluated for reasonableness before being presented to the applicant for consideration and the applicant will be counseled on the possible consequences of choosing an unreasonable bid.

Accepted bids are not to be higher than 10% of staff's estimate for the proposed work. If all bids for any particular project are higher than the established limits, Program Staff will review the bids for extenuating circumstances. In such instances where extenuating circumstances are determined to exist, (i.e. under estimation of value or unforeseen tasks necessary to complete certain portions of the project) this shall be further reviewed by the Program Staff and the Community Development Director to forgo this limitation on any particular project. If such extenuating circumstances are found to exist, Program Staff will be allowed to proceed with the project.

Should a bid exceed the bid limitation established herein, and the applicant is capable of providing the difference to the Contractor, then the applicant has the option to pursue this action, provided the City manages all funding and monetary transactions.

**D. Pre-Construction Meeting**

The homeowner, contractor and program staff will meet to review and sign the construction contract, clarify the roles and responsibilities of each party, and review inspection procedures and the contractor's payment schedule. Once in agreement on all of these issues, all parties must evidence attendance at the conference, and a notice to proceed will be issued to the contractor at that time.

## **XI. Construction Contract**

No home rehabilitation project will be implemented or work started until all parties involved are secured by virtue of an executed contract as hereinafter provided.

### **A. Parties to Contract**

1. All persons listed on the title as fee simple Owners of the property; and
2. The selected, approved General Contractor.
3. The City is not a party to any construction contract for rehabilitation and executes in an “attest” or “witness” context only as the pass-through agent providing the access to Federal funds.
4. The City shall maintain an active list of eligible contractors. The City will establish procedures for maintaining an adequate number of eligible contractors and to ensure that the contractors are not disbarred or suspended from eligibility based on both City and HUD procurement requirements.

### **B. Construction Standards**

The General Construction Standards will be established as a Section under this Handbook and will include specifications for the quality of materials, equipment, and labor to be used in the Home Rehabilitation Program.

The Handbook shall govern all work undertaken within the Home Rehabilitation Program and is considered a part of any contract executed with the City of Las Cruces Community Development Department for any Home Rehabilitation Project.

### **C. Scope of Work/Change Orders**

Only that work identified by Program Staff and specifically made a part of the work write-up will be permitted under the executed Contract. Change Orders to the scope of work may be approved under the following provisions:

1. Where deficiencies are uncovered and identified after the start of the rehabilitation work.
2. Where the method of correction of deficiencies as set forth in the work write-up specification is to be changed.
3. Where materials as set forth in the work write-up specification are to be changed.
4. Where corrections are necessary due to emergency situation.

Under no circumstances shall a contractor be paid for any work completed outside the approved and executed work write-up document and subsequent Contract, unless a written change order, executed by the Owner and Contractor and approved by Program Staff, has been processed prior to the contractor starting the work.

## **XII. Applicant/Participant Rights and Responsibilities**

Notwithstanding the factors of eligibility previously stated, an Applicant shall meet the following provisions in order to qualify for receipt of public funds for home rehabilitation; and said Applicant shall have such rights and responsibilities listed herein:

### **A. Rights**

1. To select a qualified Contractor to undertake the rehabilitation of their property.
2. To seek termination and transfer of a rehabilitation contract if the initial Contractor is in default or remiss in the performance of the contract in any substantial or non-remedial manner, in accordance with the termination

provisions contained in the Construction Contract.

3. To an appeal process as established under the Las Cruces Municipal Code, Chapter 13, 1997, as amended.

**B. Responsibilities**

1. To assure the accuracy, completeness, and veracity of all declarations and documents of evidence given or provided as proof of verification of qualification requirements.
2. To notify the Program Staff in writing of any changes of ownership status, household status, income or assets, which could cause a legal liability to the security of the home rehabilitation loan received by the applicant/participant.
3. To comply with all contractual terms and conditions entered into with the City and/or Contractor, including the debt service of any loans to which the applicant/participant is party.
4. To neither allow nor initiate any changes in the plans, Construction Contract or scope of work without a properly executed Change Order prepared and approved by Program Staff.
5. To make every effort to be available to meet with the Contractor and/or Program Staff for required inspections and other meetings that may be requested.
6. To make a good faith effort to resolve any conflicts with the Contractor that may arise during the performance of the rehabilitation.
7. To agree that all materials and equipment that have been, or will be, removed as part of the work shall belong to the Contractor, unless otherwise specified in the work write-up.
8. To adhere to all City of Las Cruces Nuisance Abatement Ordinances.
9. After project is completed and while an obligation is still owed the City of Las Cruces, they shall not sell, transfer, nor voluntarily vacate the rehabbed property.
10. To strongly consider participating in the City's Homebuyer Education Program, including participate in credit counseling, money management, and homeownership maintenance and responsibilities.
11. To maintain and pay for all necessary homeowners insurance, including flood insurance if necessary, and property taxes, through a City-designated Escrow Company or through an escrow company under existing first mortgage.

**XIII. Loan Closing**

The loan settlement must be conducted by a local title company, and will include the signing of a promissory note, mortgage, any required federal lending or Program disclosures, payment of any delinquent taxes or assessments, and the resolution of any title problems. All documents requiring recording will be filed at the Dona Ana County Clerk's office to protect the City's security in the mortgage loan. The homeowner will be advised of when and where to make the first loan payment, and that the rehabilitation work can begin immediately after the borrower's right to cancel period, as provided by truth in lending requirements, has expired.

**XIV. Construction Management**

**A. Progress Inspections**

1. Homeowner

The responsibility for monitoring the contractor's workmanship and progress

will be shared by the homeowner and the Program Staff. The homeowner is encouraged to monitor the work daily, when feasible and to deal directly with the contractor to resolve any issues that may arise.

2. Building Inspectors

Contractors shall ensure that all inspections required by code are completed and documentation is provided to the homeowner and Program Staff.

3. Program Staff

Staff will perform an inspection whenever funds are requested for a progress payment, and will authorize payment only for work completed in an acceptable manner. Staff must determine that the homeowner is satisfied with the quality of the completed work, and that the completed work corresponds to the work write-up and the terms of the Construction Contract.

4. Weekly inspections by Staff will be conducted and shall be logged along with comments and/or recommendations.

**B. Requests for Payment (Draw Downs)**

A Contractor is allowed three in-progress, draw down payments which will be made in amounts equal to the value of the portion of the work that is completed at the time of the request for payment. If the Contractor leaves the job prior to completion, any balance of funds and the bond will be used to complete unfinished items. To request a draw down payment the Contractor shall:

1. Provide Program Staff with a progress report indicating status of completion of the various components set forth in the work write-up.

2. Provide Program Staff with a statement of billing reflecting the dollar value of the portion of work completed. The City will produce inspection forms certifying that the work was completed as indicated by the contractor and was done in a quality and timely manner appropriate to the scope of work/contract.

**C. Final Inspection/Project Completion**

At the completion of a project, the Contractor will request a final inspection through Program Staff. All other required inspections must have been successfully completed prior to the final inspection. As in prior inspections, the Contractor shall notify Program Staff twenty-four (24) hours in advance to allow all necessary parties (homeowners, contractor, official inspector, and program staff) to be notified of the scheduled time.

If the final inspection is satisfactory, a Certificate of Final Inspection will be executed. If there are items requiring remedial action, the Contractor will take immediate action to rectify such items.

Final payment will be made to the Contractor immediately following a satisfactory final inspection, presentation of final billing, signed release of lien form(s) from the Contractor and a copy of the warranty for all work.

**XV. City of Las Cruces Responsibilities**

The City of Las Cruces Home Rehabilitation program Staff shall have the following duties, functions and responsibilities:

1. Shall not discriminate against any applicant who applies for assistance from this Program, or any contractor or Subcontractor who bids for work under this Program in accordance with the City's Fair Housing Ordinance, contained within Chapter 13 of the



- Las Cruces Municipal Code, as amended.
2. Shall promptly process applications for participation in the Home Rehabilitation Program when the application is found to meet ALL eligibility requirements set forth in this Handbook.
  3. Shall be the agent for the Owner and in such capacity shall hold the funds made available for the rehabilitation of their property for the purpose of disbursements to the contractor upon satisfactory completion of work.
  4. Shall not allow any contractor or Sub-Contractor named on a published suspended or disbarred list to participate in this Program.
  5. Shall oversee all housing related rehabilitation projects and follow all guidelines for such projects as contained in this Handbook.
  6. Shall insure that all projects funded through the City's Home Rehabilitation Program are administered in full compliance with Federal, State and Local government policies, rules and regulations.

**XVI. Project Follow-Up**

1. Upon completion of project, if the amounts expended are less than the original Note amount, a Change in Terms Agreement must be signed by the Owner(s). If the amount expended exceeds the original Note amount, a Change in Terms Agreement and a Modification of Mortgage must be signed by the Owner(s). An endorsement to the Title Policy will be required to cover full loan amount and will be paid by the Owner as an additional eligible rehabilitation cost.
2. All Project files will be retained in accordance with HUD records retention requirements.

## **Section 2**

### **Home Rehabilitation Construction Standards**

The City of Las Cruces does not endorse products or manufacturers. Trade or manufacturers' names appear herein solely because they are considered essential to the subject of these standards.

#### **I. General Purpose and Scope**

The intent of the Home Rehabilitation Construction Standards is to establish minimum standards which must be met for any housing unit rehabilitated through the City of Las Cruces Home Rehabilitation Program. The standards for rehabilitation may be different from standards for new construction. This is due to the scope of the work to be done is on existing buildings where the extent and the emphasis of construction may differ greatly from the construction of new buildings. These Standards, while setting forth basic objectives and provisions specifically related to rehabilitation, shall not be construed as relieving the property owner or the contractor of their responsibility for compliance with local ordinances, codes, and/or from obtaining the required permits for each project.

All rehabilitation work performed with Program funds must comply with the requirements set forth herein. When substandard conditions are encountered in a unit to be rehabilitated, they must be addressed. Any building or portion thereof which is determined to be unsafe in accordance with the Building Code, or any building or portion thereof, including any dwelling unit in which conditions exist that endanger life, limb, health, property, safety, or welfare of the public or occupants thereof shall be deemed to be substandard.

#### **II. Workmanship**

All work undertaken by Contractors and Sub-contractors must be performed in a neat, skillful and workmanlike manner and shall be uniform in appearance. All work and materials must conform to the applicable Building, Plumbing, Mechanical, and Electric Code. Contractors shall verify work write-ups at the job site and shall be responsible for any work that does not meet Home Rehabilitation Standards. The Contractor shall provide all new material unless otherwise specific and approved. Changes in material and/or work requirements will not be accepted for payment unless given prior approval in writing by Homeowner and Rehabilitation Coordinator and no work is to be performed before receiving approval. All work shall be coordinated in such a way as to cause the least amount of inconvenience to all parties involved.

At the time of Final Inspection, all inspection permits shall be delivered and all building debris and trash must be removed from the job site before final inspection. The Contractor, Home Rehabilitation Coordinator and Homeowner shall be present at final inspection.

Final Authority. The City of Las Cruces, Home Rehabilitation Program has the right to require correction of any work performed, either by the Contractor or Sub-Contractors, that it deems substandard or of insufficient quality and workmanship.

#### **III. Warranty**

All Contractors shall warrant their work against faulty materials or poor workmanship for a period of one year from the date of final inspection, new or refinished roofs shall be provided

with a three year warranty. Any poor workmanship or faulty materials will be replaced or corrected at the direction of the Home Rehabilitation Coordinator at no cost to the Homeowner or the City of Las Cruces. All warranties and guarantees for any new appliances that have been installed shall be filled out and dated to include name, address, and dealer where appliances were purchased.

#### **IV. Code Compliance**

All work shall be accomplished in a workmanlike manner and must conform to the general specifications of all applicable Building and Zoning Laws. All required permits in accordance with the Building Code and Municipal Code of the City of Las Cruces must be secured prior to the start of any demolition or construction project.

#### **V. Code Sources**

All rehabilitation work performed must meet the requirements of the City of Las Cruces Municipal Code, and specifically City of Las Cruces Building Code and all the associated Codes adopted through this Code. Any further reference to “the Code” or “Code” will be to reference the City of Las Cruces Building Code and all applicable sections. In the event the New Mexico Construction Industries Division or the City of Las Cruces adopts additional codes, the requirements of those newly adopted codes shall be adhered to. This includes compliance to State Historic Preservation Office mandates to retain historic status of applicable dwellings to be rehabilitated.

#### **VI. Structural**

1. **General.** Residential structures may be of any type of construction that is permitted by the Code. Roofs, floors, walls, foundations, and all other structural components of the building or dwelling unit shall be capable of resisting any and all forces and loads to which they may be subjected. Every building shall be weather protected as to provide shelter for the occupants against the elements and to exclude dampness. All structural elements shall be proportioned and joined in accordance with the stress limitations and design criteria as specific in the appropriate sections of the Code. Manufactured or mobile homes of any type are not permitted under this program.
2. **Rooms.** At a minimum, the dwelling unit must have a living room, a kitchen area, a bathroom, and at least one bedroom or living/sleeping room for each two persons. Children of the opposite sex over the age of 6 may not be required to occupy the same bedroom or living/sleeping room.
3. **Plumbing Systems.** Each home must have an acceptable plumbing system consisting of three separate parts: an adequate potable water supply system; a safe, adequate drainage system; and ample fixtures and equipment.
4. **Light.** Each room must have adequate natural or artificial illumination to permit normal indoor activities. There must be at least one window in the living room in working condition. At least one window in each sleeping room must meet egress standards.
5. **Ventilation.** Rooms within a dwelling unit shall be provided with natural ventilation by means of operable exterior openings (i.e., windows, doors). In lieu of required exterior openings for natural ventilation, a mechanical ventilation system may be installed, providing the number of air changes meet code for the room being ventilated.
6. **Electrical Equipment.** All dwelling units shall be connected to electrical power. The living room and each bedroom must have at least two electrical outlets in proper operating

condition. Permanent overhead or wall-mounted light fixtures may not count as one of the required electrical outlets. Every kitchen, bathroom and utility outlet will be GFCI protected in accordance with the Code and in operating condition.

7. **Heating.** Dwelling units will be provided with heating facilities capable of maintaining a room temperature of 70° F (21°C), as measured in the center of the room at a point 3 feet above the floor in all habitable rooms on the design temperature day.
8. **Air-Conditioning.** Where air-conditioning is provided, the cooling system shall be capable of maintaining a temperature of 78° F (25°C), as measured in the center of the room at a height of 5 feet above the floor, under local outdoor summer design conditions as specified in the ASHRAE handbook, except that in the case of outside temperatures exceeding 95° F (35°C), a differential of 15° F (9°C), from the outside temperature will be maintained. Federal, state or local energy codes shall supersede this standard where such codes have been locally adopted.

## **VII. Footings and Foundations**

1. All footings and foundations will be inspected by a Building Inspector and be in accordance with the Code.

## **VIII. Carpentry**

### **A. Interior and Exterior Walls**

1. All repairs to existing walls will be specified in work write-up and will be inspected by a Building Inspector.
2. Newly constructed interior and exterior walls will be of 2" x 4" frame construction, or better as noted in the work write-up.
3. All lumber will be #2 grade or better unless otherwise specified.
4. Studs will be sixteen inches (16-24") on center, as per plans or write-up and as required by Code.
5. All carpentry will be in accordance with the Code.

### **B. Drywall**

1. Existing walls in home shall be free from all nail holes, splits, holes, scratches, and cracks.
2. Defects shall be taped, puttied, spackled smooth, plastered and textured.
3. In areas where gypsum board is to be replaced, install ½" sheetrock on all wall and ceiling areas throughout house.
4. Bathtub and shower enclosure areas are to be surrounded by ½" water-resistant cement board or approved material, including ceiling above enclosure.
5. All new sheetrock is to be taped, bedded, and feathered, to conceal all joints and fasteners, and finished with a brocade texture.
6. All repaired gypsum is to be cut back to expose half of the stud on each side of repair.
7. Inspect all studs, insulation, electrical wiring and plumbing after removing old sheet rock.
8. Replace or repair defects with the approval of the Home Rehabilitation Coordinator.
9. When needed, install 5/8" type X sheetrock at all garage separation walls and finish as stated above.
10. All drywall will be closely evaluated.

**C. Windows**

1. Existing windows must be in proper working order and all window locks, screens, crank handles, and glazing must be in place.
2. All windows found to be substandard must be replaced or repaired.
3. Newly installed windows will be double pane insulated Energy Star® Labeled, windows to include new screens on all windows, as required by the work write-up. An exception will be made to meet the requirements dictated by the State Historic Preservation Office.
4. Any replacement, repairs, or changes will be specified in work write-up.
5. Sizes and location are to be as existing.
6. New windows will meet Code egress standards.
7. All necessary adjustments and repairs to walls will be finished according to home rehabilitation standards.
8. All window panes must be free from cracks, chips, and paint.
9. Owner is to select color.

**D. Interior & Exterior Doors**

1. All interior and exterior doors will operate properly.
2. Privacy locks, hinges, doorknobs and weather stripping will be in good working order.
3. Any door replacement will be specified in the work write-up and will be installed to Home Rehabilitation standards.
4. Exterior doors shall be metal 1 3/4" thick, insulated, raised six panel, pre-hung with threshold, vinyl sweep, and aluminum sill or approved equal.
5. Interior doors shall be 1 3/8" thick, hollow core, raised six panel, pre-hung masonite doors or approved equal.
6. All closet doors will be 1 3/8" thick, hollow core, raised six-panel, bi-fold masonite doors or approved equal.
7. All molding and trim around door is to be installed and painted to Home Rehabilitation Standards.
8. All units are to be hung plum, true and square with equal margins.
9. Install new lock set with all matching keys on exterior doors and front door is to have peep sight and dead bolt.
10. Install new doorknobs and privacy lock set in bedrooms and bathrooms.

