



Neighborhood Enhancement Program  
Policy and Compliance Handbook  
Effective Date: April 2023

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# Section 1: NEP Overview

## Purpose

The program's intent is to fund tangible housing-oriented activities that are: implementation ready; highly visible; impactful to the neighborhood and resident's quality of life; and where there is buy-in and demonstrated support within the neighborhood and where people are engaged and facilitating change. The funding is designed for innovative, neighborhood housing-oriented activities that benefit area residents.

## Eligible Applicants

- **Non-profit 501(c)(3) agency:** Defined as an agency that is currently actively servicing a neighborhood; have at least one paid full-time agency employee; is not operating the agency via their sole principal residence; and has an operating budget exceeding \$30,000 per year.
- **Local Units of Government:**
  - **Rural** – less than 10,000 in population
  - **Non-Rural** – population between 10,001 – 49,999 that are not direct recipients of U.S. Department of Housing and Urban Development federal funds exceeding \$500,000 total allocations combined per CDBG and/or HOME program (not including relief funding).

## Eligible Neighborhood Components

Activities designed to improve the quality of life of the residents of low- or moderate-income housing or of an area undergoing neighborhood conservation or renewal:

### Required:

A. Housing Enhancements/Exterior Rehabilitation (minimum 50% of total request)

### Optional:

B. Neighborhood Public Amenity Enhancements (up to 50% of total request)

C. Housing Enhancements/Interior Rehabilitation (maximum 25% of total request)

D. Administration (maximum of up to 10% of the approved grant budget)

## Eligible Neighborhoods

A neighborhood is a defined community-based residential area where people live and share amenities/resources.

All proposed activities are restricted to income qualified neighborhood areas (see Eligibility Guidance), they must also be “designed to improve the quality of life of the residents of low- to moderate-income housing or of an area undergoing neighborhood conservation or renewal.”

- Area boundaries that are primarily residential
- Census tracts/block groups that have at least 51% low/mod residents
- Households receiving direct assistance must be at or below 120% area median income

**Eligible Occupied Property Definition: A single-family property which is zoned residential that:**

- a) has no unaddressed mortgage and/or tax delinquencies;
- b) is not subject to a foreclosure proceeding, court-ordered receivership, or nuisance abatement;
- c) has utilities services turned on;
- d) has current Homeowners Insurance;
- e) is permanently occupied by residents that identify the assisted address as their primary residence; and
- f) is affixed to a permanent foundation (No multi-family properties allowed exceeding four (4) units). All assisted properties must be standalone single-family residences with their own unique addresses.

**Project Cost**

\$24,000 is the max amount of NEP funds that can be used towards a residential project. Alternative funding source will have to be used if activity funds exceed \$24,000.

**Project Condition**

A successful place-based project must be in an eligible area and/or result in an eligible beneficiary/recipient.

**Property Condition**

Emergency repairs are restricted to permanent activities required and defined as those necessary when a lack of repair or replacement threatens the safety of occupants and if not addressed will cause structural damage to the home.

The assisted property must be currently occupied and not red tagged or defined as inhabitable based on local code.

This program is not designed to address mold, animal infestations, or other immediate threats to the health and safety of residents.

### **NEP Expectations**

- A determination of licensing, insurance, lead, asbestos, and other local requirements, including but not limited to permits, must be made by the grantee.
- Pre-approval by MSHDA must be secured prior to any work being performed and/or costs being incurred.
- A determination of required inspections and/or confirmation that all other local requirements were met must be made by the grantee.
- Completion and satisfaction with work must be formally signed and dated by the homeowner, grantee, and contractor prior to request and release of funds.

## Eligible Activity Guide

Improvements in the Neighborhood Enhancement Program can be comprised of both exterior and interior activities of a single-family home or as an enhancement to a public amenity that benefits a neighborhood.

Improvements must substantially protect or improve the basic livability of a single-family home. Improvements must be physically attached and be permanent in nature. (Note: restrictions on % of interior and exterior identified in program guidelines, cannot exceed 50/50 within the component).

Homeowners Insurance is required for all activities except emergency situations where the activity is necessary to secure the insurance. Pre-approval is required for emergency situations.

### **Category A. Exterior Eligible Repairs**

Exterior eligible repairs must make a visible impact from the street to the neighborhood and focus on safety, visibility, accessibility, and energy repairs (*Multiple eligible repairs must be undertaken per property. Should not be a standalone item such as windows, doors, or garages unless based on an energy audit*).

Examples:

- Roof, Soffit, Gutters, and Fascia (no partial replacements)
- Siding
- Porch/deck repair and installation
- Ramps
- Private driveways and sidewalks
- Fences
- Doors
- Windows

**Fencing:**

- Allowed when it is located on a corner lot which is impacting the visual aesthetics of the neighborhood.
- Allowed when it is visible from the street and/or in front of the house.
- Activity can be either repair or replacement.
- All fencing must match the neighborhood and therefore can be of any material type, including but not limited to, wood or metal that meets local requirements.
- A written justification of need for fencing is required as part of the pre-approval process.

**Landscaping:**

- Allowed in conjunction with NEP assisted activities being undertaken on the front exterior of a house.
- All landscaping activities undertaken with NEP funding must be visible from the street.
- All landscaping cannot exceed \$2,000 in NEP funding and must be leveraged dollar for dollar with non-NEP funding.

There are two types of landscaping for purposes of this program: Soft Scape and Hard Scape.

- **Soft Scape** is defined in NEP as living elements such as shrubs, perennial flowers, trees, etc. – Note: all activity undertaken for soft scape activities must be undertaken in Spring or Fall planting seasons.
- **Hard Scape** is defined in NEP as non-living elements such as rocks, bricks, planters, pavers, etc. and must be paid with leveraged funds.

A description of the need for landscaping and proof of leveraged funding is required as part of the pre-approval process.

Some green scape references are:

- Michigan Native Plant Producers Association [www.mnppa.org](http://www.mnppa.org)
- Michigan Eco-Turf, Michigan Wildflowers, and Michigan short and tall grass mixes



**Tree/Shrub Removal:**

This activity is only allowed when one of the following is met:

- a. the tree/shrub itself and/or a limb is hanging over and/or in close proximity of the home and removal is identified as needed to address a safety concern;
- b. removal addresses a structural issue for the home i.e. roots getting into pipes and/or impacting the integrity of the foundation;
- c. the removal is necessary to complete other NEP funded activities.

No cosmetic trimming and/or removal is allowed. No dead tree removal is allowed within the public right of way.

If the tree is on a property line – written agreement by all parties is required as part of the pre-approval process. Each request will require pre-approval by MSHDA on a case-by-case basis.

**Board ups:**

Board ups of properties not owned by grantee – NEP will not be financing city owned and/or land bank owned property board ups without 1) formal written permission from the owner regarding accessibility permission **and** 2) a written agreement with the city and/or land bank retaining full liability responsibilities on the site.

**New Technology Systems:**

For all funding rounds through NEP Round 7, we are not approving any exterior system installation(s) including ring doorbells and security lighting due to the additional long-term fees and maintenance costs and needs associated with each system. We are willing to look at other requests and they will be evaluated on a case-by-case basis.

**Category B. Public Amenity**

Improvements benefitting the entire neighborhood not located on private property but located on publicly owned property (or consent from owner with guidance from MSHDA, refer to [Public Amenity Site Ownership Guidance](#)). Park enhancements must be permanently affixed, if they are not, they must be stored in a secure location on site.

Examples:

- Playground Structures/ Amenities
- Walking path
- Mural

- Pocket park
- Pavilion
- Permanent benches
- Entranceway signage/lighting
- Orchards/Perennials
- Dog park
- Community spaces / raised garden beds
- Gazebo
- Picnic tables

### **Category C. Interior Eligible Repairs**

Interior repairs can be used to correct code related structural, plumbing, mechanical, electrical, and/or other health and safety violations. Funds may be used for weatherization and energy efficiency (if based on an energy audit).

Examples:

- Electrical upgrades
- Drywall (relating to an approved improvement)
- Plumbing
- Furnace or Boiler
- Water Heater
- Handicap accessible bathrooms

#### **Plumbing:**

- Activity is limited to addressing problems with household plumbing needs that are necessary to minimize a health hazard and threat.
- A written justification by the grantee of need for all plumbing activities via a licensed inspector is required as part of the pre-approval process.
- Activities can include, but is not limited to, sewer and water pipes and/or lines via repair or replacement.
- Allowed when a lack of repair or replacement threatens the safety of occupants and if not addressed will cause structural damage to the home.
- Activity cannot be undertaken for remodeling purposes.
- Activity must bring plumbing up to local code conditions.

This program will continue to encourage and assist with the repair and/or creation of public amenities focusing on outdoor public enhancement activities such as splash pads, parks, etc. that encourage outdoor events.

### **Category D. Administration**

Planning and Administration can be up to 10 percent of the grant award. Documented and itemized program planning and administration tracking is required. Please use the admin tracking form that is in the attachments at the end of this handbook.