**E. Cabinets & Counter Tops**

1. All cabinets are to be in proper working order.
2. Cabinets and counter tops found to be substandard will be removed, repaired, or replaced.
3. New counter tops will be of plastic laminate material with rolled edge and four-inch back splash.
4. New counter tops will be screwed to base and have cutouts for sinks when applicable.
5. Owner will select color and style.
6. Cabinets which are to be replaced or repaired will be specified in work write-up.

7. Replacement base, wall, and vanity cabinets will have doors stiles of solid wood and veneered plywood panels.
8. Frames will be solid wood stiles, ¼” veneered plywood sides, and metal or plastic corner bracing.
9. Drawers shall be made of wood and cabinets will have a factory finish and all appropriate hardware.
10. All units are to be hung plum, true, and square with no margins between joints.
11. Refinished or repaired cabinets will be painted or stained to Home Rehabilitation standards.
12. Caulk, set all nails, and fill all holes, dents, and cracks in all woodwork.
13. Paint shall be free from runs, sags, brush marks, and over-spray, and will match existing cabinets as close as possible.
14. All knobs, hinges, and shelves will operate properly and have no visible defects.

**F. Finish & Trim**

1. All existing door trim, window trim, and baseboards in home must be free from splits.
2. All closets must have appropriate shelving, hanger rods and supports.
3. If any finish of trim is found substandard, it must be replaced or repaired.
4. Base boards and door trim will be replaced with matching new material or approved equal.
5. All joints are to be cut for a tight fit and fastened with appropriate nails, fasteners, or adhesives.
6. No finger joints will be accepted.
7. All closets will have 12”x 3/4” smooth bull nose shelving and minimum 1”x4” backing.
8. Hanger rods will be 1 ½” ridged steel conduit or wood material, with rod brackets at ends, and center supports on all shelving over 4’ in length.
9. Linen closets will have a minimum four (4) 12” or 16” shelves in place.
10. All nails are to be counter sunk, filled, and painted to Home Rehabilitation standards.
11. All finish and trim work will be specified in work write-up.
12. Finish and trim will be closely evaluated.

**G. New Roof and Existing Roof**

1. Existing roofs on homes must be in good condition and free from any leaks, excessive wear, missing or torn shingles.
2. Must be deemed acceptable by the Building Inspector.
3. Any faulty material must be repaired, removed, or re-built to Home Rehabilitation Standards.
4. All new roofs will two (2) layers of 15 pound asphalt-saturated felt paper and new asphalt composition Owens Corning® or approved equal, 20 year-warranty, 3 tab shingles or 3 layer hot mop build-up over entire roof. Other roofing techniques and engineered systems will be considered on a case to case basis only and must include full manufactures installation methods and warranty. Must be approved by the homeowner, staff and meet the Code minimums.
5. Owner to select color.

6. Paint all soffit, fascia, eaves, gables, and porch ceilings to Home Rehabilitation Standards.

#### **H. Pitched Roof**

1. A newly constructed pitched roof will be a minimum of 3/12 pitch over entire structure with attic access.
2. New roof structure to be 2" x 4" trusses, or pre-approved equal. Install 7/16" plywood or 7/16" OSB wafer board decking with clips.
3. Contractor to notify inspector for deck inspection before applying roof covering.
4. Extend new roof 48" over all entries and complete as specified above.
5. Trim or add to all eaves for a sixteen-inch (16") overhang and install 6" x 3/8" Masonite fascia and 16" x 38" Masonite soffit.
6. Install soffit vents at eight-foot (8') intervals and install metal corners on fascia and "H" molding at joints.
7. Box in all soffit, do not nail on trusses, use 2" x 2" backing for soffit. Porch ceilings to be covered with 3/8" Masonite.
8. Install all necessary metal edgings, flashing, ventilation, roof jacks, fire blocking, etc., as required for a new roof.
9. Paint all soffit, fascia, eaves, gables, and porch ceilings to Home Rehabilitation Standards.
10. Complete with two (2) layers of 15 Pound, asphalt-saturated felt paper and new asphalt composition Owens Corning® or approved equal, 20 year-warranty, 3 tab shingles.

#### **I. Sloped Roof**

1. A newly constructed flat sloped roof will have a minimum 1/4" per foot slope over structure.
2. Roofing will extend over the parapet wall and be finished per NM Residential Code.
3. Ensure positive drainage by installing crickets and valleys, to direct water to canals and scuppers.
4. New roof structure to be 2" x 4" trusses or pre-approved equal.
5. Install 7/16" plywood decking with clips, and minimum twelve-inch (12") parapet, (12" at highest point of roof).
6. Build up corners of parapet for "Southwest" look, install canals, cant strip, and extend roof 48" over all entries. Install vents for ventilation of roof.
7. Install all necessary metal edgings, flashing, roof jacks, fire blocking, etc., as required for a complete new roof.
8. Contractor to notify inspector for deck inspection before applying new built-up roof.
9. Nail one (1) layer of 75 pound, fiberglass, asphalt coated, base sheet (ASTM D 4601), and install two (2) layers of, 15 pound fiberglass Ply sheathing paper (ASTM D 2178), properly mopped with hot tar.
10. Apply hot mop to include white, Mineral Surfaced Cap Sheet (ASTM 3909), on roofing and firewalls. The use of 90# Mineral Surfaced Rolled Roofing will not be accepted.

**J. Re-roof, Built-up**

1. A built-up re-roof shall consist of removing all old roofing down to the deck, check and replace any defective roof decking with approved decking material of equal dimension, or 7/16" plywood, or 7/16" OSB wafer board decking with clips.
2. Construct a minimum twelve-inch (12") parapet wall complete with exterior sheathing.
3. Roofing will extend over the parapet wall and be finished per NM Residential Code.
4. Ensure positive drainage by installing crickets and valleys, to direct water to canales.
5. New exterior sheathing shall finish flush with exterior walls.
6. Install all necessary metal edgings, flashing, ventilation, roof jacks, fire blocking, etc., as required for a new roof.
7. Contractor to notify inspector for deck inspection before applying new roof.
8. Nail one (1) layer of 75 pound, fiberglass, asphalt coated, base sheet and install two (2) layers of, 15 pound fiberglass Ply sheathing paper, felt properly mopped with hot tar.
9. Apply hot mop to include a listed, white, Mineral Surfaced Cap Sheet cap sheet, on roofing and firewalls. The use of 90# Mineral Surfaced Rolled Roofing will not be accepted.

**K. Re-roof, Pitched**

1. Removing all old roofing down to deck.
2. Check and replace any defective roof decking with, approved decking material of equal dimension or, 7/16" plywood or 7/16" OSB wafer board with clips.
3. Install all necessary metal edgings, flashing, ventilation, roof jacks, fire blocking, etc., as required for a new roof.
4. Contractor to notify inspector for deck inspection before applying new roof.
5. Repair all eaves and overhang and install new Masonite fascia and new Masonite soffit.
6. Install soffit vents at eight-foot (8') intervals and install metal corners on fascia and "H" molding at joints.
7. Box in all soffit, do not nail on trusses, use 2" x 2" backing for soffit.
8. Porch ceilings to be covered with 3/8" Masonite and exterior areas to be nailed with galvanized nails only.
9. Paint to Home Rehab. Standards and complete with two (2) layers of 15 pound asphalt-saturated felt paper and new asphalt composition Owens Corning® or approved equal, 20 year-warranty, 3 tab shingles.
10. No wafer board type fascia or soffit material will be accepted.

**IX. Plumbing System**

1. All existing plumbing must be in proper operating order and conform to the International Residential Code.
2. Any plumbing or fixtures found substandard must be repaired or replaced.
3. New and existing natural gas piping must be pressure tested for leaks on all homes under this program.
4. Any replaced or repaired rough-in, top-out, and trim-out plumbing will conform to the International Residential Code and will be specified in the work write-up.



5. All installations shall be of new material, copper, PVC, CPVC, PEX, CSS, etc., or other approved material.
6. All plumbing items shall operate without leakage, noise, vibration, hammering, or chatter.
7. All new plumbing fixtures and/or appliances will be properly clean, caulked, sealed, and tested for operation.
8. All new faucets and fixtures will meet the water conservation requirements of the Code.
9. Any damage to structure from drilling, notching, cutting, hammering, etc. will be repaired to Home Rehabilitation Standards and Code requirements.

**A. Water Heater**

1. Replaced water heaters will be new forty-gallon (40 gal.) or larger as needed for family size.
2. Water heater is to be an approved five (5) year or better warranted unit.
3. Water heater permit and inspection tag required.
4. New water heaters are to be Energy Star® Labeled storage type, water heaters.
5. Replacement gas or electric water heater will be specified in work write-up.
6. Replacement gas or electric water heaters are to be properly installed and maintained with adequate venting, relief valves and discharge lines according to manufacturer's directions.
7. Install new temperature/pressure relief valve with and connect drain to exterior.
8. Install new gas vent as per code.
9. Provide new gas stop with flexible gas connector, and new ball valve on the water supply inlet, install new cold and hot water supply lines.
10. Install combustion air opening(s), if applicable.
11. Install a drip pan and a drain piped to the exterior of the building, when possible.
12. On demand type water heaters will be considered for installation after income review and discussion with the homeowner about higher initial and higher replacement cost.

**X. Electrical System**

1. Existing electrical service must be in proper working order and deemed acceptable by the Electrical Inspector.
2. All fixtures, switches, receptacles and breakers must be in safe operating condition.
3. Switches and outlets must have covers throughout the house.
4. New lighting fixtures to be selected by owner within a \$350 allowance.
5. Replacement electrical service will be a complete new entry service, 120-240 volt 3-wiring.
6. Contractor will install new entry weather head, 100 AMP minimum panel, and panel board, complete with breakers, when included in the Work Write-Up.
7. Install G.F.C.I. as required in article 210-8 of N.E.C. Install new fixtures, switches and receptacles with covers throughout the house.
8. Install smoke detectors and new wiring according to Code.
9. Install one carbon monoxide detector and new wiring according to Code.
10. Install 240 volt outlets at range and dryer locations.
11. Insure grounding electrode system is complete and complies with Code.
12. If only part of electrical is to be updated, specifications will be in work write-up. All electrical modifications must be inspected and comply with Code.

## **XI. Mechanical System**

### **A. Heating**

1. Existing heating systems must be in proper operating condition and comply with the Code.
2. Replacement systems shall be installed according to the manufacturer's guidelines.
3. Unvented fuel-burning heaters are not permitted.
4. All heating devices and wood burning heaters shall be of an approved type.
5. An inadequate heating system is to be replaced with a new forced air system, when possible, providing 90% or greater efficiency.
6. A combination sheet metal and insulated flexible duct distribution system will be installed in attic space, or furr-down, with ceiling, or high wall, registers.
7. In homes with limited space, furr-down necessary areas to install sheet metal duct distribution system and high wall registers in every room.
8. New furnace and duct work for HVAC system will be properly sized by the Contractor for existing conditions meeting the standards of ACCA Manual's D and J and will include load calculation.
9. Provide return grill, new adjustable registers, combustion air openings, programmable thermostat (when approved by client), gas flex, etc., as to complete a new installation.
10. All duct work must be new or corrosion free, sealed substantially air tight, and insulated to meet code.
11. All new exhaust fans will be Energy Star® Qualified.

### **B. Cooling**

1. Existing evaporative cooling systems must be in proper operating condition.
2. Standard new air cooling equipment provided will be one or more evaporative air conditioners, sized by staff to sufficiently cool the building, and efficient.
3. The guideline will be a minimum of 4cfm per 1000ft<sup>2</sup> of occupied living space.
4. New evaporative cooling systems shall be installed according to the manufacturer's guidelines and shall be installed so as to minimize the probability of damage from an external source.
5. Newly installed evaporative coolers will be mounted on the roof, or on the ground, a side or down draft, and contain a two speed motor.
6. Installation to include all new copper water piping, electrical, with a thermostatic switch, dampers, ducts, etc., as required for new installation.
7. Connect to new or existing duct system.
8. Every evaporative cooler shall be accessible for inspection, service and replacement without removing permanent construction.
9. If only part of the mechanical system is to be updated, specifications will be in the work write-up. All mechanical modifications must comply with minimum Code standards.
10. A refrigerated air conditioning system may be allowed for rehabilitation projects when required for health reasons and when an order is provided from the family's primary health provider.

## **XII. Insulation**

1. All newly installed insulation will be full batt or blown fiberglass insulation.

2. Attic installation will meet the latest Energy Code Requirement, when sufficient space in the attic is available. When there is insufficient attic space available, ceilings may be lowered to accommodate additional insulation, as long as ceiling minimum heights can be maintained.
3. New exterior wall insulation will meet the latest Energy Code Requirement. Buildings of cinder block or other mass wall construction will be evaluated on a case by case basis for method of meeting minimum code requirements.
4. R-value may be increased depending on application and will be specified in work write-up.
5. All windows, voids, penetrations, holes, and door jams will be filled with spray foam.
6. All insulation must conform to the applicable Code.

### **XIII. Plaster & Stucco**

1. All plaster and stucco must be free from cracks, chips, holes, and water damage.
2. Any existing plaster and stucco that is found to be substandard by Home Rehabilitation Coordinator must be repaired or replaced.
3. All repairs to broken stucco on existing exterior walls will be patched with fiberglass tape, plastered, then color coated with elastomeric synthetic stucco or approved substitute.
4. If only a portion or portions of walls are repaired, all loose and chipped paint shall be wire brushed and removed before application of color coat.
5. Color coat shall be textured to match existing stucco.
6. Weld-Crete shall be applied on all painted stucco walls to be re-stuccoed.
7. For new installation a minimum of 2 ply felt Jumbo Tex® or approved equal must be applied throughout exterior walls with a minimum overlap of six inches (6”) between layers and a minimum overlap of sixteen inches (16”) on joints.
8. Install self-furring 17-gauge stucco mesh on walls with appropriate nails or staples.
9. Corner bead must be applied on all corners and plaster stop on all openings and where there is a material change, to stop and retard cracks.
10. Apply scratch/brown, and color coats of plaster and stucco.
11. Scratch and brown coats shall be cured a minimum of forty-eight (48) hours between applications and seven (7) days between the brown and color coats.
12. Color coat with elastomeric synthetic stucco or approved substitute. All stucco to be installed to meet Code and the manufacturer’s installation requirements.

### **XIV. Paint**

1. Exterior and interior paint will be evaluated by Home Rehabilitation Coordinator and tested for lead by a U.S. EPA certified testing agency. Lead-based paint abatement procedures are more stringent than listed below. Any repaint or lead-based paint abatement will be specified in work write-up.
2. Paint strippers and other products, used indoors will contain little or no Volatile Organic Compounds (VOCs), as these cause respiratory irritants and will be labeled “low-or-no VOCs”.
3. Kitchen, bathrooms, and utility room to receive semi-gloss latex enamel, minimum two (2) coats to cover, more if required for a neat appearance.
4. Living room, bedrooms, hallways, and closets to receive satin latex to cover.
5. Paint all exterior walls (if applicable), wood, and metal surfaces with one (1) coat primer and two (2) coats exterior latex enamel as required for a neat appearance.

6. All new painting shall consist of removing or covering all hardware and fixtures not to be painted.
7. Feather edge and dull gloss surfaces with sandpaper, scrape all loose, cracked, peeling, and blistered surfaces.
8. Caulk, prime, sand, set all nails, fill holes, dents and cracks in all woodwork and trim, including trim, doorframes, facing, baseboard, etc. Paint with high gloss latex enamel to cover.
9. Exterior paint will include fascia, soffit, doorframes, posts of porches, wall, etc.
10. Remove all paint from hardware, windows, and glass (inside and out).
11. Paint shall be free from runs, sags, brush marks, and over-spray.
12. Color to be selected by owner.
13. Painting will be closely evaluated.

**XV. Floor Covering**

1. All new carpet will be 26 ounce with ½” #5 density polyurethane padding meeting FHA specifications.
2. Carpet will be selected by owner from maximum allowance of \$16.00 per square yard installed.
3. All new tiles will be no-wax vinyl composite tile (VCT) meeting FHA specifications for residential use, or ceramic tile.
4. When tile is installed over wood flooring, a ¼” concrete based sub-floor will be installed under the tile.
5. Tile will be selected by owner from maximum allowance of \$16.00 per square yard installed.
6. Carpet is to be stretched to eliminate puckers, scallops, and ripples and installed to manufacturer’s specifications.
7. All damaged and missing tack strips or metal edging must be replaced.
8. All doors are to operate properly after installation of flooring.
9. Color and pattern to be selected by owner from standard color charts.
10. Protect carpet and vinyl after installation. Location will be specified in work write-up.

**XVI. Pest Control**

1. In cases where a severe infestation of insect or vermin is apparent, a licensed exterminator must be consulted to examine the dwelling and suggest an appropriate course of action. At no time shall a Contractor or Homeowner attempt to exterminate these pests in the dwelling under this program.
2. All penetration in walls, ceilings, floors, interior and exterior will be sealed to keep pests out.

**XVII. Additional Rooms**

1. Determination of the need for additional rooms will be based on the number of occupants living in the dwelling.
2. Additional bedrooms may be added if children of opposite sex do not have separate sleeping rooms. Additional bedrooms shall be provided for members of the same sex if there are six or more persons living in the dwelling and that the age differences for children of the same sex is at least six years in difference.