- No generic descriptions.
- Expenses entered must match what you are requesting.
- Date ranges are not allowed.
- Must be signed by the employee and the Authorized Official. If the employee is the Authorized Official, only one signature is required.

Cost Overruns and/or overall budgeting issues beyond the grant award amount are the responsibility of the grantee and cannot be covered by MSHDA.

#### **Key items to pay attention to:**

- Before pictures, estimates, Household Income Self-Certification Form, and Homeowner Certification Form (if \$10,000 or more in work will be done) must be submitted with the Activity Pre-Approval Form in IGX.
- Do not start work and/or execute contracts until the Activity Pre-Approval Form has been approved by your Champion in IGX.
- Grantee is responsible for making sure contractors and sub-contractors are licensed and insured.
- Changes in the scope of work or increases in price, will require a revised Activity Pre-Approval Form in IGX. Changes will need to be approved by MSHDA.
- Keep a spreadsheet for all approved activities.
- The Grantee must submit Financial Status Reports for reimbursement. All billing and invoices are approved by the Grantee prior to submission for reimbursement. Checks from MSHDA are made directly to the Grantee.
- Property rehabilitation work – All work should take place on single family occupied properties (Single Family 1 – 4-unit properties only). The NEP Program is allowing assistance to rental properties, parameters and percentage of funding is determined locally, as outlined in the grant agreement. **Note: Work tied directly to non-occupied properties is not allowed. Refer to the [Non-Owner-Occupied Site Ownership Guidance](#) section of this manual.**
- If an activity that was approved does not move forward notify your Champion.

**Example #1:**

*You do 15 housing enhancements, there should be a line item for each address with amounts.*

**Example #2:**

123 Apple Street:	Lowe's:	\$100
	Menards:	\$325
	Contractor:	\$400

## Rental Units

### Single-Family Rental Rehabilitation

NEP is going to continue to focus on primarily single-family homeowner occupied neighborhoods and therefore to be eligible to apply at least 51% of the neighborhood must consist of single-family homeowner occupied homes.

This program will continue to focus on neighborhood impact and therefore at least 50% of the funding must be directed to exterior activities.

Interior activities are allowed to be undertaken for safety purposes only.

For all assisted rental/land contract properties (MSHDA Pre-Approved), regardless of the dollar amount of assistance, MSHDA liens will be required and will be in the format of a 5-year forgivable lien.

Landlords will be required to put 50% of the project down up front (can be leveraged funds or landlord's personal funds).

NEP Funding is limited to assisting a maximum of one property per rental owner within an NEP funding round.

Refer to the specific lien requirements under [Grantee Lien Requirements](#).

**Eligible Rental/Land Contract Occupied Property Criteria:** Rental/Land Contract single-family properties that:

- a) the landlord has no unaddressed mortgage and/or tax delinquencies within the community;
- b) the landlord has no unaddressed/outstanding code compliance issues within the community;
- c) a signed and dated executed contract is in place which identifies the current occupants and the monthly occupancy provisions;
- d) is not subject to a foreclosure proceedings, court-ordered receivership or nuisance abatement;
- e) has utilities services turned on and
- f) is affixed to a permanent foundation;
- g) occupant household is income-eligible; Tenant Household Income Self-Certification form must be completed. (See Attached Forms)
- h) all parties must sign a written participation consent form; and

- i) for all land contract properties, the NEP grant recipient agency must hold the land contract in their name and maintain adequate legal documents including the deed and title insurance documentation associated with ownership and occupancy at the local level;
- j) copy of signed and dated executed contract between the landlord/land contract holder and occupant has been provided to your NEP Champion;
- k) for all rental properties, the NEP grantee cannot own the property.

### **Non-Owner-Occupied Site Ownership Guidance**

A single-family property which is zoned residential that has:

- a) has no unaddressed mortgage and/or tax delinquencies
- b) is not subject to a foreclosure proceedings, court-ordered receivership, or nuisance abatement
- c) has utilities services turned on
- d) is permanently occupied by tenants that identify the assisted address as their primary residence and have a formal written lease agreement
- e) is affixed to a permanent foundation
- f) occupant household is income-eligible
- g) all parties must sign a written participation consent form
- h) for all land contract properties, the NEP grant recipient agency must hold the land contract in their name and maintain adequate legal documents including the deed and title insurance documentation associated with ownership and occupancy at the local level.

### Ineligible Improvements Activity Guide

MSHDA at its discretion will determine the specific activities it will fund during the review process; all requests will be evaluated on a case-by-case basis and be reasonable. While this funding is flexible, funding is not for the following activities: housing activities already being funded by MSHDA to other entities; rock the block events; demolition; rubbish removal; stand-alone down payment assistance; land acquisition; gravel driveways; downtown oriented activities such as streetscape/façade; non-housing oriented activities; gap financing for multi-family tax credit deals; match for crowdfunding; technical assistance; public infrastructure such as streets, curbs, sidewalks, street lights, and any activities within the public right of way; and any other activities already funded by another entity/agency including but not limited to economic development, direct business assistance, workforce training, etc. This is also not replacement funding; it cannot be re-granted and/or serve as a matching resource for another State and/or Federal Program. **Entities eligible for the Priority Home Repair Program with Habitat for Humanity of Michigan, are only eligible for Component C.**

Interior improvements to enclosed porch areas are not eligible unless exterior visible and tangible neighborhood results will also be made. NEP is designed to provide funding for structural enhancements tied directly to accessibility and/or safety only that positively enhance the neighborhood.

The grantee cannot specify that every house in the program receive the same type of assistance. For instance, a grantee cannot create a program with NEP funds that only replaces roofs.

**NEP does not reimburse for event food and/or event-oriented items (paper/plastic products, cleaning/office supplies, etc.).**

## **Section 2: NEP Action Steps All Components**



### **Public Amenity Site Ownership Guidance**

Public Amenity is defined as improvements benefiting the entire neighborhood not located on private property but located on publicly owned property which is utilized by the residents on an ongoing basis at no charge.

If you will be undertaking work on a site that is:

- a) not owned by the grantee based on the current recorded deed
- and**
- b) the assisted property is not an owner-occupied single-family structure

Then the following action steps will be required by your agency:

2. Develop a scope of work and timeline that is agreed to in writing by all parties.
3. Obtain formal written authorization and a Notice to Proceed from the current owner.
4. Obtain verification that there is current liability insurance, and all taxes are current on the site prior to any work taking place.

Examples: park improvements, such as pavilions, basketball courts, playgrounds, walking paths, dog parks, entranceway signage/lighting, orchards, community spaces/gardens, and murals.

Your agency will need to obtain written sign-off/approval by the property owner, on a per invoice basis for work completed, prior to being reimbursed by MSHDA.

### NEP Checklist for Grantees

The following is a checklist of steps that represents what MSHDA expects all grantees to complete. Documents must be maintained in local project files. The list of required documents is generally organized in a chronological order and broken into key phases of the life cycle of a specific project. *Note: There should be a separate file set up for each component and/or project.*

Step	Task	Date Completed
1. ___	Annual Profile Review Creation and Submission	_____
2. ___	Staff Report Creation and Submission	_____
3. ___	Grant Documents signed and returned to MSHDA -Grant Agreement -Certified Resolution (Non-Profits only) -Grant Closing Statement (Non-Profits only) -Authorized Signature Form (Local Units of Government only) -Exhibit A (Budget and Description) -Exhibit B (Household Self Certification Template) -Media Kit	_____
4. ___	Program Guidelines Creation by the grantee includes: -Complaint Procedure -Procurement Process -If work is being undertaken on property not owned by the grantee, then written Owner Authorization/Approval Required	_____
5. ___	Application sent out to homeowners (if applicable)	_____
6. ___	Completed Household Self-Certification Form signed and returned from selected homeowners	_____
7. ___	Verification of Property Eligibility (taxes and insurance)	_____
8. ___	At least two bids/quotes obtained for work being performed (Housing and Public Amenity enhancements)	_____
9. ___	The selected bid/quote must be accepted by the homeowner. An approval confirmation must be formally signed and dated by the homeowner, grantee, and contractor.	_____

Step	Task	Date Completed
10.____	Pre-Approval Request Form is sent to Champion: (per address) - Household Self-Certification form - Two bids/quotes that contain documentation of comparable scope of work components *three bids if equal to or greater than 25% cost difference	_____
11.____	Notice to Proceed issued by the Champion to grantee (per address)	_____
12.____	Prior to the start of work, a determination of required inspections and/or confirmation that all other local requirements were met must be made by the grantee.	_____
13.____	Energy Audits scheduled and performed (if available)	_____
14.____	Issuance of Contract with an Effective Date, Scope of Work, Completion Date, and Dollar Amount.	_____
15.____	If Change order to the Contract is required (submit a modified Pre-Approval form to Champion for approval)	_____
16.____	Issuance of modified Notice to Proceed from MSHDA to grantee	_____
17.____	Homeowner or Tenant Certification (if applicable) for projects equal to or greater than \$10,000 that require a lien	_____
18.____	Copy of Mortgage and Note for your file (originals must be sent to MSHDA and only the Mortgage should be recorded).	_____
19.____	Financial Status Report (FSR) entered in IGX that includes: - Program Administration Report filled out, signed and uploaded if billing admin - Upload invoices for all work performed that identifies contractor name, description of the work performed, dates work was performed (start and end) uploaded in IGX	_____
20.____	Retain in file all checks issued and received for each invoice.	_____
21.____	Completion sign-off/approval by owner and inspection report from city prior to releasing the five-percent holdback.	_____
22.____	Final billing from contractor: Itemized summary listing all project costs.	_____
23.____	Final Outcome Report entered in IGX that includes: - uploaded before and after pictures / video - uploaded NEP Grantee Participation Engagement Survey	_____

### NEP Project Checklist for Grantees

#### Submission of NEP Pre-Approval Request

Address: \_\_\_\_\_ Date App Received \_\_\_\_\_

Homeowner(s) \_\_\_\_\_ Phone \_\_\_\_\_

Email Address(es) \_\_\_\_\_

- SIGNED copy of NEP application and Income Self-Certification form
- TWO written bids with language that guarantees price for 45 days \*three bids if equal to or greater than 25% cost difference
- Before pictures, including one that shows front of house with address numbers
- Copy of insurance cert and license for builder (hold in file)
- Proof of current homeowner insurance or verify that insurance can be secured post construction (Preapproval is required from MSHDA) (hold in file)
- Proof that taxes are up to date or in a payment plan (hold in file)

\_\_\_\_\_ Pre-Approval form sent to MSHDA  
Date

\_\_\_\_\_ Notice to Proceed form sent to homeowner  
Date

\_\_\_\_\_ Permission granted for signage                      \_\_\_\_\_ Sign installed  
Date    Date

#### Completion of Work

- After picture
- Completion form
- Invoice

\_\_\_\_\_ FSR completed  
Date

## Program Guidelines

Program Guidelines are a requirement for NHID's Neighborhood Enhancement Program funds. They are used by NHID grantees as an outline of program offerings, program and compliance requirements, eligibility requirements, selection criteria, complaint procedures, and program processes. They are intended to inform potential participants of the program's rules, expectations, and requirements.

Ultimately, Program Guidelines protect the grantee from claims of discrimination, favoritism, or other unfair treatment. Program Guidelines should spell out in plain terms the substantive requirements of the program, so that if an applicant is denied, the reason is clearly supported by the written rules of the program. Program Guidelines should also be directed at potential participants of the NEP program.

The below information is meant to provide guidance in the formulation of the Program Guidelines. All items might not pertain and therefore will not be included.

### General Provisions

- Neighborhood Enhancement Program Goals/Purpose/Desired Outcomes
- Program Location (Target area with boundaries identified)
- Leveraged Resources (if applicable) – All needed resources need to be committed prior to project start.
- Owner Contribution (if applicable) – Must be placed in Grantee's escrow fund prior to project start. Lines of credit are not secure. (Can be nullified by the time project starts.)
- Fair Housing/Equal Opportunity/Non-Discrimination – Statement of Nonprofit Agency's Policy, Identity of Contact Person.

### Program Guidelines Content Requirements

#### Eligibility Requirements

##### *Applicants*

- Eligibility of Applicants – Household Income Self Certification Form

##### *Property*

- Building Types Assisted
- Ownership Criteria and Eligibility
- Property Condition Criteria
- Architectural drawings (if applicable for design of public amenity/infrastructure only)
- Historical Property – SHPO recommendations, Local historic review (if applicable)
- Lead-Based Paint/Asbestos Compliance (if applicable)

### *Eligible Activities*

- Clear definition of the scope of work
- Minimum/Maximum Levels of Assistance – minimum assistance is \$1,000
- Eligible/Ineligible activities
- Minimum Requirements and Standards must follow local code
- Materials – including “green” standards utilized (if applicable)

### **Rental Properties-If Applicable**

- Eligibility
- Lien Provisions
  - Housing Enhancement: 5-year; 100% forgivable, non-prorated
  - 50% of the project must be paid upfront using leveraged funds or the landlords personal funds.
- Lien Execution
- Lien Recording

### **Application Process**

- Notice of Available Funds
- Application Intake Process/Review – all activities must be clearly stated, and a written application form must be used (no carryover of non-NEP waiting lists)
- Project Selection Process/Inspections (i.e., site selection: prioritization of properties and percentage distribution of homeowners vs. single-family rental)

### **Applicant Selection**

- Selection Process/Eligibility

### **Pre-Approval Process**

- Form and Required Attachments - Household Self-Certification form, photos, and cost estimates
- Photographs (before and after – similar angle/location/reference)
- Scope of Work/Cost Estimates – minimum two estimates/quotes required \*three bids if equal to or greater than 25% cost difference

### **Contractor/Vendor Selection**

- Procurement/Small Purchase Procedures for Contractor/Vendor Solicitation
- Contractor Verification of Eligibility (State Licensing, Insurance Certifications, etc.)
- Contract Approval, Award, and Notification
- Pre-Construction Meeting (if applicable)
- Notice to Proceed
- Contractor Performance-Contractors must follow the rehab standards established in the Neighborhood Enhancement Program Handbook.
- Change orders
- Permits and Inspections/Notification Procedures (local and state code)
- Construction and Contractor Payment Provisions (holdback provisions – minimum 5%)
- Contract Extensions
- Damages

### **Lien Requirements (Homeowner or Rental)**

- Lien Provisions
  - Housing Enhancement: 5-year; 100% forgivable, non-prorated
- Lien Execution
- Lien Recording
- Pay-off Requests – consult NEP Champion

### **Complaint Resolution**

- Review Committee
- Procedures
  - Filing Complaints/Appeal Process
  - Response
  - Dispute Resolution
  - Final Recourse
  - Reinstatement

### **Program Administration**

- Confidentiality
- Files
- File Retention
- Approval Authority
- Grant Agreement and Program Compliance
- Conflict of Interest provisions
  - Officers, Board Members, donors, agents, and employees and their immediate family members are not eligible to apply or receive assistance for home repair grants under this program.

### **Fraud**

- Audit/Finance Process
- Code of Ethics/Structural
- Formal Fraud Policy
- Internal Controls
- Document Retention
- Personally Identifiable Information (PII)
- Complaint Resolution



## Fraud Plan

### **Subrecipient Program Guidelines must include a plan regarding the prevention of fraud.**

These organization specific program guideline parameters are designed to assist with developing a formal written approach to **deter**, **detect**, and hopefully **prevent** and/or mitigate the risk of fraud.

- Agencies need to establish and implement an effective and engaged audit/finance process to review and inspect certain documents directly associated with individual beneficiary activities on an informal ongoing basis and formally on a quarterly basis.
- Agencies need to establish a code of ethics/structural overview including both formal guidelines of the specified acceptable applicant intake criteria clearly defined applicant award parameters. This overview is designed to provide transparency to applicants and minimize grey areas of the review, selection, and award process.
- Agencies need to adopt a formal fraud policy that identifies procedures to be followed for suspected fraud and the methodology employees should utilize to report their suspicions. Note: MSHDA has a fraud hotline and electronic form that can be utilized.
- Agencies must ensure that effective internal controls are in place and enforced. At a minimum, two check signatures must be required and safeguards must be in place to ensure adequate oversight and separation of duties is being conducted on a regular basis. Entities that have been cited for internal control issues within the past 5 years must disclose that to MSHDA as part of the organization/financial review process.
- Agencies who receive \$750,000 or more in federal funds during the agency's fiscal year are required to follow the [NHID Supplemental Audit Guide](#).
- Agencies must have a formal written document retention policy and records Containing Personally Identifiable Information (PII) must be carefully stored in an area accessible only to necessary staff. And records must be retained for three years after the closeout date, according to the written agreement requirements.
- Agencies must have complaint resolution procedures established in their program guidelines.

**If you suspect fraud, please call the local police and submit a complaint to MSHDA. Any representations to the contrary are false and should be immediately reported to MSHDA by calling 517-335-9953 or by submitting a fraud complaint on the MSHDA Website: [MSHDA Fraud Complaint Form](#)**

## Licensing Requirements

Each grantee must ensure that the work is undertaken by a knowledgeable, experienced, and capable individual. Grantee assumes responsibility and oversight of all work performance and to ensure cost reasonableness.

**Note: The activities outlined below are not all eligible under NEP, please refer to the Eligible Improvements Activity Guide.**

**You should be aware that all contractors offering to do work, which totals \$600 or more in labor and materials must be licensed by the Department of Licensing and Regulatory Affairs.**

A **Residential Builders license** allows a contractor to build a complete residential structure and to do maintenance & alteration (remodeling) work on a residential structure.

A **Residential Maintenance & Alteration license** indicates that the holder has met requirements for one or more of the following trades:

- Carpentry
- Concrete
- Excavation
- Insulation Work
- Masonry
- Siding
- Roofing
- Screens and Storm Sash
- Gutters
- Tile & Marble
- House Wrecking
- Swimming Pools
- Basement Waterproofing

The trades for which a Maintenance & Alteration contractor is qualified to practice are listed on the license.