3. One additional bathroom may be added if six or more persons live in a single bathroom dwelling.
4. Any additional rooms will be specified in work write-up and will conform to Home Rehabilitation standards. All additional rooms must be approved and are contingent on funding. Existing rooms may be converted to serve as a designated sleeping area conforming to the International Residential Code standards.

**XVIII. Appliances**

1. When specified, Contractor will supply and install a 30” self-cleaning gas or electric range.
2. Natural gas range must have electronic ignition; no standing pilot range will be accepted.
3. Homeowner to select range within a \$600.00 allowance.
4. When specified, Contractor will provide and install an 18.1 cubic ft. or larger, frost-free, Energy Star® Labeled refrigerator.
5. Homeowner is to select an Energy Star® Labeled refrigerator within \$800.00 allowance.
6. Contractor will install all necessary gas piping, gas flex, shut-off valve, etc., as to complete new installation for all range replacements.
7. Contractor will install all necessary water piping, shut-off valve, etc., as to complete new installation for refrigerator replacement.
8. Any appliance replacement will be specified in work write-up and must be approved by Home Rehabilitation Coordinator and Home Owner.

## **Section 3**

### **Mobile Home Ramp Installation Handbook**

#### **I. Introduction, Mission and Purpose**

This Handbook has been developed to provide a comprehensive overview of the City of Las Cruces' Mobile Home Ramp Installation Program, a component of the Consolidated Plan and a part of the Home Rehabilitation Program, as specified with the Las Cruces Municipal Code, 1997 Chapter 13, as amended. This Handbook shall govern all work undertaken with the Mobile Home Ramp Installation Program, by City staff and is considered a part of any contract executed for any Mobile Home Ramp Installation Project to be funded through the City of Las Cruces.

#### **Mission Statement:**

**Our mission is to assist disabled, low-and moderate-income mobile homeowners within the City of Las Cruces in making access into their dwelling easier and safe.**

The purpose of the Mobile Home Ramp Installation Program is to:

- Enable low- and moderate- income disabled individuals, who are occupants of a mobile home and who, by reason of limited income and resources, are unable to procure a ramp to access their dwelling with safety and dignity.
- The ramps will be built out of wood or other acceptable material, including pre-fabricated ramps, in accordance with applicable City Building Codes and those Program Standards incorporated in this Handbook.
- Administer appropriated public funds in full compliance with all conditions and requirements stipulated by funding source entities, in compliance with corresponding City policies and procedures; and responsibly utilize resources through prudent and equitable decisions that will be reflected in grants to construct or install portable, quality ramps to facilitate access by disabled mobile homeowners to their dwellings.

#### **II. Property Eligibility**

A property *must* meet the following conditions to be eligible for the Mobile Home Ramp Installation Program:

1. Be either a single or double wide mobile home or manufactured housing unit.
2. Be occupied by a permanent member of the household or a tenant with a disability.
3. The mobile home may be located in a rented space or land owned by the applicant.
4. Be located within the corporate limits of the City of Las Cruces, New Mexico.

#### **III. Applicant/Participant Eligibility**

An applicant/participant must meet the following eligibility standards to qualify for assistance under the City's Mobile Home Ramp Installation Program:

##### **A. Disability**

To qualify for the Mobile Home Ramp Installation Program, a permanent resident (child or adult) must have a disability, and needs to provide a statement signed by his/her physician verifying a disability and how he/she could benefit from a ramp, including meeting, but not limited to, one of the identified census definitions of severely disabled.

**Census Definition of “severely disabled”**

The census definition of “severely disabled” states that persons are classified as having a severe disability if they:

1. Used a wheelchair or another special aid for six months or longer;
2. Are unable to perform one or more “functional activities” or need assistance with activities of daily life such as getting around the home, bathing, cooking, eating, and toileting. It includes seeing, hearing, having one’s speech understood, lifting and carrying, walking up a flight of stairs, and walking;
3. Are prevented from working at a job or doing housework; or
4. Have a selected condition including autism, cerebral palsy, Alzheimer’s disease, senility or dementia, or mental retardation.

**B. Low- and Moderate-Income Household**

To qualify as a low- and moderate-income household, the household must have an annual (gross) income that does not exceed 80% of area median income for the City of Las Cruces, adjusted for family size. The Section 8 definition (24 CFR Part 5 Annual Income Inclusions) of income shall be used.

1. Annual income refers to the household’s anticipated income for the next twelve months. Income includes employment compensation, as well as income from any assets the household owns. The equity in the mobile home which will participate in the Program is not counted towards household income.
2. Household size affects the maximum eligible income. Those that should be counted include year-round occupants; absent children in cases where the parent is pursuing legal custody; members temporarily away, such as students at school, children placed in foster care, and Armed Forces personnel on temporary duty assignment. Live-in aides and absent or unborn children shall not be counted.
3. Income Limits are revised annually by HUD and are based on area median income with adjustments for family size.

**C. Owner-Occupied Principal Residence**

An applicant must occupy the assisted unit as its principal residence. Program staff shall obtain official verification from the Client, such as property tax receipt, copy of mortgage, registration documents, rent or lease agreement, etc.

**IV. Waiting List, Applicant Intake, Evaluation and Qualifying**

**A. Waiting List Established**

All applications will be process on a “first come, first serve” basis. Program staff shall maintain a waiting list of potential applicants that may qualify for the Mobile Home Ramp Installation Program.

**B. Grant Application**

The following documents are required, at a minimum, and must be obtained from the applicant, and any other qualified, income earning household member, in order to determine eligibility:

1. Completed, signed Grant Application,
2. Proof of disability thru a signed physician’s statement,

3. Copies of last two years filed Federal Tax Returns, complete with all schedules. W-2's and/or 1099's (a statement of non-filing from the IRS will be accepted in lieu of actual Tax Return),
4. Copies of pay stubs covering most recent 3-month period (where applicable),
5. Copies of award letters for retirement/social security/annuity (where applicable),
6. Copies of all (bank) statements for savings, CD's or investment/retirement accounts, and most recent 6 months checking account statements,
7. Document indicating ownership such as registration, title, mortgage document,
8. Social Security Cards of all household members,
9. Government-issued picture identification of all adult household members,
10. Birth certificates of all household members, and
11. Marriage Certificate, Divorce Decree, Documented Legal Separation, or Death Certificate where applicable.
12. Proof that all members of the household are in this country legally.

The applicant will be given 20 business days from date of initial application to provide the required documentation. If an applicant fails to produce any of the documents requested, Program Staff will prepare a Notice of Action Taken Form advising the applicant of the incompleteness of their application. The Notice will list the documents missing at that stage of processing, and give the applicant a deadline of seven (7) calendar days to comply or their application will no longer be considered for the Program. Exemptions to the number of days to respond shall be reviewed for extenuating circumstances by the Committee. "Extenuating Circumstances" shall consist of the death of a family member, long-term illness, other debilitating situations, or any other situation beyond the applicant's control, which impairs or prevents them from responding in a timely manner. The Committee will make a recommendation to the Community Development Director for approval of the exemption.

**C. Grant Processing**

Program Staff will follow these procedures to process all eligible applications for the City's Mobile Home Ramp Installation Program:

1. Income Verification/Determination  
Program Staff will mail and/or fax a Verification of Employment (VOE) to each employer to verify current and anticipated income for applicant(s). Upon receipt of the VOE, together with documentation listed above, household income will be determined following HUD's Part 5 Rules.
2. If it is determined that an Applicant successfully becomes a grant recipient through the willful use of false information, he/she shall be considered to be guilty of fraud. Under such circumstances the City shall take appropriate legal action, including, but not limited to, the immediate demand for full repayment of any amount awarded.
3. Notwithstanding other provisions contained throughout these policies, the Applicant (and subsequently Recipient) shall be responsible for assuring the accuracy, completeness, and veracity of all declarations and documents of evidence given or provided as proof or verification of qualification requirements.
4. If the grant is denied, at the final review or at any point in the process, a Notice of Acton Taken will be mailed to the applicant explaining the reason(s) for the



grant's denial. This Notice may be followed up with a discussion between the applicant and staff on the reasons for rejection.

## **V. Property Assessment for Ramp Installation**

### **A. Property Inspection/Work Write-Up**

The Program Staff will visit the property to determine the location of the ramp in relation to availability of space. Staff will prepare a work write-up with the specifications for the building of the ramp in accordance with ADA standard(s), as applicable. Staff will also estimate the cost of the ramp at this time, as well as prepare plans or detailed drawings.

### **B. Environmental Review**

Federal entitlement grantees are required to consider the environmental quality of all projects and their surroundings. Staff will perform an environmental review and the HUD Statutory Checklist will be completed. As part of this review, the following activities are required:

#### **1. Standard Flood Hazard Determination**

If the property is not within the flood plain, no further action is required. If the property is within the 100 year flood plain, the following steps must be taken:

- a. Inform applicant by Notice of Special Flood Hazard Area.
- b. Require flood insurance coverage of subject property in an amount sufficient to protect public investment.

#### **2. Lead Based Paint Hazards**

Lead based paint assessment would not be necessary because the ramp is an attachment to an existing mobile home, per e-mail from HUD Representative dated July 10, 2007 and attached to this section of the handbook.

#### **3. Historic Review**

It was determined by the State Historic Preservation Office that "If the ramps are for mobile homes, most likely less than 50 years of age and non-historic in nature, then there's no "effect" on any historic properties by implementing the projects, if the scope of work is the same (ramp-installation) on non-historic mobile homes if funded with CDBG funds/programs". E-mail from SHPO dated May 8, 2007, and attached to this section of the handbook.

#### **4. Noise, Thermal and Explosive Hazards Review**

Assessment will be made for these hazards for compliance with required HUD regulations.

## **VI. Program Grants**

Only mobile homes located within the boundaries of the City of Las Cruces may qualify for this Program.

### **A. Eligible Costs**

Unless otherwise provided by these policies or by funding entity rules and regulations, financing ramp projects should be limited to labor, materials, fees, contingency allowance and other approved costs related to the Mobile Home Ramp Installation Program.

### **B. Grant Terms**

The grant is an award of Federal Funds to the qualifying applicant where repayment is not required.

**C. Program Costs - Grants:**

1. All applicants that are in need of a ramp shall be provided this activity in the form of a grant and assistance may only be provided once to an applicant.
2. Cost of individual ramps will be determined through competitive bidding and may not exceed the following guidelines:

<b>Description</b>	<b>Max. Price*</b>
Ramps shorter than 24 inches in height and less than 24 feet in length, with one or fewer landings. Price includes the concrete landing at the foot of the ramp, if needed.	\$4,500.00
Ramps 24 - 30 inches in height, 24 - 30 feet in length with no more than two landings. Price includes the concrete landing at the foot of the ramp, if needed.	\$5,500.00
Ramps 31 – 36 inches in height, 31 – 36 feet in length with two or more landings. Price includes the concrete landing at the foot of the ramp, if needed.	\$6,500.00
Ramps greater than 36 inches in height, greater than 36 feet in length with two or more landings. Price includes the concrete landing at the foot of the ramp, if needed.	\$7,500.00

\* Maximum prices do not include Gross Receipt Taxes.

**D. Relocation Assistance**

The program has no provisions for relocation assistance, though, temporary assistance will be provided to maintain access to the home at all times.

**VII. Contracting**

**A. Contractor Selection/Bid Process**

1. The Contractor will be selected by the City, not the owner. The City shall procure the services of a qualified contractor and said contractor shall be under a pricing agreement/blanket order with the City.
2. To make the process more cost effective, the bids for the construction and installation of ramps, may be solicited in blocks of as many as ten (10) ramps at one time, rather than bidding individual properties, if deemed appropriate.
3. Bidding shall be completed in accordance with both City and Federal procurement requirements.
4. The Purchasing Department Staff must review the bid received, and certify that the bid of the selected Contractor is cost reasonable.
5. A bidder whose bid has been rejected, or was not awarded a bid, under the formal bidding process, and wants to appeal, must follow the City's Procurement Code.

**B. Contractor Eligibility and Responsibilities**

1. Must be licensed and in good standing with the State of New Mexico licensing body (or bodies), and in full compliance and good standing with all registration licensing requirements stipulated by the City of Las Cruces.
2. Must assure that all subcontractors under contract with him/her on the Project are likewise fully licensed and registered with the State and City, as may be required to perform the work under contract.
3. Must be in good standing with the City's Home Rehabilitation Program, and shall not have any contract violations or Owner complaints pending adjudication and resolution.
4. Must not have more than three (3) projects under contract at any one time with the City's Home Rehabilitation Program, one project may include a set of ramps of 10 outlined in Section VII A.2.
5. Must provide evidence of liability insurance and worker's compensation coverage as may be required and stipulated by state statutes, local ordinances, or HUD, and such insurance must remain in full force and effect for the term of each job awarded.
6. Must not be on any suspended or debarred list.
7. Must provide evidence of acceptable bonding, either in the form of a performance bond from the contractor's insurance company or by a non-refundable performance bond paid to the City in an amount equal to three (3) percent of the total contract.
8. Must complete a yearly Application provided by Program Staff, which may be done by at the time of award.
9. Failure to abide by any of the responsibilities established herein, the City may pursue any and all legal actions afforded to it under state and federal regulations, including suspension and debarment from the City and other federal programs.
10. Provide a one-year warranty and participate in all warranty inspections established elsewhere in this Handbook.

**C. Pre-Construction Meeting**

The City's staff and the selected contractor will meet to review and sign the construction contract, clarify the roles and responsibilities of each party, and review inspection procedures and the contractor's payment schedule. Once in agreement on all of these issues, both parties must evidence attendance at the conference, and a Notice to Proceed will be issued to the contractor at that time.

**D. Labor Standards – Davis-Bacon and Related Acts**

Labor standards, including Davis-Bacon prevailing wage rates and other related acts, need to be applied where required, including any exemptions or exceptions.

**VIII. Contract**

No ramping project will be implemented or work started until all parties involved are secured by virtue of an executed contract as hereinafter provided.

**A. Parties to Contract**

1. City of Las Cruces
2. The selected, approved qualified Contractor.

**B. Construction Standards**

The Mobile Home Ramp Construction and Installation Standards will be established as a Section under this Handbook and will include specifications for the quality of materials, equipment, and labor to be used in the Mobile Home Ramp Installation Program. (Section 4) The Handbook shall govern all work undertaken within the Mobile Home Ramp Installation Program and is considered a part of any contract executed with the City of Las Cruces for any Ramp Installation Project.

**C. Scope of Work/Change Orders**

Only that work identified by Program Staff and specifically made a part of the work write-up will be permitted under the executed Contract. Change Orders to the scope of work may be approved under the following provisions:

1. Where the method of correction of deficiencies as set forth in the work write-up specification is to be changed.
2. Where materials as set forth in the work write-up specification are to be changed.
3. Where corrections are necessary due to an emergency situation.

Under no circumstances shall a contractor be paid for any work completed outside the approved and executed work write-up document and subsequent Contract, unless a written change order, executed by the City and Contractor and approved by the City's Purchasing Manager, with a recommendation by the Community Development Director has been processed prior to the contractor starting the work.

**IX. Applicant/Participant Rights and Responsibilities**

Notwithstanding the factors of eligibility previously stated, an Applicant shall meet the following provisions in order to qualify for receipt of public funds for ramp installation; and said Applicant shall have such rights and responsibilities listed herein:

**A. Rights**

Notwithstanding other provisions herein set forth, the Applicant (and thereafter the Recipient) shall have the right to:

1. Seek termination and transfer of a ramp installation contract when he/she feels that the initial Contractor is in default or remiss in the performance of the contract in any substantial or non-remediable manner, in accordance with the termination provisions contained in the contract.
2. To an appeal process as established under the Las Cruces Municipal Code, Chapter 13, 1997, as amended.

**B. Responsibilities**

1. To assure the accuracy, completeness, and veracity of all declarations and documents of evidence given or provided as proof of verification of qualification requirements.
2. To make every effort to be available to meet with the Contractor and/or Program Staff for required inspections and other meetings that may be requested.

**X. Construction Management**

**A. Progress Inspections**

1. By Building Inspectors. Contractors shall notify Program Staff at least twenty-four hours before a required inspection is needed. Program Staff

will coordinate with the appropriate inspection official to arrange the inspection.

2. By Program Staff. Staff will perform an inspection whenever funds are requested for a progress payment, and will authorize payment only for work completed in an acceptable manner. Staff must determine that the quality of the completed work, and that the completed work corresponds to the specifications and the terms of the Contract.
3. Routine inspections by Staff will be conducted several times a week and shall be logged along with comments, corrections and/or recommendations.

**B. Requests for Payment (Draw Downs)**

A Contractor is allowed one in-progress, draw down payment for each ramp installed. If the Contractor leaves the job prior to completion, any balance of funds and the bond will be used to complete unfinished items. To request a draw down payment the Contractor shall:

1. Provide Program Staff with a notification indicating status of completion of individual ramps at each location, for which the Contractor is seeking payment as set up in the work write-up.
2. Provide Program Staff with a statement of billing reflecting the dollar value of the work completed. The City will produce inspection forms certifying that the work was completed as indicated by the contractor and was done in a quality and timely manner appropriate to the scope of work/contract.
3. At the completion of the Contract, the Contractor will request a final inspection through Program Staff. All other required inspections must have been successfully completed prior to the final inspection. As indicated for prior inspections, the Contractor shall notify Program Staff twenty-four (24) hours in advance to allow all necessary parties (homeowners, contractor, official inspector, and program staff) to be notified of the scheduled time.

**C. Final Inspection/Project Completion**

If the final inspection is satisfactory, a Certificate of Final Inspection will be executed. If there are items requiring remedial action, the Contractor will take immediate action and/or time reasonable to rectify such items.

Final payment will be made to the Contractor immediately following a satisfactory final inspection, presentation of final billing, signed release of lien form(s) from Contractor and a copy of a one-year warranty for all work.

**XI. City of Las Cruces Responsibilities**

The City of Las Cruces Home Rehabilitation Program Staff shall have the following duties, functions and responsibilities:

1. Shall not discriminate against any applicant who applies for assistance from this Program, or any contractor or Subcontractor who bids for work under this Program in accordance with the City's Fair Housing Ordinance, contained within Chapter 13 of the Las Cruces Municipal Code, 1997, as amended.
2. Shall promptly process applications for participation in the Home Rehabilitation

Program when the application is found to meet ALL eligibility requirements set forth in this Handbook.

3. Shall hold the funds made available for the construction/purchase and installation of ramps for the purpose of disbursements to the Contractor upon satisfactory completion of work.
4. Shall not allow any Contractor or sub-contractor named on a published suspended or disbarred list to participate in this Program.
5. Shall oversee all ramping related projects and follow all guidelines for such projects as contained in this Handbook.
6. Shall insure that all projects funded through the City's Home Rehabilitation Program are administered in full compliance with Federal, State and Local government policies, rules and regulations.

**XII. Project Follow-Up**

All Project files will be retained in accordance with HUD records retention requirement.

## **Section 4**

### **Mobile Home Ramp Construction Standards**

#### **IX. General Purpose and Scope**

The intent of the Home Ramp Construction Standards is to establish minimum standards which must be met for any ramp constructed through the City of Las Cruces Mobile Home Ramp Program. The standards may be different from basic code construction standards. These Standards are designed to provide consistency in bidding and expedite the onsite construction time. These Standards, while setting forth basic objectives and provisions specifically related to this program, shall not be construed as relieving the client or the contractor of their responsibility for compliance with local ordinances, codes, and/or from obtaining the required permits for each project.

**All ramps constructed with Program funds must comply with the requirements set forth herein.**

#### **X. Workmanship**

All work undertaken by Contractors and Sub-contractors must be performed in a neat, skillful and workmanlike manner and shall be uniform in appearance. All work and materials must conform to the applicable Code. Contractors shall verify work write-ups at the job site and shall be responsible for any work that does not meet these Standards. The Contractor shall provide all new material unless otherwise specified and approved. Changes in material and/or work requirements will not be accepted for payment unless given prior approval in writing by Homeowner and Coordinator and no work is to be performed before receiving approval. All work shall be coordinated in such a way as to cause the least amount of inconvenience to all parties involved.

At the time of Final Inspection, all inspection permits shall be delivered and all building debris and trash must be removed from the job site before final inspection.

#### **XI. Final Authority**

The City of Las Cruces, Mobile Home Ramp Program has the right to require correction of any work performed, either by the Contractor or Sub-Contractors, that it deems substandard or of insufficient quality and workmanship.

#### **XII. Warranty**

All Contractors shall warrant their work against faulty materials or poor workmanship for a period of one year from the date of final inspection. Any poor workmanship or faulty materials will be replaced or corrected at the direction of the Coordinator at no cost to the client or the City of Las Cruces. The Warranty covers the replacement of lumber that has warped greater than 1/2", split, broken, or the reattaching of components that have come loose through normal use and any of the above that render the ramp unsafe.

#### **XIII. Code Compliance**

All work shall be accomplished in a workmanlike manner and must conform to the general specifications of all applicable Building and Zoning Laws. All required permits in accordance

with the Building Code and Municipal Code of the City of Las Cruces must be secured prior to the start of any demolition or construction project.

#### **XIV. Code Sources**

All work performed must meet the requirements of the City of Las Cruces Municipal Code, and specifically the City of Las Cruces Building Code and all the associated Codes adopted through this Code. Any further reference to “the Code,” or “Code” will be to reference the City of Las Cruces Building Code and all applicable sections. In the event the New Mexico Construction Industries Division or the City of Las Cruces adopts additional codes, the requirements of those newly adopted codes shall be adhered to.

#### **XV. Materials & Construction Specifications for Wood Ramps**

In order to reduce the construction time at the ramp locations, ramps will be built off-site to meet the “Modular Unit Method.” Design methods are attached to the work write-up. These specifications and attachments are the minimum construction requirements; additional Code and setback requirements shall apply. The contractor is responsible for meeting all Code requirements. If discrepancies between this work write-up and the applicable Code should arise, the more restrictive shall apply. All onsite work shall be completed in three days maximum, including weekends. The Homeowner must have a safe means of egress during construction at all times.

1. All materials used must be listed and approved for outdoor use.
2. All wood products are to be at least pre-treated lumber, or other naturally weather resistant species. Engineered material will be considered for approval, if listings are provided and approved prior to bidding.
3. No plywood, particle board or wafer board materials will be allowed, except for bracing and footing pad, as provided in the design specifications.
4. Sawn lumber will be Treated No. 2 grade or better.
5. The Design Live Load for the ramp shall be 40 psf or better.
6. All Beams and joist not bearing on supporting members shall be framed with “Simpson Strong-Ties” joist hanger or equal. Use type “U” (or equal) for single 2x”s and type “UTF” for trusses where required. The joist hangers shall be nailed using special nail supplied by the hanger manufacturer.
7. Wood headers or posts made up of 2 or more 2x”s shall be spiked together.
8. Decking materials shall be not less than 1 ¼ “X 6” nominal dimension.
9. Spacing of ¼” shall be provided between deck planks, and ½” between the edge stop and deck top.
10. All ramps will be finished to be slip resistant, method to be provided within the bid documents.
11. Hand rails and guards will be provided on ramps and landings, when required by Code, with all required balusters, spacing, edge protection, etc, to meet or exceed Code minimums.
12. Hand rails shall be smooth and free from splinters, burrs, or any sharp edges.
13. Hand rails must be securely attached to the ramp with approved attachment devices, or be integral to the ramp and meet or exceed the concentrated load requirement of 200 pounds.
14. Metal hand rails, if used, will be painted with an exterior, rust preventive paint. The color to be chosen by the owner, from commonly available colors.



15. Ramps will terminate onto concrete or asphalt when available. If concrete or asphalt is not available, a landing made of concrete must be constructed (with written approval of the property owner only). If approval cannot be obtained, a removable wooden landing no more than ½” higher than surrounding area shall be installed.
16. Ramps shall be freestanding and not attach to the home, unless specified in the work write-up.
17. Decks or landings at the entry must not be more than ½” below the threshold, for easy access by user. Ramps will be allowed to terminate/begin at an existing deck elevation when approved by and depending on the needs of the client, as approved/mandated by the City.

**XVI. Materials & Construction Specifications for Concrete Ramps**

1. Concrete ramps will only be built on private property with written approval from the property owner.
2. These specifications and attachments are the minimum construction requirements, additional code and setback requirements shall apply. The contractor is responsible for meeting all code requirements. If discrepancies between this work write-up and the applicable codes should arise, the more restrictive shall apply. All onsite work shall be completed in two days maximum, including weekends. The Homeowner must have a safe means of egress during construction at all times.
3. The minimum specified compressive strength for concrete is 2500 psi. Testing of concrete will be required for any concrete mixed on site, at the contractor’s expense.
4. Decks or landings at the entry must not be more than ½” below the homes entry threshold, for easy access by user.
5. All ramps will be finished to be slip resistant, provide method within the bid documents.
6. Ramps will terminate onto concrete or asphalt when available. If concrete or asphalt is not available, a landing made of concrete or wood must be constructed, no more than ½” higher than surrounding area.
7. Hand rails and guards will be provided on ramps and landings, when required by code, with all required balusters, spacing, edge protection, etc, to meet or exceed code minimums.
8. Hand rails must be securely attached to the ramp with approved attachment devices, or encasement, to meet or exceed the concentrated load requirement of 200 pounds.
9. Hand rails shall be smooth and free from splinters, burrs, or any sharp edges.
10. Metal hand rails will be painted with an exterior, rust preventive paint. The color to be chosen by the owner, from commonly available colors.

## **Section 5**

### **Mobile Home Utility Upgrade Assistance Handbook**

#### **I. Introduction, Mission and Purpose**

This Handbook has been developed to provide a comprehensive overview of the City of Las Cruces' Mobile Home Utility Assistance Program, a component of the Consolidated Plan and a part of the Home Rehabilitation Program, as specified with the Las Cruces Municipal Code, 1997 Chapter 13, as amended. This Handbook shall govern all work undertaken with the Mobile Home Park Utility Assistance Program, by City staff and is considered a part of any contract executed for any Mobile Home Utility Assistance Program to be funded through the City of Las Cruces.

#### **Mission Statement:**

**Our mission is to assist, low-and moderate-income mobile homeowners within the City of Las Cruces in making all natural gas appliances and piping safe and code compliant.**

The purpose of the Mobile Home Utility Assistance Program is to:

- Provided assistance to low-and moderate-income mobile home owners, who live in mobile home parks, when the City of Las Cruces Utilities Department replaces or upgrades utility piping that causes the owner to make repairs, relocate connecting piping, or replace appliances, in order to meet current code requirements.
- Administer appropriated public funds in full compliance with all conditions and requirements stipulated by funding source entities, in compliance with corresponding City policies and procedures; and responsibly utilize resources through prudent and equitable decisions that will be reflected in grants to qualified clients.

#### **II. Property Eligibility**

A property *must* meet the following conditions to be eligible for the Mobile Home Utility Assistance Program:

1. Be either a single or double wide mobile home or manufactured housing unit.
2. Be located in a mobile home park within the corporate limits of the City of Las Cruces, New Mexico.
3. Be owner occupied.

#### **III. Applicant/Participant Eligibility**

An applicant/participant must meet the following eligibility standards to qualify for assistance under the City's Mobile Home Utility Assistance Program:

##### **A. Low- and Moderate-Income Household**

To qualify as a low- and moderate-income household, the household must have an annual (gross) income that does not exceed 80% of area median income for the City of Las Cruces, adjusted for family size. The Section 8 definition (24 CFR Part 5 Annual Income Inclusions) of income shall be used.

1. Annual income refers to the household's anticipated income for the next twelve months. Income includes employment compensation, as well as income from any assets the household owns. The equity in the mobile home which will participate in the Program is not counted towards household income.

2. Household size affects the maximum eligible income. Those that should be counted include year-round occupants; absent children in cases where the parent is pursuing legal custody; members temporarily away, such as students at school, children placed in foster care, and Armed Forces personnel on temporary duty assignment. Live-in aides and absent or unborn children shall not be counted.
3. Income Limits are revised annually by HUD and are based on area median income with adjustments for family size.

**B. Owner Occupied-Principal Residence**

An applicant must own and occupy the assisted unit as its principal residence. Program staff shall obtain official verification from the Client, such as property tax receipt, copy of mortgage, registration documents, utility bills, etc.

**IV. Applicant Intake, Evaluation and Qualifying**

**A. Grant Application**

The following documents are required, at a minimum, and must be obtained from the applicant, and any other qualified, income earning household member, in order to determine eligibility:

1. Completed, signed Grant Application;
2. Copies of last two years filed Federal Tax Returns, complete with all schedules. W-2's and/or 1099's (a statement of non-filing from the IRS will be accepted in lieu of actual Tax Return);
3. Copies of pay stubs covering most recent 3-month period (where applicable);
4. Copies of award letters for retirement/social security/annuity (where applicable);
5. Copies of all (bank) statements for savings, CD's or investment/retirement accounts, and most recent 6 months checking account statements;
6. Document indicating ownership such as registration, title, mortgage document;
7. Social Security Cards of all household members;
8. Government-issued picture identification of all adult household members;
9. Birth certificates of all household members;
10. Marriage Certificate, Divorce Decree, Documented Legal Separation, or Death Certificate where applicable; and
11. Proof that all members of the household are in this country legally.

The applicant will be given 20 business days from date of initial application to provide the required documentation. If an applicant fails to produce any of the documents requested, Program Staff will prepare a Notice of Action Taken Form advising the applicant of the incompleteness of their application. The Notice will list the documents missing at that stage of processing, and give the applicant a deadline of seven (7) calendar days to comply or their application will no longer be considered for the Program. Exemptions to the number of days to respond shall be reviewed for extenuating circumstances by Staff. "Extenuating Circumstances" shall consist of the death of a family member, long-term illness, other debilitating situations, or any other situation beyond the applicant's control, which impairs or prevents them from responding in a timely manner. Staff will make a recommendation to the Community Development Director for approval of the exemption.

**B. Grant Processing**

Program Staff will follow these procedures to process all eligible applications for the City's Mobile Home Utility Assistance Program:

1. **Income Verification/Determination**

Program Staff will mail and/or fax a Verification of Employment (VOE) to each employer to verify current and anticipated income for applicant(s). Upon receipt of the VOE, together with documentation listed above, household income will be determined following HUD's Part 5 Rules.

2. If it is determined that an Applicant successfully becomes a grant recipient through the willful use of false information, he/she shall be considered to be guilty of fraud. Under such circumstances the City shall take appropriate legal action, including, but not limited to, the immediate demand for full repayment of any amount awarded.
3. Notwithstanding other provisions contained throughout these policies, the Applicant (and subsequently Recipient) shall be responsible for assuring the accuracy, completeness, and veracity of all declarations and documents of evidence given or provided as proof or verification of qualification requirements.
4. If the grant is denied, at the final review or at any point in the process, a Notice of Action Taken will be mailed to the applicant explaining the reason(s) for the grant's denial. This Notice may be followed up with a discussion between the applicant and staff on the reasons for rejection.

**V. Property Assessment for Utility Upgrade Assistance**

**A. Property Inspection**

The Program Staff will visit the property and identify deficiencies to be corrected to bring the property into compliance with State of New Mexico Manufactured Housing codes. Deficiency found and noted by the State inspector after the work is completed will also be corrected and paid for by this program.

**B. Work Write-Up**

Program Staff will prepare a work write-up identifying the complete scope of work, including floor plans or detailed drawings, as needed. The contractor will promptly remove all materials and equipment removed during the upgrade and dispose of them properly, so as not to violate property maintenance standards in accordance with the City's Municipal Code, 1997, as amended.

**C. Environmental Review**

Federal entitlement grantees are required to consider the environmental quality of all projects and their surroundings. Staff will perform an environmental review and the HUD Statutory Checklist will be completed. As part of this review, the following activities are required:

1. Standard Flood Hazard Determination

If the property is not within the flood plain, no further action is required. If the property is within the 100 year flood plain, the following steps must be taken:

- a. Inform applicant by Notice of Special Flood Hazard Area.
- b. If the Grant is below \$5,000.00 no other action is required.
- c.. Require flood insurance coverage of subject property in an amount sufficient to protect public investment.

2. Lead Based Paint Hazards  
Lead based paint assessment will not be necessary because the work intended will not impact painted surfaces of the mobile home, per e-mail from HUD Representative dated July 10, 2007 and attached to this section of the handbook.
3. Historic Review  
It was determined by the State Historic Preservation Office that the interior work done to the mobile homes, does not “effect” on any historic properties by implementing the projects, if the scope of work is the same (interior piping and appliance replacement) on non-historic mobile homes if funded with CDBG funds/programs”.
4. Noise, Thermal and Explosive Hazards Review  
Assessment will be made for these hazards for compliance with required HUD regulations.

## **VI. Program Grants**

Only mobile homes located within a mobile home park, within the boundaries of the City of Las Cruces may qualify for this Program.

### **A. Eligible Costs**

Unless otherwise provided by these policies or by funding entity rules and regulations, financing upgrades should be limited to labor, materials, fees, contingency allowance and other approved costs related to the Mobile Home Utility Assistance Program.

### **B. Grant Terms**

1. All applicants that are in need of assistance shall be provided this activity in the form of a grant and assistance may only be provided once to an applicant.
2. The grant is an award of Federal Funds to the qualifying applicant where repayment is not required.

### **C. Relocation Assistance**

The program has no provisions for relocation assistance.

## **VII. Contracting**

### **A. Contractor Selection/Bid Process**

1. The Contractor will be selected by the City, not the owner. The City shall procure the services of a qualified contractor.
2. To make the process more cost effective, the bids for the assistance may be solicited in blocks of as many as ten (10) mobile homes at one time, rather than bidding individual mobile homes, if deemed appropriate.
3. Bidding shall be completed in accordance with both City and Federal procurement requirements.
4. Staff shall review the bid(s) received, and certify that the bid of the selected Contractor is cost reasonable.
5. A bidder whose bid has been rejected, or was not awarded a bid, under the formal bidding process, and wants to appeal, must follow the City’s Procurement Code.

### **B. Contractor Eligibility and Responsibilities**

1. Must be licensed and in good standing with the State of New Mexico licensing body (or bodies), and in full compliance and good standing with all registration licensing requirements stipulated by the City of Las Cruces and the State of New

Mexico licensing body (or bodies),.

2. Must assure that all subcontractors under contract with him/her on the Project are likewise fully licensed and registered with the State and City, as may be required to perform the work under contract.
3. Must be in good standing with the City's Home Rehabilitation Program, and shall not have any contract violations or Owner complaints pending adjudication and resolution.
4. Must provide evidence of liability insurance and worker's compensation coverage as may be required and stipulated by state statutes, local ordinances, or HUD, and such insurance must remain in full force and effect for the term of each job awarded.
5. Must not be on any suspended or debarred list.
6. Must provide evidence of acceptable bonding, either in the form of a performance bond from the contractor's insurance company or by a non-refundable performance bond paid to the City in an amount equal to three (3) percent of the total contract.
7. Must complete an application provided by Program Staff, which may be done at the time of award.
8. Failure to abide by any of the responsibilities established herein, the City may pursue any and all legal actions afforded to it under state and federal regulations, including suspension and debarment from the City and other federal programs.
9. Provide a one-year warranty and participate in all warranty inspections established elsewhere in this Handbook.