The holders' state license must be displayed in the place of business and all contractors, and their salespersons must carry a pocket card which you should ask to see. If they cannot show you a license, check the department's License Information database or call the Licensing Division at 517-335-9700.

Generally, we suggest you look at the definition of a Residential Builder and the list of specialty trades for a Residential Maintenance & Alteration Contractor to see what is required to be licensed. You may wish to review Article 24 of the Occupational Code and read sections 339.2401, 339.2403, and 339.2404. However, over the years some specific services have been removed from the licensing law or rules.

### **Activity License Requirements**

#### Required

- New Construction/Remodeling of Homes, Apartment Buildings, Condominiums, Townhouses, etc.
- Carpentry
- Concrete
- Excavation
- Insulation Work Requiring Masonry
- Painting & Decorating
- Siding
- Roofing
- Screen & Storm Sash
- Gutters
- Tile & Marble
- House Wrecking
- Swimming Pools
- Replacement Windows/Doors /Garage Doors
- Laying Wood Floors
- Basement Waterproofing

#### Not Required

- Drywall
- Awnings
- Pavers Without Mortar
- House Moving
- Carpeting & Vinyl Floors (Not Wood)
- Fences
- Sewer & Septic, Water Lines, Sprinklers
- Asphalt Paving
- Plaster & Lath

## Procurement Requirements

Procurement – small purchase procedures are used to provide written documentation on how your agency will validate that the expenses made are reasonable and necessary. The purchase procedures should be part of your program guidelines and followed when selection of contractor(s) occur.

A minimum of two written quotes/cost estimates obtained via phone, internet, etc., that are comparable in scope for each activity are needed in order to obtain a Notice to Proceed. If the gap between the two quotes/cost estimates is equal to or greater than 25% (rounded) of the lowest quote/cost estimate you must seek a third quote/estimate.

The estimates can be from:

**Stores** – dated receipts/invoices, activities itemized by type and cost

**Contractors** – can be verbal quotes on telephone if clearly documented with the date, time, parties on the call, activities itemized by type and cost

The grantee must follow procurement procedures, obtain bids for all necessary work (labor and materials), and determine reasonableness prior to issuing a Notice to Proceed.

### Volunteers

We will allow volunteer labor for work not requiring a licensed contractor, based on local requirements as long as lead/asbestos testing is conducted upfront, and property does not have Lead/Asbestos issues identified based on test results.

***If a property owner is a licensed contractor and requests to complete the work on their own property, then all purchases including supplies and equipment must be purchased and completed by the grantee on their behalf based on the procurement requirements outlined above.***

**Michigan State Housing Development Authority  
Neighborhood Enhancement Program (NEP)  
Residential  
Rehabilitation Standards**

The NEP Single-Family Rehabilitation Standard is a template for creating a minimum performance standard for a rehab program. These standards are a guide for decision-making about what specifications should be applied in what situations to produce safe, decent, durable, and high-performing homes.

Single-Family Housing Rehabilitation Standards are designed to give clear directions to contractors in work write-ups that are incorporated in rehabilitation contracts. The standard is a tool for Rehabilitation Specialist to accurately identify items to include in the more detailed work write-up that becomes part of the contract documents. This Standard is designed to be used with single family detached, and rental housing one- to four-unit dwellings of three stories or less.

This document is a template and, as such, customization is required regionally throughout Michigan. In the process of customization, you should adapt these documents to your local climate, housing stock and program goals. Users should consider the following factors in their customization:

These standards provide an example of good practices but does not capture the specific requirements of your locale or housing program. The successful implementation of the Single-Family Housing Rehabilitation Standards require research into the various regulatory requirements of your program, an analysis of your local market to determine standard treatments, and a clear vision of your project budgets. Careful review is required for every section of the document to ensure it reflects the requirements of your organization's programs, clients, housing stock and climate.

**Local Policy (examples)**

- Local costs and budget considerations
- Zoning codes
- Housing codes
- Regulatory requirements
- Climate
- Marketability
- Local product availability

These standards also include basic requirements of regulatory agencies such as the Environmental Protection Agency (EPA); Housing or Zoning Codes; federal, State Historic Preservation Office (SHPO) and local Historic Preservation requirements, Occupational Safety and Health Act. (OSHA) and Healthy Homes Section of Michigan Department of Health and Human Services (MDHHS).

In the NEP Single-Family Housing Rehabilitation Standard, you will typically find both a Repair Standard and a Replacement Standard for each category of component listed. The Repair Standard defines how to meet the standard by repairing the respective component. The Replacement Standard defines how to meet the standard when replacing or installing the respective new component. There are limited instances where only one standard applies.

### **NEP Eligible Activity Guide**

Improvements in the Neighborhood Enhancement Program are outlined in the grant agreement and can be comprised of both exterior and interior activities of a single-family home or as an enhancement to a public amenity that benefits a neighborhood.

Improvements must substantially protect or improve the basic livability of a single-family home. Improvements must be physically attached and be permanent in nature.

Homeowners Insurance is required for all activities except emergency situations where the activity is necessary to secure the insurance. Pre-approval is required for emergency situations that includes a letter from the insurance company verifying insurability post construction.

### **Exterior**

Exterior eligible repairs must make a visible impact from the street to the neighborhood and focus on safety, visibility, accessibility, and energy repairs. Multiple eligible repairs must be undertaken per property based on need, subrecipients should not be offering just a standalone item.

#### **Examples:**

- Roof, Soffit, Gutters, and Fascia (no partial replacements)
- Siding
- Porch/deck repair and installation
- Ramps
- Private driveways and sidewalks
- Fences
- Doors
- Windows

## Roofing

### Flat and Low-Slope Roofing

#### Repair Standard

- Built-up roofing that is leak-free will be re-coated and flashing and accessories repaired if their minimum life is questionable.

#### Replacement Standard

- No more than 2 layers of roofing are permitted. Install fiberglass, asphalt, 3-tab or architectural, class A shingles with a prorated 25/30-year warranty. When possible, a continuous ridge vent will be installed over 30-lb felt with new drip edge on all edges. Ice and water shield and starter strips will be installed per local/state codes and manufactures specifications.

### Pitched Roofs

#### Repair Standard

- Missing and leaking shingles and flashing will be repaired on otherwise functional roofs. Slate, metal, and tile roofs will be repaired when possible. Unused antennae will be removed.

#### Replacement Standard

- No more than 2 layers of roofing are permitted. Install fiberglass, asphalt, 3-tab or architectural, class A shingles with a prorated 25/30-year warranty. When possible, a continuous ridge vent will be installed over 30-lb felt with new drip edge on all edges. Ice and water shield and starter strips will be installed per local/state codes and manufactures specifications.

### Gutters and Downspouts

#### Repair Standard

- Gutters and downspouts must be in good repair, leak free and collect storm water from all lower and upper roof edges where needed. Concrete or plastic splash blocks will be installed to move water away from the foundation. The system must move all roof component storm water away from the building and prevent water from entering the structure. Downspout outlets will be a minimum of 3 feet away from the foundation.

#### Replacement Standard

- K-Style aluminum gutters & downspouts will be installed and collect storm water from all lower roof edges and upper roof areas where needed. Concrete or plastic splash blocks will be installed to move water away from the foundation. The system must move all storm water away from the building and prevent water from entering the structure. Downspout outlets will be a minimum of 3 feet away from the foundation.

### Roof Water Runoff Grading

#### Repair Standard

- All grading adjacent to the building and for a distance of at least 10 feet away from the building will slope away from the structure at a pitch of at least 1 inch per foot. All bare earth will be reseeded, or sod will be installed to cover.

#### Replacement Standard

- NA

### Roof Ventilation

#### Repair Standard

- 1 square foot (SF) of free venting must be supplied for every SF of area directly under the roof if there is no soffit venting. 1 square foot of free venting must be supplied for every 300 SF of area directly under the roof if 20% of the venting is soffit vent and if the living space ceiling directly below the roof.

#### Replacement Standard

- The venting requirements are the same as with the Repair Standard above with a strong preference for a combination of ridge vents and soffit vents.

### Siding

#### Repair Standard

- Siding and trim will be intact and weatherproof. All exterior wood components will have a minimum of one continuous coat of paint or stain, and no exterior painted, or color-stained surface will have deterioration. Buildings designated as Historic, will have exterior repairs approved by local historic district guidelines.

#### Replacement Standard

- Siding replacement will match the existing configuration utilizing maintenance free materials where feasible. If replaced, soffit and fascia material will be vinyl or aluminum.

### Porches

#### Repair Standard

- Deteriorated concrete porches will be repaired when possible. Unsafe wood porch components will be repaired with readily available materials to conform closely to the existing structure and/or porches in the neighborhood. Porch repairs will be structurally sound, with smooth and even decking surfaces. Deteriorated structural components will be replaced with non-decay type material, size and material profile will be replicated to original conditions as best possible.



### **Replacement Standard**

- Porches on buildings will be rebuilt to conform closely to historically accurate porches according to the house type and the neighborhood. Porch decks will be replaced with non-decay material, size and material profile will be replicated. Replacement railings will meet code and appropriate neighborhood railing styles. Replaced structural components will be non-decay type material and replicated to original conditions as best possible. When replacing structural porch components, a building permit is required.

### **Railings**

#### **Repair Standard**

- Existing handrails will be structurally sound. Guard rails are required on any accessible area with a walking surface over 30" above the adjacent ground level. Sound railings may be repaired if it is possible to maintain the existing style. On historic structures railing repairs will be historically sensitive.

#### **Replacement Standard**

- Handrails will be present on one side of all interior and exterior steps or stairways with more than two risers and guard rails around porches or platforms over 30" above the adjacent ground level and will meet state and local codes. Handrails and guard rails will conform to the style of similar components in the neighborhood. On historic structures new hand and guard railings will be historically sensitive.

### **Steps and Decks**

#### **Repair Standard**

- Steps, stairways, and porch decks will be structurally sound, reasonably level, with smooth and even surfaces. Repairs will match existing materials.

#### **Replacement Standard**

- In non-historic structures, wood decking and steps may be replaced with non-decay type material. New steps will be constructed from pressure treated wood, concrete, or other environmentally friendly non-decay type material. On historic structures, new wood decking will be sensitive to original style for the neighborhood and existing building.

### Private Driveways and Sidewalks

#### Repair Standard

- Essential paving, such as front sidewalks and driveways with minor defects, will be repaired to match. Tripping hazards greater than 3/4" must be addressed. Non-essential unusable, paving, such as sidewalks, will be removed and appropriately landscaped.

#### Replacement Standard

- Un-repairable essential walks and driveways will be replaced with permeable paving when financially feasible or concrete/asphalt per city ordinances. Handicapped-accessible ramps are an eligible expense however the design and style of such ramps must be approved by the NHID Construction manager.

### Fencing, Landscaping, Tree/Shrub Removal Policy.

Please see the [Exterior Eligible Repair](#).

#### Fencing

#### Replacement Standard

- Replacement of deteriorated fencing is encouraged to remove blight. The style of fencing must be generic with neighborhood conditions. Follow local codes and ordinances for placement and height of new fencing.

### Garages and Outbuildings

#### Repair Standard

- **NOTE: Garage repair is permitted on attached garages only.** Detached garages may be repaired as determined by the NEP Champion on a case-by-case basis but must be visible from the street.

#### Replacement Standard

- N/A

### Trees and Shrubbery

#### Repair Standard

- Trees that are dead or hazardous will be removed. Removal will include cutting close to the ground, grinding of the stump to 12 inches below the finished grade, installation of topsoil and re-seeding. Removal addresses a structural issue for the home, roots getting into pipes and/or impacting the integrity of the foundation.

#### Replacement Standard

- Replacement trees and shrubs are permitted if economically feasible. In placement of trees, attention should be paid to shading the house to reduce air conditioning costs. Also, trees should be located a sufficient distance from foundations, sidewalks, walkways, driveways, patios, and sidewalks to avoid future damage from root growth

and branches brushing against the structure. Setbacks from structures should typically exceed half of the canopy diameter of a full-grown example of the species. Removal addresses a structural issue for the home, roots getting into pipes and/or impacting the integrity of the foundation.

### House Numbers and Mailboxes

#### Repair Standard

- All houses will have 4" house numbers clearly displayed near the front door, and a standard size mailbox, preferably wall-hung at the entrance.

#### Replacement Standard

- All houses will have 4" house numbers clearly displayed near the front door, and a standard size mailbox, preferably wall-hung at the entrance. Color and style by owner.

### Exterior Security Lighting

#### Repair Standards

- Bulb Replacement Only: DOE Recommended LED bulbs. NOTE: If the current fixture does not allow for LED bulbs, the fixture shall be replaced per (Replacement Standard). This category would only be allowed when other exterior NEP activities are being undertaken.

#### Replacement Standards

- When replacement or installation of exterior lighting is performed, all new lighting fixtures and bulbs shall be energy efficient lighting per Department of Energy Standards. Minimum Standard: LED fixtures and bulbs shall be the replacement standard unless otherwise recommended by the Department of Energy.
- When designing outdoor lighting, consider the purpose of the lighting along with basic methods for achieving energy efficiency.

#### Outdoor lighting for homes generally serves one or more of purposes:

- Aesthetics, illuminate the exterior of the house and landscape.
- Security, illuminate the grounds near the house or driveway.
- Utility, illuminate the porch and driveway to help people navigate safely to and from the house.
- Security and utility lighting does not necessarily need to be bright in every instance to be effective.
- Consider LED flood lights with combined photosensors and motion sensors in the place of other security lighting options.
- [Lighting Controls | Department of Energy](#)

- Make sure outdoor light fixtures have reflectors, deflectors, or covers to make more efficient use of the light source and help reduce light pollution
- Whenever possible use outdoor solar lighting fixtures
- [Outdoor Solar Lighting | Department of Energy](#)
- Use timers and other controls to turn decorative lighting on and off.
- Energy Efficient Lighting Information, Décor Ideas and Products.
- [Lighting Design | Department of Energy](#)
- [Top 8 Outdoor Lighting Safety Tips To Keep You Safe \(lightscoop.com\)](#)

### Structural Walls

#### Repair Standard

- **NOTE: Structural walls can only be repaired as part of an approved rehabilitation activity and cannot be a standalone repair. Must be approved by your NEP Champion.** Structural framing and masonry will be free from visible deterioration, rot, or serious termite damage, and be adequately sized for current loads.

#### Replacement Standard

- New structural walls will be minimum 2" x 4", 16" OC. All exterior walls that are part of the building envelope the air barrier and thermal barrier separating the conditioned space from the non-conditioned space will be insulated and sheathed to current code.

### Entry Doors & Storm Doors

#### Repair Standard

- Exterior doors will be solid, weather-stripped and will operate smoothly. They will include a peep site or light panel, a dead bolt, and an entrance lock set keyed to match. Storm doors shall seal tight when closed.

#### Replacement Standard

- Replacement doors at the front of the building will be historically sensitive to the neighborhood and existing home. Various styles of insulated steel light panel doors may be installed. Dead bolt and handle locks will be installed on all exterior doors keyed to match. All new doors will be weather-stripped to be airtight. New storm doors shall be insulated, seal tight when closed and ventilated with either one screen for full view or two screens with double glass.

### Windows

#### Repair Standard

- All windows will operate, remain in an open position when placed there, lock when closed and the open section will be covered with a screen.

### Replacement Standard

- Windows that are not repairable may be replaced and will meet the ENERGY STAR standard for geographic region.  
[http://www.energystar.gov/index.cfm?c=windows\\_doors.pr\\_anat\\_window](http://www.energystar.gov/index.cfm?c=windows_doors.pr_anat_window)
- Windows on key façades of historically sensitive properties will be of the style, size and profile of the existing windows and be locally approved. New windows on other properties may be vinyl and double-glazed. Please see the following websites for guidance on energy efficient windows.

[Consumer Guide to Energy-Efficient Windows](#)

[ENERGY STAR Program Requirements for Windows, Doors & Skylights](#)

### Basement Windows

#### Repair Standard

- Basement windows must be operable for ventilation, in good working order, and lockable.

#### Replacement Standard

- Basement windows may be replaced with glass block. If so, a minimum of 2 glass block windows on opposite sides of the building must have operable and lockable center vents. Hopper type windows may be replaced by like windows.

### Interior

#### Interior Walls and Ceilings

##### Repair Standard

- NOTE: Drywall or plaster holes, cracks will be repaired to match the surrounding surfaces (**only when associated with approved rehabilitation activities**).

##### Replacement Standard

- NOTE: **Standalone drywall or plaster and/or painting repairs are prohibited unless directly related to an improved rehabilitation activity.** When repair is necessary, plaster will be replaced by gypsum board. Fire-rated assemblies will be specified on a project-by-project basis as required by local codes.

### Insulation

#### Repair Standard

- Repair and/or replace visible damaged insulation. NOTE: the insulating area must be part of a larger activity, in a habitable room, attic or basement.

### **Replacement Standard**

- All insulating projects will be part of a larger activity in a habitable room or basement. Any insulating will be completed utilizing the Department of Energy (DOE) R-values and utilize approved insulation types that comply with Michigan Residential Codes. For the recommended R-Values per climate zone see the following link: [R-values](#)

### **Electric, Plumbing and HVAC**

*If taking on an eligible NEP Interior related repairs and or other health safety violations then NEP funds could be used to assist activity specific corrections to code and related structural, plumbing, mechanical, electrical, and/or other health and safety violations.*

#### **Ground Fault Interrupter Circuits**

##### **Repair Standard**

- Non-functioning GFCIs will be replaced. Receptacles within 6' of a sink and/or water supply will be replaced with a GFCI-protected receptacle or protected by a GFCI device.