**C. Pre-Construction Meeting**

The City's staff and the selected contractor will meet to review and sign the construction contract, clarify the roles and responsibilities of each party, and review inspection procedures and the contractor's payment schedule. Once in agreement on all of these issues, both parties must evidence attendance at the conference, and a Notice to Proceed will be issued to the contractor at that time. The homeowner will be contacted and a suitable schedule will be agreed upon by all parties.

**D. Labor Standards – Davis-Bacon and Related Acts**

Labor standards, including Davis-Bacon prevailing wage rates and other related acts, need to be applied where required, including any exemptions or exceptions.

**VIII. Contract**

No assistance project will be implemented or work started until all parties involved are secured by virtue of an executed contract as hereinafter provided.

**A. Parties to Contract**

1. City of Las Cruces
2. The selected, approved qualified Contractor.

**B. Scope of Work/Change Orders**

Only that work identified by Program Staff and specifically made a part of the work write-up will be permitted under the executed Contract. Change Orders to the scope of work may be approved under the following provisions:

1. Where the method of correction of deficiencies as set forth in the work write-up specification is to be changed.
2. Where materials as set forth in the work write-up specification are to be

- changed.
- 3. Where corrections are necessary due to an emergency situation.
- 4. Where the State Inspector has identified other requirements that are need to pass the final inspection.

Under no circumstances shall a contractor be paid for any work completed outside the approved and executed work write-up document and subsequent Contract, unless a written change order, executed by the City and Contractor and approved by the Community Development Director has been processed prior to the contractor starting the work.

**IX. Applicant/Participant Rights and Responsibilities**

Notwithstanding the factors of eligibility previously stated, an Applicant shall meet the following provisions in order to qualify for receipt of public funds for assistance; and said Applicant shall have such rights and responsibilities listed herein:

**A. Rights**

Notwithstanding other provisions herein set forth, the Applicant (and thereafter the Recipient) shall have the right to:

- 1. Seek termination and transfer of contract when he/she feels that the initial Contractor is in default or remiss in the performance of the contract in any substantial or non-remediable manner, in accordance with the termination provisions contained in the contract.
- 2. To an appeal process as established under the Las Cruces Municipal Code, Chapter 13, 1997, as amended.

**B. Responsibilities**

- 1. To assure the accuracy, completeness, and veracity of all declarations and documents of evidence given or provided as proof of verification of qualification requirements.
- 2. To make every effort to be available to meet with the Contractor and/or Program Staff for required inspections and other meetings that may be requested.

**X. Construction Management**

**A. Progress Inspections**

- 1. Contractors shall notify the appropriate inspection official to arrange the inspection.
- 2. Program Staff will perform an inspection whenever funds are requested for a progress payment, and will authorize payment only for work completed in an acceptable manner. Staff must determine that the quality of the completed work, and that the completed work corresponds to the specifications and the terms of the Contract.
- 3. Routine inspections by Staff will be conducted several times a week and shall be logged along with comments, corrections and/or recommendations.

**B. Requests for Payment (Draw Downs)**

A Contractor is allowed one in-progress, draw down payment for each individual mobile home completed. Has passed inspection and the appliances have been returned to service. If the Contractor leaves the job prior to completion, any balance of funds and the bond will be used to complete unfinished items. To request a draw down payment

the Contractor shall:

1. Provide Program Staff with a notification indicating status of completion of individual mobile home for which the Contractor is seeking payment as set up in the work write-up.
2. Provide Program Staff with a statement of billing reflecting the dollar value of the work completed. The City will produce inspection forms certifying that the work was completed as indicated by the contractor and was done in a quality and timely manner appropriate to the scope of work/contract.
3. At the completion of the Contract, the Contractor will request a final inspection through Program Staff. All other required inspections must have been successfully completed prior to the final inspection. As indicated for prior inspections, the Contractor shall notify Program Staff twenty-four (24) hours in advance to allow all necessary parties (homeowners, contractor, official inspector, and program staff) to be notified of the scheduled time.

**C. Final Inspection/Project Completion**

1. If the final inspection is satisfactory, a Certificate of Final Inspection will be executed.
2. If there are items requiring remedial action, the Contractor will take immediate action and/or time reasonable to rectify such items.
3. Final payment will be made to the Contractor immediately following a satisfactory final inspection, presentation of final billing, signed release of lien form(s) from Contractor and a copy of a one-year warranty for all work.

**XI. City of Las Cruces Responsibilities**

The City of Las Cruces Home Rehabilitation Program Staff shall have the following duties, functions and responsibilities:

1. Shall not discriminate against any applicant who applies for assistance from this Program, or any contractor or Subcontractor who bids for work under this Program in accordance with the City's Fair Housing Ordinance, contained within Chapter 13 of the Las Cruces Municipal Code, 1997, as amended.
2. Shall promptly process applications for participation in the Mobile Home Utility Upgrade Program when the application is found to meet ALL eligibility requirements set forth in this Handbook.
3. Shall hold the funds made available for the construction/purchase and installation of ramps for the purpose of disbursements to the Contractor upon satisfactory completion of work.
4. Shall not allow any Contractor or sub-contractor named on a published suspended or disbarred list to participate in this Program.
5. Shall oversee all Mobile Home Utility Upgrade Program related projects and follow all guidelines for such projects as contained in this Handbook.
6. Shall insure that all projects funded through the City's Home Rehabilitation Program are administered in full compliance with Federal, State and Local government policies, rules and regulations.

**XII. Project Follow-Up**

All Project files will be retained in accordance with HUD records retention requirement.



## **Section 6 Warranty Requirements**

### **I. General Description Limited Warranty Program**

This section sets forth the responsibilities of the General Contractor with respect to the Rehabilitation of your home and any appliances, fixtures and equipment for which you receive a warranty from the manufacturer.

We warrant in compliance with the State of New Mexico and within the building industry standards as defined by the National Association of Home Builders. In all cases the warranty period referred to runs from the earlier of the date the original owner first occupies the home, the date of the final inspection approval, and the closing date. The warranty coverage consists of the following:

#### **Material and Workmanship for One Year**

We warrant various elements of your home for a period of one year against specified defects in materials and workmanship. These defects are defined in the Performance Standards contained herein and include such items as excessive cracks in walls, excessive warping of exterior doors, water leaks, and peeling of exterior paint and wall covering. This warranty covers only the original owner.

Additionally, some portions of the mechanical or plumbing systems in your home are warranted by the manufacturer.

This is a brief summary of the features and benefits the Limited Warranty. The specific details, definitions and scope of our warranty, as well as the notice requirements, are contained in the balance of this section. Please take a few minutes to read it.

### **II. Warranty Coverage**

This section has been prepared to acquaint you with the coverage under this Limited Warranty subject to the limitations, exclusions and other provisions contained herein. Please read this section carefully to avoid confusion regarding coverage. The warranty coverage is described separately for the various elements of your home.

**WARRANTY COVERAGE FOR THE ONE YEAR FOLLOWING THE DATE OF OCCUPANCY, THE DATE OF THE FINAL INSPECTION APPROVAL, OR THE DATE OF FINAL CLOSING, WHICHEVER IS EARLIER.**

We will repair the following items of your home, as set forth below that arise during the one (1) year period following the date of initial occupancy, by the original owner, or the closing date, whichever is earlier, given that the Homeowner and a representative of the City of Las Cruces conduct a one (1) year walk-through within 60 days before the expiration of the said one (1) year period. This warranty shall extend to and be for the benefit to each party ~~and~~ who owns the home during this one (1) year period.

### III. General Provisions

#### A. Definitions:

Except as otherwise provided herein or where the context indicates to the contrary, the terms used in this Limited Warranty shall have the following meanings:

- "We," "Us," and "Contractor" refer to the General Contractor;
- "You," "Your," and "Homeowner" refer to the owner of a home to whom any of the terms of this Limited Warranty are extended;
- "Original Owner" refer to the party or parties names in the deed from the City of Las Cruces conveying title to a home, provided that where the party named in the deed is the original beneficiary or beneficiaries of the City's rehabilitation work; and
- "Closing" and "Closing Date" refer to the date on which the City of Las Cruces deed to a home is delivered to the original owner.

#### B. Completion Walk-Through

The City of Las Cruces will contact the owner to conduct the completion walk through of your home after construction and prior to final occupancy. The homeowner is to keep a written list or report of observable omissions or defects in labor, workmanship, or materials. At the time of the walk-through, a list/report will be prepared and both parties will sign the agreed-to list/report(s). The omissions and/or defects will be completed and/or replaced or repaired in accordance with accepted industry methods and standards within a reasonable time. Note that under Paragraph D.3., some items are not warranted unless specifically recorded on the walk-through list or report during the walk through.

#### C. Notice of Defects

The Homeowner is responsible to make note of any defects covered by this Limited Warranty and submit to the City of Las Cruces for the 10-month walk through. This warranty shall extend to and be for the benefit to each party who owns the home during this one-year period.

**WE ARE NOT RESPONSIBLE FOR ANY DEFECT COVERED BY THIS LIMITED WARRANTY FOR WHICH WE HAVE NOT BEEN NOTIFIED WITHIN THIRTY (30) DAYS AFTER THE EVENT OR PRIOR TO THE EXPIRATION OF THE SPECIFIED WARRANTY PERIOD FOR THAT ITEM.**

#### D. Corrective Measures by the Contractor

In the event of a defect covered by this Limited Warranty, we will take appropriate corrective measures within a reasonable time period. Normal Office Hours are Monday through Friday (except holidays) from 8:00 a.m. to 5:00 p.m. Normal Service Hours are Monday through Friday (except holidays) from 8:00 a.m. to 5:00 p.m.

**FACTORS SUCH AS WEATHER OR OTHER ACTS OF GOD, MATERIAL AVAILABILITY, LABOR STOPPAGES, OR OTHER CAUSES BEYOND OUR REASONABLE CONTROL MAY AFFECT THE TIME WITHIN WHICH SUCH CORRECTIVE MEASURE MAY BE TAKEN.**

Under no circumstances, however, shall we be obligated under this Limited Warranty to spend in the aggregate more than the original rehabilitation price of your home for all

repairs, replacements and modifications.

**E. Service Calls/Walk-Throughs**

Service calls and walk-through will be made during the week, during normal business hours, Monday through Friday, except holidays, from 8:00 a.m. to 5:00 p.m. The Homeowner must make the home accessible and need not be present on the date for which service is scheduled. The Contractor or Sub-Contractor, will call to schedule service dates.

**F. Other Insurance or Warranties**

If any repair, replacement or other work to repair or replace defect or damage otherwise within the scope of this Limited Warranty is covered by any other insurance or warranties which you or any other party may maintain, you must, if we have done work so covered, assign the proceeds of such insurance or warranties to us to the extent of the cost of the repair, replacement or other work we undertook pursuant to this warranty. Notwithstanding the foregoing, at our request any such insurance or warranty claim shall immediately be submitted to the appropriate party and our obligation with respect to such work shall be limited to the cost of such work less the proceeds paid or payable under such insurance or warranty. You agree to fully cooperate in promptly submitting all such claims, to assign to us on demand your rights with respect to such claims in the events we do not approve the amount offered to you under such insurance or warranty, and to cooperate with us in contesting and pursuing any such claim.

**IV. Limitations And Exclusions**

The provisions contained herein constitute the only warranties made by us with respect to your rehabilitated home and are in lieu of all other warranties, whether express or implied, oral or written, including but not limited to, an implied warranty of habitability, merchant ability, quality or fitness for a particular purpose. No employee, salesperson, agent, broker or other representative of ours, or any other person, is authorized to make any additional warranty, representation or undertaking of any kind on our behalf, either oral or written. We do not assume responsibility for any consequential, incidental or secondary damages (whether for damage to personal property, personal injuries or otherwise) caused by, arising from or relating to any defect in your home or in any consumer product installed in or furnished by us in your home, regardless of whether the defect itself is covered under this warranty. This Limited Warranty **shall not** extend to, include or be applicable to any of the following:

1. Any component of your home, whether warranted or not, which has been constructed, altered, repaired modified or replaced by anyone other than the Contractor's authorized employees or agents.
2. Any defect or damage caused by any act, negligence or failure to properly use, operate, maintain or protect any component of your home by you or any other occupant of the home or by anyone other than one of the Contractor's authorized employees or agents.
3. Insect damage or condition which does not result in direct, actual physical damage to the home. Without limiting the foregoing, excluded from this Limited Warranty are claims arising out of or relating to un-inhabitability caused by the presence or consequences of levels of pollutants, contaminants, or other toxic, hazardous or noxious materials or gases, whether or not in excess of applicable government safety standards.
4. Loss or damage caused by or resulting from civil disturbances, riots, fire, explosion, flooding, wind-driven water, changes in the underground water table, floods, mud slides, smoke, earthquake or other Acts of God, falling objects, vehicles or other events

not reasonable foreseeable at the time of construction or which are beyond the Contractor's reasonable control.

5. Defects in buildings or other structures or improvements not attached to the home, including, but not limited to, detached garages and carports, driveways, walk-ways, patios, boundary walls, retaining walls, fences, landscaping (including sod, seeding, shrubs, trees, and plantings), or any other improvements not a part of the home itself.
6. Damage to the extent it is caused or made worse by the failure of the Homeowner to give proper notice to the City of Las Cruces of any defect within a reasonable time.
7. Changes of the grading of the ground by anyone other than the Contractor or its employees or agents.
8. Changes, alterations or additions made to the home by anyone after actual occupancy.
9. Dampness or condensation due to the failure of the Homeowner to maintain adequate ventilation.
10. Any loss or damage which the Homeowner has not taken appropriate and timely action to minimize.
11. Normal wear and tear and normal deterioration.
12. Loss or damage caused by or resulting from seepage of water.
13. Any loss, damage, defect, cost or expense which is caused, in whole or in part, by any peril or occurrence for which compensation is provided by legislation or which is covered by other insurance or public funds.
14. Any loss or damage which arises while the home is being used primarily for non-residential purposes.
15. Bodily or personal injury of any kind (including physical or mental pain and suffering and emotional distress), medical hospital, rehabilitation of other incidental expenses, or damage to personal property.
16. Loss or damage due to abnormal loading on floors which exceed design loads as mandated by codes.
17. Cost of shelter, transportation, food, moving, storage or other incidental expenses related to relocation during repair or other costs due to loss of use, inconvenience or annoyance.
18. Any claim for which the City of Las Cruces has been notified after an unreasonable delay or later than (30) days after the expiration of the applicable warranty period for the item involved or for which we are not given access to the home for service calls as provided in paragraph D 5.

## V. **Conditions Deemed Normal and Non-Warranted**

The following items are normal conditions which are not warranted by the Contractor.

- A. **Cracks** - There are certain inherent characteristics of exposed concrete, such as settling and shale pops that cannot be controlled and therefore are not covered by our warranty.
  1. Concrete foundations, walks and drives can develop cracks due to characteristics of expanding and contracting of concrete or settling due to the soil on which they are laid. Concrete sidewalks aren't on footings and will settle. This is beyond anyone's control. There is no known method of eliminating this condition. Protect your exterior concrete by keeping it free and clear of ice and snow.
  2. Mortar cracks can develop in the mortar used in bonding bricks together. This is a normal condition due to shrinkage in either the mortar or the brick.

3. Drywall, paneling, wood shrinkage or settlement cracks, nail pops or seams can appear during the “drying out” process of your home. This is normal and covered in the one year workmanship warranty.
- B. **Floor Squeaks** - Extensive research and writing on the subject concluded that much has been tried, but little can be done about floor squeaks. Generally, these will appear and disappear with changes in the weather. A certain amount of floor shrinkage is normal. Complete avoidance of shrinkage is impossible. The Contractor uses their best effort to eliminate this problem during the construction process. As of your possession date, we will warrant that there will be no floor squeaks.
  - C. **Caulking** - Exterior caulking and caulking in bathtubs and shower stalls will normally crack and should not be considered a problem. This is homeowner maintenance.
  - D. **Brick Discoloration** - Brick may discolor due to the elements, rain runoff, weathering or its innate materials.
  - E. **Non-uniformity of Appearance** - Antique brick or cleaning of Rock Face brick. Each brick is different. We cannot warrant the brick itself.
  - F. **Broken Glass** - Broken glass after Buyer’s possession and glass scratched during Buyer’s cleaning process will not be replaced by the contractor.
  - G. **Stained Woods** - In all unfinished areas, no stain and sealer are applied to the windows. Woodwork contained in the house will be a mix of species and shades of color. This is an accepted industry standard. When instructed to "match" the wood stain to the cabinet color the painters will exercise care to select stain color that will blend the woodwork with the cabinets, however variety of color in the finished product is to be expected. This variety will be emphasized when using light colored stains or natural finished.
  - H. **Paint** - Premium quality paint has been used internally and externally on your home, checks and cracks are common items due to causes other than the paint or its applications.
  - I. **Chips, Scratches, or Mars** - in tile, vinyl floors, woodwork, walls, porcelain, brick, mirrors, plumbing fixtures, kitchen appliances, doors, siding, etc., not noted during 1<sup>st</sup> walkthrough shall not be remedied by the Contractor.
  - J. **Dripping Faucets** or toilet adjustments, 60 days warranty only.
  - K. **Alterations to Grading** - Your lot has been graded to insure proper drainage away from you home. Should you wish to change the drainage pattern due to your landscaping, installation of patio or service walks or for other reasons, be sure a proper drainage slope is retained. We assume no responsibility for the grading or subsequent flooding or stagnant pool formations if the established pattern is altered. Maintaining soil levels at backfilled areas is the responsibility of the owner after occupancy.
  - L. **Roof Damage** - caused by someone walking on the roof (e.g. installing radio or television antenna) or due to homeowner allowing ice dams to form on the roof during the winter months, or damage due to high winds in excess of 35 mph is not warranted.
  - M. **Shingled Roofs** - Shingled roofs may show some variation in shade at certain angles of reflection. This is caused by the varying absorption and reflections of light from the minute granules that make up the surface of the shingles. The position of the granules cannot be controlled by the manufacturer or by the Contractor.
  - N. **Maintenance Siding** – The Contractor does not warrant any damage done to siding on the home such as damage that may be the result of weather conditions, high winds, lawn mowers, BBQ grills, etc.