##### **Replacement Standard**

- Receptacles within 6' of a sink and/or water supply will be replaced with a GFCI-protected receptacle or protected by a GFCI device.

#### **Electric Distribution**

##### **Repair Standard**

- Existing receptacles, fixtures and switches will be safe and grounded.

##### **Replacement Standard**

- When rewiring is necessary, the National Electric Code (NEC), Michigan Electric Code (MEC) and Local codes will apply.

#### **Plumbing**

##### **Repair Standard**

- Waste and vent lines must function without losing the trap seal.

##### **Replacement Standard**

- When walls are removed exposing vent and waste lines those lines will be reworked to the current mechanical code and/or plumbing code as appropriate.

#### **Plumbing Fixtures**

##### **Repair Standard**

- All bathroom plumbing repairs would have to be pre-approved.

### Replacement Standard

- **Replacement plumbing fixtures are allowed when part of an approved rehabilitation activity.** Single lever, metal faucets and shower diverters with 15-year, drip-free warranty and maximum 2.0 GPM flow. White ceramic low-flow toilets (1.3 Gal), double bowl stainless steel sinks, and fiberglass tubs with surrounds.

### Water Supply

#### Repair Standard

- **Water Supply is allowed when part of an approved rehabilitation activity.** The main shut off valve must be operable and completely stop the flow of water to the house. All fixtures must be leak-free and deliver sufficient water.

#### Replacement Standard

- **Water Supply is allowed when part of an approved rehabilitation activity.** The main shut off valve must be operable and completely stop the flow of water to the house and should be replaced if it does not. Lead and galvanized pipe that is part of the water service or the distribution system will be replaced with copper, plex or equivalent. All new fixtures will have brass shut off valves. Freeze-protected exterior hose bibs are required when replaced.

### Heating Systems

#### Repair Standards

- Workable existing heating systems will be inspected and serviced to operate in a safe manner with the highest energy efficiency possible for the heating unit.
- Boiler Systems shall be inspected for proper operation and repaired as applicable for good operation and energy efficiency.
- Electric heating systems shall not be removed and replaced unless they are inoperable and if they are replaced a current energy star approved rating is required.

#### Replacement Standards

- Gas-fired heating plants will be rated at > 96% AFUE or better. Oil-fired boilers will be rated at > 85% AFUE or better. All heating units shall be properly sized utilizing the climate zone & area square footage to determine British Thermal Units (BTUs). A professional Heating & Cooling Contractor shall perform all calculations.
- Metrics for HVAC Systems & IECC Climate Zone Map; [IECC climate zone map | Building America Solution Center \(pnnl.gov\)](#)
- Programmable Thermostats shall be installed on all new heating systems regardless of type.

## Water Heaters

### Repair Standards

- Gas water heaters more than 3 years old may be repaired if a repair will make it operable.

### Replacement Standards

- All New Water Heater units shall meet Energy Star Certification. Tank type units shall be a minimum 40-gallon, 40,000 BTU natural or propane gas-fired water heater with a 10-year warranty, installed to the mechanical code and electrical code as applicable.
- Energy Star Certified Heat Pump Water Heaters can be installed when feasible.

## Environmental Related Treatments and Standards

*The following environmental rehabilitation component standards shall be part of a holistic rehabilitation activity. **No stand-alone environmental activities are allowed.***

### Residential Environmental & MIOSHA Lead Based Paint (LBP)

#### Repair Standards

- For all houses constructed prior to 1978 and investment of \$5,000 or more in NEP Funds and the local determination was that lead based paint provisions needed to be followed.
- EPA Certified Firms shall perform Lead-safe Work Practices on Interim Control projects.

[BSR-STD- \(michigan.gov\)](http://michigan.gov)

#### Replacement Standards

- When stabilization of surfaces containing LBP is impractical, the most affordable solution for abatement of the component will be chosen. Walls containing LBP may be covered with drywall or gutted and replaced with drywall. Trim and other wood or metal components containing hazardous LBP may be removed and replaced with similar materials. Lead-safe work practices must be followed.

## Asbestos

### Repair Standards

- **Standalone asbestos remediation is prohibited in NEP projects.** Non-friable intact Asbestos materials that are not creating a hazard such as cementitious exterior wall shingles may be left intact and painted if appropriate. Asbestos-resilient floor tiles may be labeled as such and covered with underlayment and new resilient flooring. [MIOASHA Asbestos Fact.pdf](#)



### Replacement Standards

- **NOTE: Asbestos remediation for the NEP program is acceptable (when directly associated with approved activities).** Friable asbestos components such as boiler or pipe insulation, badly deteriorated cementitious shingles or deteriorated flooring will be removed and, if necessary, replaced with non-hazardous materials.
- [2020-055 LE CS Part 602 Asbestos in Construction \(print version\) \(michigan.gov\)](#)

### Fire and CO Alarms

#### Repair Standard

- Existing fire and smoke, carbon monoxide systems that meet code will be repaired to operating condition. Not a standalone activity.

#### Replacement Standard

- **Fire and CO Alarm installation is not allowed unless part of an approved rehabilitation activity.** Directly wired smoke detectors are required on each dwelling floor and in all bedrooms. CO detectors are required with all fuel-burning furnaces and water heaters in sleep areas and on each floor level. Wireless smoke detectors may be used on rehabilitation projects only if approved by the Local Building Inspector and/or Fire Chief.

## Grant Reporting

The NEP grant is managed using the [MSHDA Grants System](#) in IGX. Detailed instructions can be found in the [NEP IGX System Guide-Grantees](#).

### Financial Status Reports (FSR)

To complete the FSR you will need to complete the following sections:

- Select the radio button determining if this is the final FSR or not.
- Fill in the Current Report Period. This should encompass all the dates on the invoices in the FSR.
- Complete the Expense Detail section for each house included in this FSR. If you need to include more than one line, click the + button at the end of the Expense Detail line.
  - Budget Category-Use the drop down to choose NEP or admin.
  - Address-Enter the address.
  - Description-Enter a description for the NEP eligible activity.
  - Amount of Invoice-Enter the total amount of the invoice, including money that will not be covered by the MSDHA grant.
  - Amount Billed to MSHDA-This should include only the amount of the amount of the invoice that will be billed to MSHDA.
  - Supporting Documentation-Upload the invoice(s).

### Activities

#### Activity Pre-Approval Form

To complete the Activity Pre-Approval Form you will need to complete the following sections:

- Activity Data Capture
  - Address Information
  - Budget
- Property Information
- Supporting Documentation
- Pre-Approval Form
  - Before Pictures
  - Estimates
  - Household Income Self-Certification Form
  - Homeowner Certification Form (if the project will require a lien)

### **Activity Completion Form**

To complete the Activity Completion Form you will need to complete the following sections:

- Activity Completion
  - Updated Budget (budget increases require a revised Activity Pre-Approval Form)
- Supporting Documentation
  - After Pictures
  - Household Participation Engagement Survey
  - Approval And Request for Contractor Payment
  - Homeowner Mortgage (if the project requires a lien)
  - Homeowner Note (if the project requires a lien)

### **Final Outcome Report**

To complete the Final Outcome Report you will need to complete the following sections:

- Project photos showcasing the projects.
- NEP Grantee Participation Engagement Survey

**MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY  
NEIGHBORHOOD HOUSING INITIATIVES DIVISION  
Subject: Complaint Procedure**

**Effective Date: November 1, 2018**

The purpose of this policy bulletin is to outline requirements for NHID Grantees to establish a client complaint procedure for consistent resolution of conflicts. Complaints may come from applicants for assistance, owners, dissatisfied with work, participating contractors, or other interested parties.

**A GRANTEE'S CLIENT COMPLAINT PROCEDURE MUST**

1. **Be outlined in Grantee's Program Guidelines.** Clients and contractors must be informed of the complaint procedure when they are selected to participate in the program or upon receipt of a written complaint.
2. **Establish a timely response.** Ensure that a client's initial complaint is responded to by the program administrator within 15 working days of the date of the complaint.
3. **Require that the Chief Executive Officer (CEO) or Executive Director** of the grantee be informed of any complaint the program administrator fails to resolve. The grantee (at its option) may ask the CEO to review the case and recommend a resolution.
4. **Provide for the establishment of a review committee**, to be comprised of at least three people, which must hear all cases that cannot be successfully resolved by the program administrator (and CEO if he/she is part of the complaint procedure). It is recommended that the committee members serve a specified number of years.  
**The review committee should be comprised of:**
  - A person with building/construction expertise (completely separate from the contractor who is part of the complaint);
  - A local community representative; and
  - A representative of the grantee (but should not be administrator or staff member of housing program)**The claimant** may choose to make a presentation or submit a written description (including documentation) to the committee for review.
5. **Establish process to notify the client in writing of the review committee's decision** within 15 working days of the date of the hearing.

This policy covers the following processes:

- The grantee's client complaint procedure
- Referrals to Dispute Resolution Services
- MSHDA review of complaint
- Resolution determined by MSHDA

## REFERRAL TO DISPUTE RESOLUTION SERVICES REQUIRED IF CONFLICT NOT SATISFACTORILY RESOLVED

Should the above listed efforts fail to resolve all outstanding issues, grantees must seek the services of the closest Dispute Resolution/Mediation Program. The costs, if any, for using mediation to seek resolution of the dispute are eligible administrative costs under MSHDA's Neighborhood Housing Initiatives Division grant agreements. A list of Community Dispute Resolution Program (CDRP) Mediation Centers may be found at <http://courts.mi.gov/administration/scao/officesprograms/odr/pages/community-dispute-resolution-program.aspx> . Attached is a process map for a typical complaint procedure (**Attachment A, Client Complaint Procedure**).

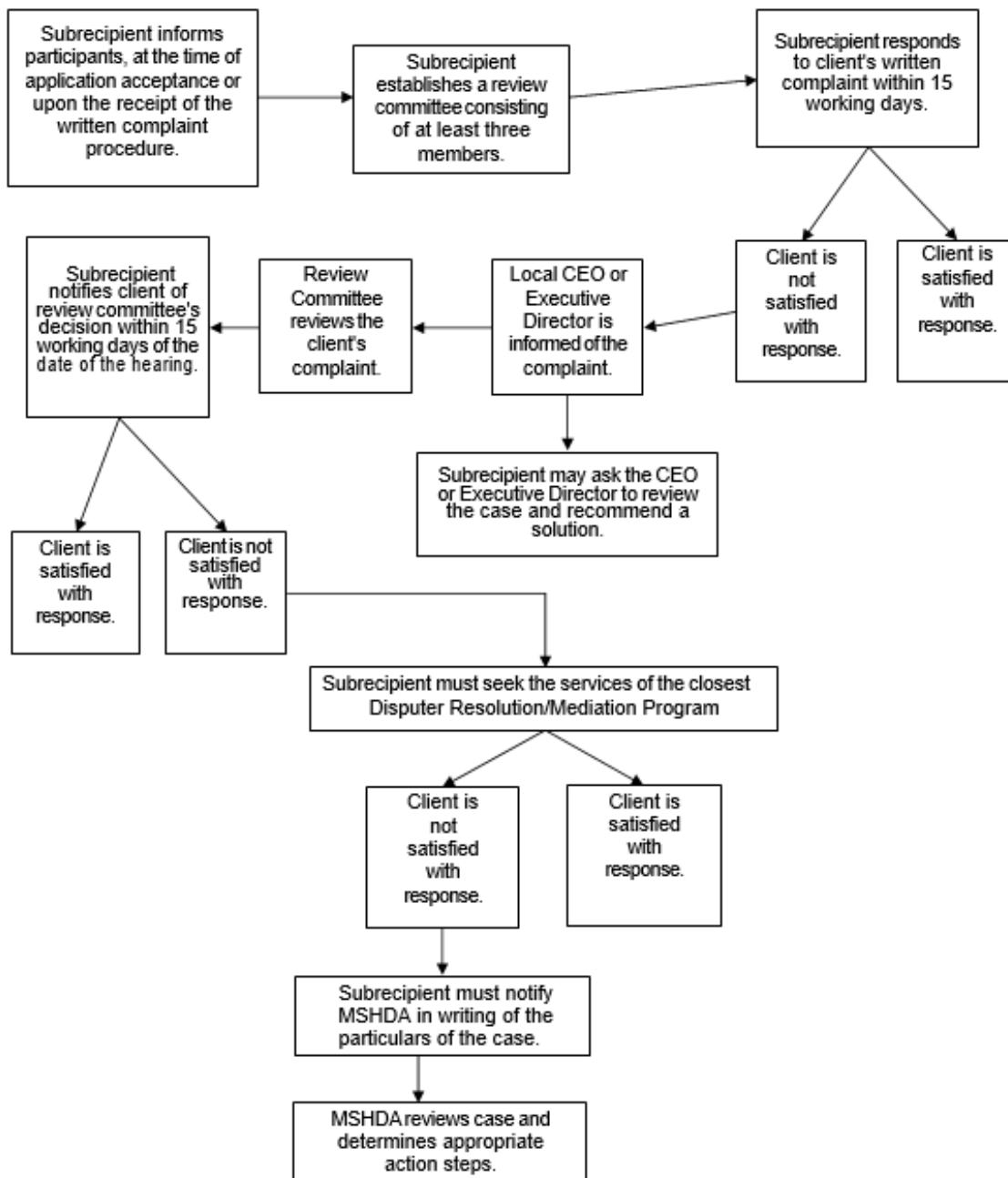
**MSHDA will review complaints only after the above process is complete and dispute is still unresolved.**

In the event that MSHDA is contacted directly by a complainant, he/she will be referred to the grantee for implementation of policy procedures. After all previously outlined steps have failed to resolve the complaint, the grantee may contact MSHDA in writing, detailing the complaint and verifying its compliance with the above listed steps.

**NOTE:** All liability to third parties, loss or damage as a result of claims, demands, costs, or judgments arising out of activities, such as direct service delivery, to be carried out by the grantee in the performance of its NHID- funded grant agreement shall be the responsibility of the grantee, and not the responsibility of the Authority, if the liability, loss, or damage is caused by, or arises out of, the actions or failure to act on the part of the grantee, any subcontractor, anyone directly or indirectly employed by the grantee, provided that nothing herein shall be construed as a waiver of any governmental immunity that has been provided to the grantee or its employees by statute or court decisions.

Attachment A

CLIENT COMPLAINT PROCEDURE



Complaint Procedure A Client Complaint Procedure Chart 09.14.22

## 2022 - 2023 Monitoring Plan

The Neighborhood Housing Initiatives Division (NHID) is responsible for ensuring that funds are committed and expended in accordance with the program requirements of NHID's funding sources MSHDA Habitat for Humanity DPA/PHR/Prison Build grants, MSHDA HDF funds (including the Neighborhood Enhancement Program and MSHDA MOD), MI-HOPE Department of Treasury funds, and NSP-Program Income including SHRP. NHID's 2022/2023 Monitoring Plan identifies monitoring objectives, ongoing monitoring procedures, and criteria for on-site monitoring of program participants. This annual monitoring plan serves as a strategy for determining compliance as well as guidance for NHID housing staff.

### Monitoring Objectives

Ensure Production and Accountability. NHID staff will monitor subrecipient performance to ensure state and/or federal funds are used to provide housing and housing-related services for low to moderate income residents; all assisted housing units must meet, at a minimum, HUD's Housing Quality Standards (HQS), if applicable; and program funds are expended in a timely manner.

Ensure Program Compliance and other Federal Requirements. NHID is responsible for ensuring funds are spent for eligible program purposes and in accordance with all applicable Federal regulations and state and local laws.

Evaluate Organizational and Project Performance. NHID will monitor how efficiently and effectively services are provided. NHID will evaluate whether an organization has an effective flow of work, and has incorporated checks and balances into its operations, so that compliance is built into the standard operating procedures.

### Monitoring Strategy

To ensure successful performance and compliance in every program and project, NHID adopts the following monitoring strategy for all active grants:

- Conduct on-going monitoring reviews of all active grants with a balance by evaluating the monitoring objectives throughout the grant term.
- Perform On-Site Monitoring Reviews when applicable and deemed appropriate by the on-going monitoring performed throughout the grant term.
- Conduct follow-up activities as needed.

### **MSHDA (Habitat, NEP, MSHDA MOD, and NSP-PI) Ongoing Monitoring**

Ongoing monitoring reviews are built into NHID's service delivery system and occur every year on open grants that are not being monitored on-site. Housing staff monitor program progress and performance, compliance, and financial management on an ongoing basis throughout the grant period using the MSHDA grant management system which collects Activity specific information. Subrecipients submit an application and enter into an electronic grant agreement prior to submission of financial status reports for each expenditure. The process includes but is not limited, to the following through the MSHDA grant management system:

- Financial Status Report to request grant payments and report expenditure details.
- Partnership Profile APR that includes corporate information: Audits, Articles of Incorporation,
- Bylaws, Board of Director Membership, IRS 990's, etc. Organizational review is performed by NHID staff, and the financial review is completed by the Asset Management Division.
- Final Outcome Report –measures and collects final project and grant outcomes.

Inconsistencies or questions regarding the timelines, content, or accuracy of submitted reports are communicated to the subrecipient for follow up as they occur.

### **MI-HOPE Monitoring Oversight**

On-going desk reviews and technical assistance will be observed throughout the grant term. After the initial draw of twenty five percent (25%) a technical assistance visit will be performed by a MI-HOPE staff member. After the second draw of an additional fifty percent (50%) a formal site visit may be conducted based on a program level risk assessment by MI-HOPE staff including site visits to assisted properties by the MI-HOPE Program Manager for construction purposes.

A risk ranked sub-recipient structure will be used to determine high medium and low risk awards. The top twenty percent (20%) of sub-recipients by dollar amount will be selected for on-site monitoring visits. Both quantitative and qualitative factors will be evaluated to determine risk.