**WARRANTY ITEM: The following is to be utilized by the Homeowner to provide both the City and the Contractor with information related to any warranty items prior to the walk-through inspection.**

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## SITE WORK

- WARRANTY ITEM:** Ground settlement of trenches, at foundation, or other areas on your property.  
**Performance Standard:** Ground settlement shall not interfere with positive drainage of surface water away from the home. Backfilled ground will settle. Settling of more than 6" is excessive. Less than 6" is acceptable, and is the Homeowners responsibility.  
**Contractor Responsibility:** If final grading has been previously completed, the Contractor will fill settled areas, during the first year. The Homeowner is responsible for the removal and replacement of all landscaping to permit filling settled areas.
- WARRANTY ITEM:** Improper drainage of the site.  
**Performance Standard:** The necessary grades and swales have been established to insure proper drainage away from your home. Standing water shall not be present twenty-four (24) hours after a rainfall, except that in swales which drain areas where a sump pump discharges, standing water can be expected to remain up to forty-eight (48) hours after a rainfall. Grading determinations shall only be made on dry, unfrozen ground.  
**Contractor Responsibility:** The Contractor is responsible only for establishing the necessary grades and swales as part of the site plan drainage. The Homeowner is responsible for maintaining such grades, swales and soil erosion after closing. The Contractor is not responsible for wet swale due to lawn sprinkling. The Contractor will rough-finish grade for drainage from the house; minor dips and irregularities to be corrected by the Homeowner.

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## CONCRETE

- WARRANTY ITEM:** Movement or separation of concrete in the home at slab expansion and contraction joints.  
**Performance Standard:** Expansion and contraction joints are designed to control concrete movement of slabs.  
**Contractor Responsibility:** None. Normal Condition
- WARRANTY ITEM:** Cracks in foundation walls.  
**Performance Standard:** Shrinkage cracks not exceeding 1/8 inch are normal; cracks exceeding 1/8 inch shall be repaired.  
**Contractor Responsibility:** The Contractor will repair cracks in excess of 1/8 inch.
- WARRANTY ITEM:** Concrete slab-on-floor with finished flooring is cracked.  
**Performance Standard:** Cracks that rupture finished flooring shall be repaired.  
**Contractor Responsibility:** Repair cracks, as necessary, so they are not readily apparent when finished flooring is in place.
- WARRANTY ITEM:** Surface defects in exterior concrete work covered by this limited warranty.  
**Performance Standard:** There is no warranty on the surface of exterior concrete.

**Contractor Responsibility:** None

- WARRANTY ITEM:** The concrete is discolored or the color is not uniform.  
**Performance Standard:** The color of concrete will vary due to temperature, humidity, additives, and the composition of the material. Color variation does not affect the strength or structural integrity of the concrete.  
**Contractor Responsibility:** None, Normal Condition.

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## MASONRY

- WARRANTY ITEM:** Cracks in basement or foundation walls.  
**Performance Standard:** Cracks not affecting the structural stability of a masonry foundation are not unusual in mortar joints. Cracks exceeding 1/16 inch in width will be repaired.  
**Contractor Responsibility:** Repair cracks exceeding 1/16 inch by pointing or patching.
- WARRANTY ITEM:** Cracks in masonry walls or veneer.  
**Performance Standard:** Hairline cracks due to shrinkage in mortar joints are normal. Cracks exceeding 1/8 inch in width will be repaired.  
**Contractor Responsibility:** Repair cracks exceeding 1/8 inch by pointing or patching. Variations in color between old and new mortar are normal and unavoidable.
- WARRANTY ITEM:** Brick veneer is discolored.  
**Performance Standard:** Brick colors may vary due to color, porosity, and darkness of the brick. Brick may also discolor due to the elements, rain, water run-off, or weathering.  
**Contractor Responsibility:** None, Variation in brick color is normal.

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## WOOD AND PLASTIC

- WARRANTY ITEM:** Floor squeak or sub-floor appears loose.  
**Performance Standard:** Floor squeaks and loose sub-floors are often temporary and, in some cases, due to the nature of wood sub-flooring, cannot be completely eliminated.  
**Contractor Responsibility:** Corrective action will be taken only if caused by a defect in workmanship or materials
- WARRANTY ITEM:** Uneven wood floor.  
**Performance Standard:** Floor shall not have more than 1/4 inch ridge or depression in any 32-inch measurement parallel to the joists.  
**Contractor Responsibility:** Repair or correct floors to comply with Performance Standards
- WARRANTY ITEM:** Walls are bowed.  
**Performance Standard:** Walls should not bow more than 1/4 inch in any 32-inch horizontal or vertical measurement. Slight variances in interior and exterior finished surfaces are normal.  
**Contractor Responsibility:** Repair walls to comply with Performance Standards.
- WARRANTY ITEM:** Poor quality of interior trim workmanship.  
**Performance Standard:** Open joints in moldings or adjacent surfaces shall not exceed 1/8 inch in

width.

**Contractor Responsibility:** Repair or caulk joints exceeding 1/8 inch wide.

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## THERMAL AND MOISTURE PROTECTION

- WARRANTY ITEM:** Insufficient insulation.  
**Performance Standard:** Insulation shall be installed in accordance with plans and specifications approved by the governing municipality.  
**Contractor Responsibility:** Install insulation to comply with Performance Standard.
- WARRANTY ITEM:** Water leaks into home due to snow or rain driven into the attic through louvers or vents.  
**Performance Standard:** Attic vents and louvers are necessary to properly ventilate the attic of the home.  
**Contractor Responsibility:** None
- WARRANTY ITEM:** Roof or roof flashing leaks.  
**Performance Standard:** Roofs and flashings shall not leak except when caused by ice build-up, wind-driven rains, or Homeowner inaction or negligence.  
**Contractor Responsibility:** Repair roof leaks not caused by ice build-up, wind-driven rains, or Homeowner's action or negligence.
- WARRANTY ITEM:** Standing water on flat roof.  
**Performance Standard:** Water shall drain from flat roofs, except for minor ponding immediately following a rainfall, or if roof is designed to retain water.  
**Contractor Responsibility:** Take necessary corrective action to ensure proper roof drainage.
- WARRANTY ITEM:** Exterior wall leak due to inadequate caulking.  
**Performance Standard:** Joints and cracks in exterior walls and around openings in exterior walls shall be caulked to exclude the entry of water.  
**Contractor Responsibility:** Repair and/or caulk as necessary to prevent water infiltration once during the first one (1) year. Caulking will shrink and dry out and must be maintained during the entire life of the home. Leaks resulting from the Homeowner attaching a structure to the home will not be repaired.

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## DOORS AND WINDOWS

- WARRANTY ITEM:** Warping of exterior doors.  
**Performance Standard:** Exterior doors will warp to some degree due to temperature differential on inside and outside surfaces. However, they shall not warp to the extent that they become inoperable or cease to be weather resistant or exceed National Woodwork Manufacturers Association Standards (3/8 inch measured diagonally from corner to corner.) Normally 99% of warped or twisted doors will straighten up as soon as the heating season is over and the humidity levels begin to rise. When this occurs the door will seek its natural moisture level and will usually not warp or twist again.  
**Contractor Responsibility:** Correct or replace and refinish defective doors, after the heating



season is over.

- WARRANTY ITEM:** Warping of interior passage and closet doors.  
**Performance Standard:** Interior doors (full opening) shall not warp in excess of National Woodwork Manufacturers Association Standards (1/4 inch measured diagonally from corner to corner).  
**Contractor Responsibility:** Correct or replace and refinish defective doors to match existing doors as closely as possible. Normally 99% of warped or twisted doors will straighten up as soon as the heating season is over and the humidity levels begin to rise. When this occurs the door will seek its natural moisture level and will usually not warp or twist again.
  
- WARRANTY ITEM:** Shrinkage of insert panels showing raw wood or joints in millwork separate.  
**Performance Standard:** Wood will shrink and expand and may expose unfinished surfaces.  
**Contractor Responsibility:** None. Expansion and contraction of wood cannot be controlled.
  
- WARRANTY ITEM:** Split in door panel.  
**Performance Standard:** Split panels shall not allow light to be visible through the door.  
**Contractor Responsibility:** If light is visible, fill split and match paint or stain as closely as possible, once during the first one (1) year.
  
- WARRANTY ITEM:** Broken glass or mirrored surfaces.  
**Performance Standard:** None  
**Contractor Responsibility:** Broken glass or mirrors not recorded on the walk through list is the Homeowner's responsibility.
  
- WARRANTY ITEM:** Malfunction of windows.  
**Performance Standard:** Windows shall operate with reasonable ease, as designed by the manufacturer.  
**Contractor Responsibility:** Correct or repair as required.
  
- WARRANTY ITEM:** Condensation or frost on windows.  
**Performance Standard:** Windows will collect condensation on interior surfaces when extreme temperature differences and/or high humidity levels are present. Condensation is usually the result of climatic/humidity conditions created by the Homeowner. As outside temperature decreases use lesser amounts of humidity. Too much humidity will also damage walls, paint, and the effectiveness of insulation. During extreme weather conditions the constant use of furnace fans is highly recommended for the movement of air over the window.  
**Contractor Responsibility:** The Contractor will take appropriate action only if condensation is directly attributed to faulty installation. Otherwise, window condensation is a result of conditions beyond the Contractor's control and no corrective action is required or will be taken by the Contractor.
  
- WARRANTY ITEM:** Air infiltration around doors and windows.  
**Performance Standard:** Some infiltration is normally noticeable around doors and window, especially during high winds. Poorly fitted weather-stripping shall be adjusted or replaced. It may be necessary for the Homeowner to have storm doors and window installed to provide satisfactory solutions in high wind areas.

**Contractor Responsibility:** Adjust or correct poorly fitted doors, windows, and poorly fitted weather-stripping.

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## FINISHES

- WARRANTY ITEM:** Cracks in interior walls and ceiling surfaces.  
**Performance Standard:** Hairline expansion/contraction cracks are not unusual in interior wall and ceiling surface. All cracks greater than 1/8 inch in width, shall be repaired.  
**Contractor Responsibility:** Repair cracks exceeding 1/8 inch in width, one time only, during the first one (1) year.
- WARRANTY ITEM:** Gypsum wallboard defects which appear during first one (1) year such as nail pops, blisters in tape, or other blemishes.  
**Performance Standard** Slight "imperfections" such as nail pops, seam lines and cracks not exceeding 1/8 inch in width are common in gypsum wallboard installations and are considered acceptable.  
**Contractor Responsibility:** Repair only cracks exceeding 1/8 inch in width, once only during the first one (1) year. Nail pops are not covered by this Limited Warranty.
- WARRANTY ITEM:** Chipped or cracked floor or wall tile.  
**Performance Standard:** Floor or wall tile shall not be chipped or cracked.  
**Contractor Responsibility:** Repair or replace tile only if recorded on the First Walk Through list.
- WARRANTY ITEM:** Ceramic tile cracks or becomes loose.  
**Performance Standard:** Ceramic tile shall not crack or become loose.  
**Contractor Responsibility:** Replace cracked tiles and re-secure loose tiles unless the defects were caused by the Homeowner action or negligence. The Contractor will not be responsible for matching discontinued patterns or for color variations in ceramic tile.
- WARRANTY ITEM:** Cracks appear in grouting of ceramic tile joints or at junctions with other materials such as bathtub.  
**Performance Standard:** Cracks in grouting of ceramic tile joints are commonly due to normal shrinkage conditions.  
**Contractor Responsibility:** Repair grouting if necessary, one time only, during the first one (1) year. The Contractor will not be responsible for color variations or discontinued colored grout. Re-grouting of these cracks is a maintenance responsibility of the Homeowner.
- WARRANTY ITEM:** Cracks developing between joints in finished wood flooring.  
**Performance Standard:** Some separation of wood flooring is normal. Cracks in excess of 1/8 inch in width shall be corrected.  
**Contractor Responsibility:** Repair cracks in excess of 1/8 inch within the first one (1) year by filling or replacing, at the Contractor's option.
- WARRANTY ITEM:** Depressions or ridges appear in the Vinyl flooring due to sub-floor irregularities.  
**Performance Standard:** Readily apparent depressions or ridges exceeding 1/8 inch shall be

repaired. The ridge or depression measurement is taken as the gap created at one end of a six-inch measurement straightedge placed over the depressions or ridge with three inches of the straightedge on one side of the defect, held tightly to the floor.

**Contractor Responsibility:** Take corrective action as necessary, to bring the defect within 1/8 inch tolerance. The Contractor will not be responsible for matching discontinued patterns or for color variations in floor covering.

**WARRANTY ITEM:** Vinyl flooring loses adhesion.

**Performance Standard:** Vinyl flooring shall not lift, bubble or become unglued.

**Contractor Responsibility:** The Contractor will not be responsible for matching discontinued patterns or for color, variations of floor covering, or for problems caused by Homeowner's neglect or abuse. The Contractor will repair or replace, at its sole option, the affected resilient floor as required.

**WARRANTY ITEM:** Seams or shrinkage gaps show at Vinyl flooring joints.

**Performance Standard:** Gaps shall not exceed 1/16 inch in width in Vinyl floor covering joints. Where dissimilar materials meet, a gap not to exceed 1/8 inch is permissible.

**Contractor Responsibility:** The Contractor will not be responsible for discontinued patterns or color variation of floor covering, or for problems caused by Homeowner's neglect or abuse.

**WARRANTY ITEM:** Exterior paint or stain peels.

**Performance Standard:** Exterior paints or stains should not peel during the first one (1) year. However, fading is normal; the degree is dependent on climatic conditions.

**Contractor Responsibility:** If paint or stain peels, the Contractor will properly prepare and refinish affected area, matching color as closely as possible. Where finish deterioration affects the majority of the wall area, the whole area will be refinished.

**WARRANTY ITEM:** Painting required as corollary repair because of other work.

**Performance Standard:** Repairs required under this Limited Warranty shall be finished to match surrounding areas as closely as practicable.

**Contractor Responsibility:** Finish repair areas as indicated.

**WARRANTY ITEM:** Deterioration of varnish or lacquer finishes.

**Performance Standard:** Natural finishes on interior wood work shall not deteriorate during the first one (1) year. However, varnish-type finishes used on the exteriors will deteriorate rapidly and are not covered by this Limited Warranty.

**Contractor Responsibility:** Touch up affected areas of natural finish interior woodwork, matching the color as closely as possible.

**WARRANTY ITEM:** Mildew or fungus on painted surfaces.

**Performance Standard:** Mildew or fungus will form on a painted surface if the structure is subject to abnormal exposures (i.e., rainfall or excessive humidity).

**Contractor Responsibility:** Mildew or fungus formation is a condition the Contractor cannot control and maintenance is the Homeowner's responsibility unless it is a result of noncompliance by the Contractor with other sections of the Performance Standards under which the Contractor agrees to take corrective action.

- WARRANTY ITEM:** Open carpet seams.  
**Performance Standard:** Carpet seams will show. However, no visible gap is acceptable.  
**Contractor Responsibility:** Correct visible gaps.
  
- WARRANTY ITEM:** Carpeting becomes loose, seams separate or stretching occurs.  
**Performance Standard:** Wall-to-wall carpeting, installed as the primary floor covering, when stretched and secured in accordance with industry standards shall not come up, become loose, or separate from its point of attachment.  
**Contractor Responsibility:** Re-stretch and/or re-secure carpeting as needed, only, if original installation was performed by the Contractor.
  
- WARRANTY ITEM:** Spots on carpet, minor fading.  
**Performance Standard:** Exposure to sunlight may cause spots on carpet and/or minor fading.  
**Contractor Responsibility:** None
  
- WARRANTY ITEM:** Cracks in exterior stucco wall surfaces.  
**Performance Standard:** Cracks are not unusual in exterior stucco wall surfaces. Cracks greater than 1/8 inch in width, shall be repaired.  
**Contractor Responsibility:** Repair cracks exceeding 1/8 inch in width, once during the first one (1) year.
  
- WARRANTY ITEM:** Splitting or shrinkage of solid wood siding or trim.  
**Performance Standard:** Wood will shrink and expand and may expose unfinished surfaces.  
**Contractor Responsibility:** None. Expansion and contraction of wood cannot be controlled.

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## SPECIALTIES

- WARRANTY ITEM:** Inadequate ventilation of attics and crawl spaces.  
**Performance Standard:** Attic and crawl spaces shall be ventilated in accordance with plans and specifications approved by the governing municipality.  
**Contractor Responsibility:** Provide for adequate ventilation. The Contractor will not be responsible for alterations to the original system unless specified.

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## CABINETS AND COUNTERTOPS

- WARRANTY ITEM:** Surface cracks, joint de-laminations and chips in high pressure laminates on vanity and kitchen cabinet countertops.  
**Performance Standard:** Countertops fabricated with high pressure laminate coverings shall not delaminate.  
**Contractor Responsibility:** Repair delaminated coverings to meet the Performance Standard. The Contractor will not be responsible for chips and cracks on vanity and kitchen cabinet countertops unless recorded on the First Walk Through list. Chips and cracks will be field patched. De-lamination due to excessive amounts of water on laminate seams is not covered by this warranty.

**WARRANTY ITEM:** Kitchen cabinet malfunction.  
**Performance Standard:** Door warping not to exceed 1/4 inch as measured from face frame to point of furthest warping with door or drawer front in closed position.  
**Contractor Responsibility:** Correct or replace doors or drawer fronts. The door may vary in grain and color of stain. The Contractor will not be responsible for cracks or chips on cabinets unless reported and recorded on the First Walk Through list.

**WARRANTY ITEM:** Gaps between cabinets, ceilings or walls.  
**Performance Standard:** Acceptable tolerance is 1/16 inch in width.  
**Contractor Responsibility:** Correct to meet Performance Standard.

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## PLUMBING

**WARRANTY ITEM:** Faucet or valve leak.  
**Performance Standard:** No valve or faucet shall leak due to defects in workmanship and materials. Condensation on piping does not constitute leakage and is not covered. Leakage caused by defective washers are considered a Homeowner maintenance item after the first year.  
**Contractor Responsibility:** Repair or replace the leaking faucet or valve.

**WARRANTY ITEM:** Plumbing pipes freeze and burst.  
**Performance Standard:** Drain, waste and vent, and water pipes shall be adequately protected, as indicated in plans and specifications approved by the governing municipality, to prevent freezing during normally anticipated cold weather.  
**Contractor Responsibility:** Correct situations not meeting the Performance Standard. It is the Homeowner's responsibility to drain or otherwise protect exterior water lines and exterior faucets exposed to freezing temperatures.

**WARRANTY ITEM:** Noisy water pipes.  
**Performance Standard:** There will be some noise emitting from the water pipe system due to the flow of water. However, excessive noises caused by air trapped in water piping shall be eliminated.  
**Contractor Responsibility:** The Contractor cannot remove all noises due to water flow and pipe expansion. The Contractor will correct to eliminate excessive noises caused by air trapped in water piping.

**WARRANTY ITEM:** Defective plumbing fixtures, appliances or trim fittings.  
**Performance Standard:** Fixtures, appliances or fittings shall comply with their manufacturer's standards.  
**Contractor Responsibility:** Repair or replace any defective fixture or fitting which does not meet acceptable standards, as defined by the manufacturer. Scratched or damaged fixtures, appliances, or fittings will be the homeowner's responsibility unless recorded on the First Walk Through list.

**WARRANTY ITEM:** Cracking or chipping of porcelain or fiber glass surfaces.  
**Performance Standard:** Chips and cracks on surfaces of bathtubs and sinks can occur when surface is hit with sharp or heavy objects.

**Contractor Responsibility:** The Contractor will be responsible for repairs only when damage has been recorded on the First Walk Through list.

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## HEATING AND COOLING

- WARRANTY ITEM:** Inadequate heating.  
**Performance Standard:** Heating system shall be capable of producing an inside temperature of 70 degrees Fahrenheit, as measured in the center of each room at a height of 5 feet above the floor, under local outdoor winter design conditions as specified in the American Society of Heating, Refrigeration and Air-conditioning Engineers (ASHRAE) handbook. Federal, state or local energy codes shall supersede this standard where such codes have been locally adopted.  
**Contractor Responsibility:** Correct heating system to provide required temperature. However, the Homeowner shall be responsible for balancing dampers, registers, and other minor adjustments. Modification of the heating system and/or the equipment by the Homeowner will be void this Limited Warranty.
- WARRANTY ITEM:** Inadequate cooling.  
**Performance Standard:** Where air-conditioning is provided the Contractor, the cooling system shall be capable of maintaining a temperature of 78 degrees Fahrenheit, as measured in the center of the room at a height of 5 feet above the floor, under local outdoor summer design conditions as specified in the ASHRAE handbook, except that in the case of outside temperatures exceeding 95 degrees Fahrenheit, a differential of 15 degrees Fahrenheit from the outside temperature will be maintained. Federal, state or local energy codes shall supersede this standard where such codes have been locally adopted.  
**Contractor Responsibility:** Correct cooling system to meet temperature conditions, in accordance with specifications approved by the governing municipality. Modification of the cooling system and/or the equipment by the Homeowner will void this Limited Warranty.
- WARRANTY ITEM:** Condensation lines clog up.  
**Performance Standard:** None  
**Contractor Responsibility:** Condensation lines may clog eventually under normal use. This is a Homeowner maintenance issue.
- WARRANTY ITEM:** Improper mechanical operation of evaporative cooling.  
**Performance Standard:** Equipment shall function properly at temperature standard set.  
**Contractor Responsibility:** The Contractor will correct and adjust so that blower and water system operate as designed for the first year.

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## VENTILATION

- WARRANTY ITEM:** Noisy ductwork.  
**Performance Standard:** When metal is heated it expands and when cooled it contracts. The result is "ticking" or "crackling" which is generally to be expected.  
**Contractor Responsibility:** None
- WARRANTY ITEM:** "Oil canning"



## **Section 7**

### **Optional Relocation Policy**

The City of Las Cruces will provide temporary rental assistance (temporary re-housing assistance), moving expense assistance, and reimbursement for expenses related to connecting and transferring necessary utilities, as described below, to eligible persons who must move temporarily during the construction, reconstruction, or rehabilitation of a dwelling approved by the City of Las Cruces for assistance under the City's Community Development Block Grant Program, HOME Program and any other program administered by the Community Development Department. This policy also applies to households affected by the Lead Based Paint Final Rule in Federal Regulations 24 CFR Part 35 and other environmental concerns. No person is required to accept the assistance described herein. Any person may choose alternate living accommodations paid for by the person without assistance from the City.

For eligible persons, the City will pay special deposits or fees, reasonable and necessary for accommodating households with small pets and service dogs for the disabled. The City will provide counseling services to advise and assist eligible persons in understanding the assistance available and the manner in which payments are made for such assistance. The City will provide portable handicap wheelchair ramps where required and bars in bathroom if required.

#### **DEFINITIONS AND DESCRIPTIONS OF TEMPORARY RELOCATION ASSISTANCE**

1. Eligible persons are owner-occupant households accepted for dwelling rehabilitation or reconstruction assistance under the City's Community Development Block Grant Program or the HOME Program, and who must move from their dwellings to permit the construction.
2. Temporary rental assistance will be paid for eligible persons to cover the City-determined reasonable and necessary costs of a suitable, adequate, decent, safe, and sanitary dwelling occupied during the rehabilitation or construction required. A limitation on rental and moving assistance may be necessary and enforced by the Community Development Staff if the total estimated assistance for rehabilitation, construction, demolition and relocation exceeds or is close to the limits established within the handbook.
3. Moving expenses will be paid to eligible persons to cover (a) moving to the temporary dwelling, and (b) moving from the temporary dwelling to the rehabilitated or reconstructed dwelling. Each such payment is based on the City's determination of the reasonable and necessary amount for such services, and may include expenses for moving and storage. No allowance for insurance is provided. No moving expense payment will be allowed or paid until the City approves the move.
4. Reasonable and necessary payments will be determined by the Community Development staff based on decent, safe and sanitary accommodations suitable for persons being temporarily re-housed. Reasonable and necessary payments will be determined by the Home Rehabilitation Program staff on accommodations chosen by the applicant: i.e. with relatives. Eligibility for the assistance described in this Policy will terminate at the end of the first complete calendar month after the date the City determines the rehabilitated/reconstructed dwelling is ready for occupancy, or 30 days after the final inspection, whichever is earlier.
5. Temporary assistance will not be continued if the City determines that problems can be corrected with the tenant or owner in occupancy of the completed dwelling, or if the circumstances requiring temporary assistance are the result of the actions of the eligible person.



Except for normal wear and depreciation, tenants will be responsible for all damages to the temporary rental unit.

## **Section 8**

### **Subordination of Mortgages Policy**

- I. After written request by the applicant and payment of \$150.00 non-refundable review fee, the City of Las Cruces will review each subordination request and will consider subordinating all mortgages without penalty for the following reasons:
  - A. To allow mortgagors to refinance only the balance plus reasonable refinancing fees for another mortgage that existed on the subject property when the mortgage was given to the City. The purpose of the refinancing shall be to secure a lower interest rate resulting in lowered monthly or periodic mortgage payments.
  - B. To allow mortgagors to secure a new loan to obtain funds for necessary improvements to the subject property due to changed family circumstances.
  - C. Other requests for subordinations such as consumer debt consolidation loans secured by an interest in the subject property will not be considered
  - D. The City of Las Cruces will not subordinate its mortgage to another mortgagor for the same property with an applicant and/or homeowner beyond second lien position.
- II. City staff will make recommendations as to whether or not the subordination request should be granted and their recommendations will be reviewed by a Review Committee for action (approval/disapproval) by the Community Development Director.
- III. All subordination paperwork must be prepared by the outside financing institution and must be reviewed and approved by the City Attorney's Office.
- IV. If staff determines that the mortgagor will profiteer (make an advantageous gain or return) or will receive cash as a part of the new financing or refinancing, the subordination request will be denied by the City unless the City is paid 100 percent of the balance owing on the mortgage at the time of refinancing. The City will then release its mortgage at that time. The funds collected from the mortgagors will go to the Home Rehabilitation Program Income Account and will be used to help other eligible individuals with their housing needs.
- V. At no time will the City grant a subordination request if the financing or refinancing will leave the City's mortgage inadequately secured in accordance with the provisions of this handbook.

## **Section 9**

### **Mortgage Confirmation and Collections Policy**

#### **I. Guidelines**

The City of Las Cruces' philosophy of "People Helping People" and our mission of friendly and personal service that is fair, honest and responsible should be considered when collection is implemented. City staff should promise only what can be delivered, honor commitments, be professional at all times, and avoid abrupt or unannounced changes in collection. Every consideration should be given to help families and individuals when collecting loans. The City of Las Cruces will always consider the well-being of the property and homeowners as part of sound collection practices.

Collection policies and procedures will apply equally to all families and individuals regardless of their professional or social standing.

It is an objective of the City of Las Cruces to be in compliance with applicable Federal and State regulations, follow Council approved procedures, and guidelines, to adequately train staff to perform their duties, and to properly document loan files.

#### **II. Owner Occupied Confirmation**

Residency conformation is required on all rehabilitation loans. This is to ensure the property has not been transferred through sale or other means not authorized by the City of Las Cruces.

Residency conformation will occur once a year. Collection staff will research utility account information, online deed information, and Social Security Death Index, to confirm the homeowner of record still occupies the home. A site visit, to the home, may be required, to ensure compliance with the terms of the mortgage.

Each homeowner must reside in there home as specified in the terms of the Promissory Note and Mortgage. A homeowner who is found to be in default will be referred to the City Attorney's office or restructuring the loan, to a qualifying party, may be done under extenuating circumstances. It is the homeowner's responsibility to inform program staff of any changes in residency.

#### **III. Authority**

The City of Las Cruces has ultimate responsibility and authority for the affairs of the Home Rehabilitation Program.

The Community Development, Home Rehabilitation Staff has oversight of collection activities. A report of delinquent loans, foreclosures, and all other significant collection activities will be provided to the Community Development Director quarterly, with a copy provided to the City's Internal Auditor.

A Home Rehabilitation Coordinator is directly responsible for collection and its activities. The Home Rehabilitation Coordinator will be designated and is authorized to make a decision, in

the City's best interest, on payment plans for loans that are delinquent by over 30 days, and/or recommendation of possible foreclosure and sale of real property.

It will be the responsibility of the Home Rehabilitation Coordinator to authorize, engage, and monitor the activities of all third party collection agents, if any, attorneys, collection agencies, repossession agents, skip tracing agencies, etc.

#### **IV. Definitions**

- "Courtesy Notice" A reminder to the Homeowner that an amount is due based on a signed contract between the Homeowner and the City of Las Cruces.
- "Delinquent Loan" A loan will be considered delinquent when it is THIRTY DAYS past due and payment has not been made, or when the Collections Department has been notified that the member will not be making a payment.
- "Loan in default" A loan will be considered in default when the terms of the loan agreement have been violated, or when specific events described in the loan agreement as constituting default have occurred.

#### **V. Collection Tools**

- The most effective tool is prompt, polite, considerate, flexible contact.
- Standard Late Notices can be generated by the computer on preprinted forms.
- Phone calls and personalized letters are made, until it is determined that no response will be forthcoming.
- Payment Plans can bring current a loan to encourage prompt repayment and avoid adversarial relations.
- Computer reports provide summaries of all delinquent loans.
- The City Attorney will always assist with real estate foreclosure and those borrowers that have declared bankruptcy, and may assist with severely delinquent accounts and those who indicate no willingness to pay.

#### **VI. Procedures**

The best time to reduce future delinquency is as it begins to happen. Concentrate on 30 days past due, which is often the largest number of delinquent loans. The collection effort begins once a loan becomes thirty days past due, or when there is any reason to believe that a payment may not be made. The homeowner will receive a late notice between the loan due date and the end of that month, communicating how seriously we take late payments, and how difficult it can be to catch up if payments get further behind.

All collection contact with homeowner will be noted. Such notes will be maintained in a neat, orderly manner and be available for review. Copies of correspondence to or from homeowners or correspondence concerning their loan will be filed in the homeowner's loan file.

A loan that is 30 days or more past due will be listed on the monthly computer generated Delinquency Report (aging report). It is normally at this point that the collection staff will begin their collection letters and/or calls to the delinquent homeowners. The first step is reviewing the loan file. There may be reason to address irregularities or documentation, accelerate collection efforts. Each month time the Staff attempts to contact all homeowners

with accounts over 30 days past due, that have not been referred to the City Attorney, collection agency, or have declared bankruptcy, will be through phone calls and personalized letters, and/or by meeting directly with the homeowner. If the contact is by phone or in person, a follow up letter is mailed confirming any conversation that determines a payment plan. If the contact is by phone or in person and a payment plan does not result, a follow up memo detailing any conversation is placed in the homeowner's file. All correspondence to Homeowners should be copied to that homeowner's loan file. It will be the duty of the collection staff to periodically review the payment plan and general status of each delinquent loan, and if substantial deviations or problems are detected, to actively follow up to determine the cause, and to develop/refine a plan for correction with the homeowner.

Legal collection efforts against homeowners who demonstrate no intention to repay their loans should be vigorously pursued. At the same time, the dignity and well being of the homeowner in default should be considered. Consideration will be given to homeowners who show by their actions that they intend to repay their obligation to the City of Las Cruces.

When speaking to a homeowner regarding their loan, staff must never use abusive or disrespectful language. The goal of the contact should be to remind the homeowner of their obligation to make timely loan payments. If necessary, to inform them of the negative consequences of late payments or a defaulted loan, and to obtain a commitment to make a payment by a specific date.

A loan that is 60-90 days delinquent calls for more serious action. Letters must be specific as to dates, alternatives, and repercussions. Information on foreclosure and counseling must be provided to the homeowner. If collection efforts against homeowners who demonstrate no intention to repay have failed, additional collection procedures may be pursued.

Generally an account may be referred to the City Attorney or a collection agency if it is 90 days delinquent and there has been no response to requests for payment.

## **VII. Late Notices**

Standard Late Notices are sent one time each month to any mortgage loan that is 30 days delinquent. This is the primary collection tool for loans that are 30 days delinquent. Any account over 90 days delinquent may either be referred to the City Attorney or collection agency. Late notices should not be mailed or delivered to customers who have filed bankruptcy, who are paying their loans through an agreement and are keeping payments with Collection staff.

Mortgages may have a 15 day-grace period. The first wave of notices is sent on the 16<sup>th</sup> day past the due date and should not go to mortgage accounts, unless they are over 30 days past due.

Letters to delinquent customers are in 2 general categories.

1. A gentle reminder from the City of Las Cruces that the loan is past due is generally used for loans 30 to 45 days past due. The notice should explain the serious consequences of delinquency.

2. A "Final Notice" letter from the City of Las Cruces stating that unless payment is made by a specified date, legal action will commence, is used when other efforts have been exhausted and satisfactory payment has not resulted. For loans greater than 90 days past due, and/or those that have failed to respond to the first letter. Copies of the Final Notice should be hand delivered and one copy regular mail as it is common for homeowners in financial trouble to ignore certified mail.

#### **VIII. Phone Calls**

The issue of late loan payments is a sensitive and confidential subject and collection calls should be made to the homeowner's home phone rather than work phone whenever possible. Confidentiality also mandates that phone messages should not mention the reason for the call. The staff should leave only their name, organization, and a return phone number.

#### **IX. Restructuring**

The staff has the authority to approve payment plans. Payments will be accepted from anyone, and regular payments from homeowner who have a commitment to paying their obligations. When a payment plan includes partial but consistent payments, such as once a week or once a month, the late fee may be waived while the payment schedule is adhered to. As long as the homeowner has not caused the City a loss, they may continue to receive unrestricted benefits.

Restructuring a loan may be done by 1) Refinancing, subject to the review and recommendation of the Home Rehabilitation Committee and with final approval by the Community Development Director and the City Attorney's Office; 2) A temporary change in payments; or 3) Forbearance. If the customer is behind due to a one time incident, and is not more than 90 days delinquent, partial payments can be accepted for up to 6 months with an approved payment plan. The payment plan would include an agreement on objectives and time limits, with the end result being the loan brought up to date. Late fees may be waived to encourage the member to achieve their goal.

Acceptable performance for delinquent accounts would be: 1) continuing payments; 2) payments sufficient to pay interest due and reduce the principal balance; or 3) adhering to a payment plan, that provides for incremental payments so that the loan is paid off within a reasonable time. "Reasonable" varies, and is based on the homeowner's situation with an aim to pay off the debt within the established mortgage.

#### **X. Bankruptcy**

Once a notice of bankruptcy filing is received, we are prohibited from contacting the person. For loan accounts, the City of Las Cruces must immediately cease all collection efforts, cease charging interest and fees, and notify the City Attorney. Notification includes sending a copy of the bankruptcy filing, the application, loan note and credit agreement, and the loan payoff amount as of the date of filing.

#### **XI. Charge Offs**

Mortgage loans will not be charged off as a loan loss unless approved by City Council, or a loan balance remains after the foreclosure and sale process is completed.

## **XII. Foreclosure**

Foreclosure will normally be imposed if payment is not made without good cause. If the homeowner is making satisfactory payments, foreclosure may be delayed. Usually an evaluation and location of the real property is the first step. The condition and estimated value should be weighed against the loan balance and chances of resale. If the collateral value is not sufficient to justify the costs of foreclosure, a decision against foreclosure may be made by the Collection Manager and/or City Attorney. Mortgage foreclosures are always referred to the City Manager.

Foreclosure is initiated by collection staff, generally after the deadline on the final demand letter has passed. If the loan is 90 days delinquent and the borrower is making payments and working on a plan to bring the loan current, foreclosure may be delayed.

Foreclosed property will be sold after the debtor is notified. The City of Las Cruces reserves the right to bid and protect its interest. No warranty or guaranty will be given. Property is sold as is.

## **XIII. Time Line for Collection Contacts**

The late notices will be in addition to other contacts if delinquency continues and will continue at the rate of 1 notice per month until loan is sent to the City Attorney.

1. 30-45 days – A Phone contact and first letter.
2. 46-60 days – A Phone contact and final letter.
3. 61-90 days – Repossession, foreclosure, or City Attorney referral may commence.

## Appendix A: Resolutions/Ordinances Related to Handbook

COUNCIL BILL NO. 06-033  
ORDINANCE NO. 2243

**AN ORDINANCE REPEALING SECTIONS 13-26 THROUGH 13-34 (HOUSING REHABILITATION PROGRAM) OF THE LAS CRUCES MUNICIPAL CODE, 1997, AS AMENDED, AND ENACTING NEW SECTIONS 13-26 THROUGH 13-34 (HOUSING REHABILITATION PROGRAM) OF THE LAS CRUCES MUNICIPAL CODE, 1997, AS AMENDED.**

The City Council is hereby informed that:

**WHEREAS**, the City of Las Cruces Municipal Code, 1997, as amended, the Housing Rehabilitation Program was established to provide rehabilitation assistance to low- and moderate-income, owner-occupied residents of the community, and

**WHEREAS**, an Internal Audit in the early spring of 2005 determined areas for improvement within the City's Home Rehabilitation Program that required an amendment to the City's Municipal Code.

**NOW, THEREFORE**, Be it Resolved by the Governing Body of the City of Las Cruces:

(I)

**THAT** section 13-26 through 13-34 (Housing Rehabilitation Program) of the Las Cruces Municipal Code, 1997, is hereby repealed.

(II)

**THAT** a new section 13-26 through 13-34 (Housing Rehabilitation Program) of the Las Cruces Municipal Code, 1997, is hereby enacted, as reflected in Exhibit, "A," attached hereto and made a part of this Ordinance.

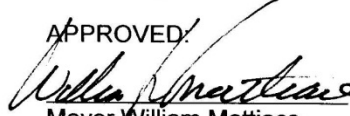
(III)

**THAT** City staff is hereby authorized to do all deeds necessary in the accomplishment of the herein above.

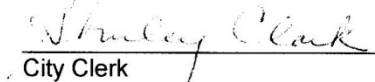


DONE and APPROVED this 7th day of November, 2005.

APPROVED:

  
Mayor William Mattiace

ATTEST:

  
City Clerk  
(SEAL)

VOTE:

Mayor Mattiace: aye  
Councillor Fietze: aye  
Councillor Connor: aye  
Councillor Archuleta: aye  
Councillor Trowbridge: aye  
Councillor Strain: aye  
Councillor Miyagishima: aye

Moved by: Fietze

Seconded by: Connor

APPROVED AS TO FORM:

  
City Attorney

RESOLUTION NO. 06-155

**A RESOLUTION APPROVING AN UPDATE TO THE HOME REHABILITATION PROGRAM HANDBOOK FOR 2005.**

The City Council is informed that:

**WHEREAS**, the City of Las Cruces Home Rehabilitation Program was last updated in March of 2003,

**WHEREAS**, the City's Internal Auditor's Office completed an audit of the Program between February and April 2005, and

**WHEREAS**, as a result of the Internal Audit review, the staff has prepared an update to both the Housing Rehabilitation Program contained in the Municipal Code and this Resolution to adopt an updated Home Rehabilitation Program Handbook.

**NOW, THEREFORE**, Be it Resolved by the Governing Body of the City of Las Cruces

(I)


**THAT** the Home Rehabilitation Program Handbook, as shown in Exhibit "A," attached hereto and made a part of this resolution, is hereby approved and adopted.

(II)

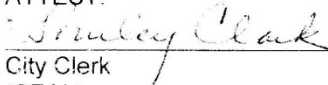
**THAT** City staff is hereby authorized to do all deeds necessary in the accomplishment of the herein above.

DONE and APPROVED this 7th day of November, 2005

APPROVED:

  
\_\_\_\_\_  
Mayor William Mattiace

ATTEST:

  
\_\_\_\_\_  
City Clerk  
(SEAL)

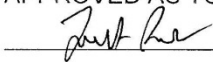
VOTE:

Mayor Mattiace: aye  
Councillor Fietze: aye  
Councillor Connor: aye  
Councillor Archuleta: aye  
Councillor Trowbridge: aye  
Councillor Strain: aye  
Councillor Miyagishima: aye

Moved by: Archuleta

Seconded by: Strain

APPROVED AS TO FORM:

  
\_\_\_\_\_  
City Attorney

**RESOLUTION NO. 06-351**

**A RESOLUTION AMENDING SECTIONS OF THE CITY'S HOME REHABILITATION HANDBOOK RELATED TO UNDERWRITING PROCEDURES AND CERTAIN GRANTS FOR REHABILITATION OF HOMES THAT HAVE HISTORIC PRESERVATION REQUIREMENTS.**

The City Council is hereby informed that:

**WHEREAS**, in November 2005, the City Council adopted a new Handbook for the City's Home Rehabilitation Program that utilizes Community Development Block Grant (CDBG) and HOME Investment Partnership Program (HOME) funds from the U.S. Department of Housing and Urban Development, and

**WHEREAS**, having used the Handbook for the last six (6) months, staff has determined that clarifications and/or additions are warranted, and

**WHEREAS**, the specific needs relate to clarifying the underwriting standards for both the credit history review and the loan-to-value ratios for all applicants, and

**WHEREAS**, there is a specific need to allow for an additional grant for historic preservation activities for those homes that are subject to review and requirements mandated by the New Mexico State Historic Preservation Division.

**NOW, THEREFORE**, Be it Resolved by the Governing Body of the City of Las Cruces:

**(I)**

**THAT** Section VI, Underwriting (Preliminary and Final) and Final Approval, of the November 2005 Home Rehabilitation Handbook is specifically amended by repealing Section VI, Subsections B and C in their entirety.

**(II)**

**THAT** Section VI, Underwriting (Preliminary and Final) and Final Approval, of the November 2005 Home Rehabilitation Handbook is specifically amended by replacing Section VI, Subsections B and C with the following:

B. Credit History

Serious consideration will be given to the applicant's prior record of meeting financial obligations.

1. Short-term Delinquencies  
No loans will be given to applicant whose credit history shows any current delinquencies more than 60 days and less than 120 days, without an exception review and recommendation by the Committee to the Community Development Director, as established elsewhere in this Handbook.
  2. Long-term Delinquencies
    - a. No loans will be approved for applicants whose credit history shows any current delinquencies more than 120 days.
    - b. No loans will be approved for applicants who have had any: 1) unpaid charge offs, 2) debts designated uncollectible by a creditor, or 3) bankruptcy, any of which has occurred within the last 3 years.
  3. Judgment Liens  
No loans will be approved for applicants with any judgment liens.
  4. Medical Exceptions  
Medical bills are excluded from consideration in regards to applicant's credit history.
  5. Grant & Deferred Payment Loans – Credit history review  
Credit history will be reviewed but will not be considered for applicants that qualify for grants and deferred payment loans only.
- C. Loan-to-Value Ratio
- A determination will be made regarding the ratio amount of encumbrances against the property on the closing date of the rehabilitation loan or grant to the after-improved, appraised market value of the property.
1. Loans only  
The loan-to-value ratio for any property shall not be greater than 85% for the loan or deferred payment loan amount of the total award.
  2. Loans with grants  
The loan-to-value ratio for any property shall not be greater than

95% for any grant or grant made in combination with a loan or deferred payment loan.

3. Change Orders

Any change orders approved after construction has commenced shall be subject to the loan-to-value ratios in #1 and #2 above, but not part of the preliminary and final underwriting procedures, provided that the increased expenses are:

- i. Added to the loan amount for any applicant below the 85% loan-to-value ratio established in item #1 above, or
- ii. Added as a grant for the applicant that exceeds the 85% loan-to-value ratio, but is below the 95% loan-to-value ratios for grants or grants made in combination with any loan. For this section and limited to change orders only, the maximum grant amount established in Section VIII is authorized to be exceeded, with the acknowledgement of the Community Development Director, as part of the change order approval process.
- iii. In the event that both loan-to-value ratios are exceeded as the result of a change order, the Community Development Director shall have the authority to grant an exception to these requirements.

4. Other exceptions

Except as provided for C.3 above, no other exception shall be granted to these ratios.

(III)

THAT Section VIII, Program Loans and Grants, of the November 2005 Home Rehabilitation Handbook is specifically amended by the addition of the following language:

B. Minimum/Maximum Loan Amounts.

- 3. There will be an exception made for residences requiring historic preservation requirements as mandated by state and/or federal law,

when such measures cause the total amount expended to exceed these limits. The first \$2,000 of all historic preservation requirements shall be applied to the loan amount for the home/property owner; however, all other expenses in excess of \$2,000 for historic preservation will be given in the form of a grant to the home/property owner. Any expenses for historic preservation in excess of \$2,000 shall not count toward the maximum limits established herein.

(IV)


THE staff is hereby authorized to do all deeds necessary in the accomplishment of the herein above.

DONE and APPROVED this 19th day of June, 2006.

APPROVED:

  
Mayor William Mattiace

ATTEST:

  
City Clerk  
(SEAL)


VOTE:

Mayor Mattiace: aye  
Councillor Fietze: aye  
Councillor Connor: aye  
Councillor Archuleta: aye  
Councillor Trowbridge: aye  
Councillor Jones: aye  
Councillor Miyagishima: aye

Moved by: Connor

Seconded by: Jones

APPROVED AS TO FORM:

  
City Attorney

RESOLUTION NO. 08-064

**A RESOLUTION INCORPORATING THE MOBILE HOME RAMP INSTALLATION PROGRAM INTO THE HOME REHABILITATION HANDBOOK AND TO AMEND OTHER SECTIONS OF THE SAME HANDBOOK RELATED TO TERMS OF LOANS, REDUCING THE LOAN AMOUNTS FOR LEAD BASED PAINT CONTROL MEASURES FROM \$5,000 TO \$2,000, AND PROVIDE CLARIFICATION TO STAFF RELATED TO GRANTS NOT BEING PART OF THE LOAN FUNDING LIMITS.**

The City Council is hereby informed that:

**WHEREAS**, In November 2005, the City Council adopted a new Handbook for the City's Home Rehabilitation Program that utilizes Community Development Block Grant (CDBG) and HOME Investment Partnership Program (HOME) funds from the U.S. Department of Housing and Urban Development, and

**WHEREAS**, the above mentioned Handbook was amended in June 2006, such amendment included underwriting procedures and certain grants for the rehabilitation of homes that have historic preservation requirements, and

**WHEREAS**, specific needs existing within the community that relate to the addition of a Mobile Home Ramp Installation Program to the Home Rehabilitation Program Handbook to be able to serve low-income disabled individuals to access their mobile home with safety and dignity, and

**WHEREAS**, having used the Handbook for the last year, staff has determined that in addition to the Mobile Home Ramp Installation Program, other clarifications and/or additions are warranted, and

**WHEREAS**, the first modification is to have the Handbook coincide with the Municipal Code and allow for home rehabilitation loans from a maximum of 25 years to a maximum of 30 years without special approval exceptions, and



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**WHEREAS**, the second modification to the Handbook is to reduce the amount applied to the home rehabilitation loan for Lead Based Paint control measures (removal) from \$5,000 to \$2,000, and

**WHEREAS**, the third modification is to ensure clarification within the Handbook provides for any of the grants provided to eligible homeowners/applicants are above and beyond the maximum loan limits of \$35,000 allocated for rehabilitation activities.

**NOW, THEREFORE**, Be it resolved by the governing body of the City of Las Cruces:

(I)

**THAT** the Mobile Home Ramp Installation Program, as shown in Exhibit "A," attached hereto and made part of this Resolution, is authorized for incorporation into the City's Home Rehabilitation Program and corresponding Handbook and is hereby approved.

(II)

**THAT** Chapter VIII, Program Loans/Grants, Part C Section 2 of the Home Rehabilitation Program Handbook is specifically amended by replacing Chapter VIII, Part C Section 2 with the following:

2. *Repayment Period*: The term for repayment of a Home Rehabilitation Loan shall not exceed 360 months or 30 years for households with adjusted area median income between 50.01%-80%.

**(III)**

**THAT** Chapter VIII Program Loans and Grants, Part B, Section 2 of the November 2005 Home Rehabilitation Handbook is specifically amended by the following language:

2. There will be an exception made for residences requiring lead based paint control measures as mandated by federal law, when such measures cause the total amount expended to exceed these limits. Additionally, the first \$2,000 of all lead based paint removal or abatement procedures shall be applied to the loan amount for the home/property owner; however, all other expenses in excess of \$2,000 for lead based paint will be given in the form of a grant to the home/property owner. Any expenses for lead based paint removal/abatement in excess of \$2,000 shall not count toward the maximum limits established herein.

**(IV)**

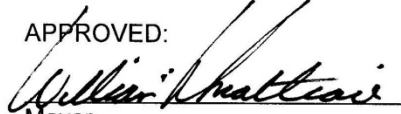
**THAT** The City Council acknowledges the memorandum of clarification, as shown in Exhibit "B," attached hereto and made part of this Resolution, regarding that grants should not be included to the funding limits of \$35,000 established in Chapter VIII Part B of the Home Rehabilitation Program Handbook.

**(V)**

**THAT** staff is hereby authorized to do all deeds necessary in the accomplishment of the herein above.

DONE AND APPROVED this 20th day of August, 2007.

APPROVED:

  
Mayor

ATTEST:

  
\_\_\_\_\_  
City Clerk  
(SEAL)


VOTE:

Mayor Mattiace:	<u>Aye</u>
Councillor Fietze:	<u>Aye</u>
Councillor Connor:	<u>Aye</u>
Councillor Archuleta:	<u>Aye</u>
Councillor Trowbridge:	<u>Aye</u>
Councillor Jones:	<u>Aye</u>
Councillor Miyagishima:	<u>Absent</u>

Moved by: Connor

Seconded by: Fietze

APPROVED AS TO FORM:

  
\_\_\_\_\_  
City Attorney

**RESOLUTION NO. 10-114**

**A RESOLUTION AMENDING SECTIONS OF THE CITY'S HOME REHABILITATION HANDBOOK RELATED TO VARIOUS ASPECTS OF HOME REHABILITATION AND THE MOBILE HOME RAMP INSTALLATION PROGRAMS.**

The City Council is informed that:

**WHEREAS**, in August 2007, the City Council approved certain amendments to the City's Home Rehabilitation Handbook; and

**WHEREAS**, since the last amendment, Home Rehabilitation Staff has been compiling information and concluded that there are modifications to the Home Rehabilitation Handbook that will improve the Home Rehabilitation Program; and

**WHEREAS**, the changes and additions are necessary to specifically improve the services that the Home Rehabilitation and the Mobile Home Ramp Installation Programs provide to qualified applicants; and

**WHEREAS**, such changes and additions are detailed in the enclosed Memorandum from the Home Rehabilitation Staff to the Community Development Director; and

**WHEREAS**, such changes and additions also encompass a new mandate from the U.S. Department of Housing and Urban Development (HUD), to ensure that the recipients of the Programs are legal citizens or nationals of the United States and HUD's recommendation to install energy efficient components and methods that positively improve energy conservation; and

WHEREAS, the City Council has the authority to approve the changes and additions to the Home Rehabilitation Program.

NOW, THEREFORE, Be it resolved by the governing body of the City of Las Cruces:

(I)

THAT the amendments in the Home Rehabilitation Handbook, as shown in Exhibit "A," attached hereto and made part of this Resolution, are hereby approved.

(II)

THAT City staff is hereby authorized to do all deeds necessary in the accomplishment of the herein above.

DONE AND APPROVED this \_\_\_\_ day of \_\_\_\_\_ 2009

(SEAL)

APPROVED:

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
City Clerk


VOTE:

Mayor Miyagishima: \_\_\_\_\_  
Councillor Silva: \_\_\_\_\_  
Councillor Connor: \_\_\_\_\_  
Councillor Archuleta: \_\_\_\_\_  
Councillor Small: \_\_\_\_\_  
Councillor Jones: \_\_\_\_\_  
Councillor Thomas: \_\_\_\_\_

Moved by: \_\_\_\_\_

Seconded by: \_\_\_\_\_

APPROVED AS TO FORM:

  
\_\_\_\_\_  
City Attorney