Upon the final draw (remaining 25%) the closeout process will be prepared by MI-HOPE staff and submit to the Closeout Specialist for closeout.



### **NHID Grant and Project Documentation**

In addition to information obtained from MSHDA's database system(s), ongoing monitoring involves a review of hard copies of documents that are submitted directly to this office:

- Grant agreement
- Income verification/Household Self Certification Forms
- Project specifications (before and after photos, pre-approval forms, invoices)
- Recorded Mortgage/Note (if applicable)
- Audits (if applicable)

### **On-Site Monitoring**

Subrecipients are selected for on-site monitoring visits based on the status of the on-going monitoring of each active (open) grant with a balance or when an on-site monitoring visit is determined necessary. Then the following steps will be taken:

#### **Steps for On-site Monitoring Review**

1. Set up monitoring date with subrecipient and Third-Party Administrator (if applicable).
2. Send Confirmation of Monitoring Visit letter enclosing copies of the forms to be used.
3. Conduct on-site monitoring using the following documents:
  - Monitoring Checklist
  - Required Documents Checklists sufficient to review project files
4. Follow-up Letter is prepared by the Housing staff that communicates the results of the grant monitoring including any recommendations or findings.

### **Definitions**

1. **Recommendations**. A deficiency in program performance not based on a statutory, regulatory, or another program requirement. Sanctions or corrective actions are not authorized for concerns. However, Housing Specialist should bring the concern to the program participant's attention and, if appropriate, may recommend (but cannot require) actions to address concerns and/or provide technical assistance.
2. **Findings**. A deficiency in program performance based on a federal statutory, regulatory or program requirement, NHID Policy Bulletin or subrecipient's Program Guidelines for which sanctions or other corrective actions are authorized. Such sanctions or actions are generally subject to NHID discretion.

### **On-Site File Review**

1. Complete On-Site Monitoring Review Checklist for all administrative and compliance sections and the relevant grant component sections. If a third party is administering the grant, the review must include a visit to both the subrecipient and to the third-party administrator with monitoring questions directed to the responsible party as outlined in the Third-Party Management Plan. Regardless of how grant management responsibilities are divided between the subrecipient and the grant administrator, the subrecipient of record has ultimate responsibility for compliance with the terms of the grant agreement.
2. Complete a Required Documents Checklist review of at least 3 project files (if applicable).
3. Verify household eligibility based on income/asset verifications and calculations compared to relevant MSHDA or HUD Income Limits.
4. Review project files for the units that not visited to inspect required documentation is completed and located in the files.

### **Follow Up**

1. Review the On-Site Monitoring Review Checklist for comprehensiveness and clarity adding comments to substantiate subrecipient responses to a third-party reviewer (NHID Management and/or HUD).
2. The On-Site Monitoring Review Checklist, when finalized, becomes the Grant Monitoring Report, and is retained in the grant file.
3. Within 30 days of the date of the monitoring visit, send an On-Site Monitoring Follow-Up Letter to the chief elected official or nonprofit board chairperson of the subrecipient with a copy to the housing official with whom the monitoring visit was conducted. The follow-up letter should identify findings, recommendations, requests for information, and any other required action allowing 30 days for a response. A copy of the On-Site Monitoring Follow Up Letter is forwarded to NHID's Manager.
4. Enter monitoring information in the MSHDA Grants System on the grant menu screen under comments.
5. Clear findings within 30 days of receipt of adequate documentation. Record resolution of findings in the MSHDA Grants System.

6. Prepare the Findings Cleared letter and mail to subrecipient, third party administrator, etc. If all findings are not cleared, additional correspondence is required with subrecipient until all are resolved.
7. If there is no response to the Follow-Up Letter within the 30-day deadline, contact subrecipient to determine the status and how much additional time is needed. Keep written notes of efforts to clear findings in the file. Withhold further grant payments if finding is unresolved 60 days after agreed upon or re-negotiated deadline. After this time the subrecipient is considered not to be in good standing with MSHDA.

### **Additional Monitoring Requirements**

Additional monitoring requirements will be considered and incorporated where appropriate.

At the subrecipient level a minimum of twenty percent (20%) of the self-certifications by contractors/subcontractors will need to be validated.

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY  
735 EAST MICHIGAN AVE • P.O. BOX 30044  
LANSING, MICHIGAN 48909  
MICHIGAN.GOV/MSHDA

M E M O R A N D U M

**TO: Neighborhood Enhancement Program Grantees**

**FROM: Tonya Young and the Neighborhood Enhancement Team**

**DATE: September 17, 2020**

**RE: Conflict of Interest**

Any grantee (local unit of government or nonprofit) receiving MSHDA's Neighborhood Enhancement Program (NEP) funds must comply with MSHDA's Conflict of Interest Provisions when assisting households.

**Conflict of Interest Provisions**

Officers, Board Members, donors, agents, and employees and their immediate family members are not eligible to apply for home repair grants under this program.

Officers, Board Members, donors, agents, and employees and their immediate family members are not to receive assistance for home repair grants under this program.

**PENALTIES FOR VIOLATIONS**

The penalty for violations of these provisions could include repayment of NEP funds and/or ineligibility for future participation. Other penalty, sanction, or disciplinary action shall be determined by MSHDA.

# Section 3: NEP Housing Enhancement Component

### Home Energy Analysis/Audit Component Recommendation

- An energy analyst will inspect and identify the best opportunities to save energy and money while improving comfort within the home
- Identify target areas of opportunity to make valuable home improvements
- Provide a better understanding of homes' energy efficiency

#### Recommended Action Steps

- Step #1: Identify Utility company servicing the home  
Step #2: Determine what is currently being offered as a service by the utility company  
Step #3: Have assessment completed by an industry professional  
Step #4: Review and evaluate results  
Step #5: Plan project parameters

## Housing Enhancement Quick Finder

<b>Eligible Applicants</b>	
Eligible Applicants	Refer to Funding Notice
<b>Eligible Households &amp; Properties</b>	
Eligible Households	Targeted to households with incomes at or below 120% of Area Median Income (AMI)
Eligible Owner-Occupied Properties	Single family, rental/land contract, condominium, modular and manufactured homes on fee simple lots that are permanently affixed to real estate
<b>Eligible Costs</b>	
Rehabilitation Costs	The actual cost of rehabilitating housing, including: <ul style="list-style-type: none"> <li>• Costs to meet applicable rehabilitation standards</li> <li>• Energy audit and/or related repairs or improvements</li> <li>• Improvements necessary for persons with disabilities</li> <li>• Abatement or reduction of lead-based paint hazards</li> </ul>
Project Soft Costs	Reasonable and necessary costs associated with rehabilitation (limits described under administrative fees below)
Administrative Fees	<ul style="list-style-type: none"> <li>• NEP – Capped at 10% admin costs.</li> </ul>
Housing Quality	<ul style="list-style-type: none"> <li>• Local codes, ordinances and standards</li> <li>• If no local standards, must meet Section 8 Housing Quality Standards (HQS)</li> <li>• Grantee must have a formal written rehabilitation policy</li> <li>• Grantee must meet code standards for each specific activity undertaken.</li> </ul>
<b>Resale/Recapture Requirements</b>	
Document Required	Note and mortgage or other approved and recorded lien instrument
Compliance Requirements	<ul style="list-style-type: none"> <li>• Continued owner-occupancy until activity is complete and grant is closed</li> <li>• If sale, subject to recapture as noted below under Loan Terms</li> </ul>
<b>Compliance Requirements</b>	
Policy & Procedures	Refer to MSHDA Neighborhoods website and citations within written agreement.
Project Completion	All units must be completed within contract terms.
<b>Parameters of MSHDA Assistance</b>	
Loan Terms	<ul style="list-style-type: none"> <li>• No lien is required if total NEP assistance does not exceed \$7,499 for owner-occupied single-family units. See NEP guidance if property is rental/land contract and/or not owned by the nonprofit agency or local unit of government</li> </ul>
Minimum NHID Investment Per Assisted Unit	\$1,000 per NHID-assisted unit

## Grantee Lien Requirements

A lien is required on all properties that receive assistance in the amount of \$10,000 and above. The amount of assistance is comprised of all material and labor costs and/or the total NEP investment whichever is greater for a specific address.

More specific details are outlined below:

- MSHDA liens will be required for all single-family homeowner owned properties that receive \$10,000 or above in NEP funds and will be in the format of a 5-year 100% forgivable lien.
- For all assisted rental/land contract properties (MSHDA Pre-Approved), regardless of the dollar amount of assistance, MSHDA liens will be required and will be in the format of a 5-year 100% forgivable lien.
- Landlords will be required to put 50% of the project down up front (can be leveraged funds or landlord's personal funds).

Other rental requirements include:

- Landlord Written Participation & Certification Agreement.
- Mortgage\* and Note signed. (See Attached Forms)  
\*On the mortgage, the landlords address needs to be identified on pg. 1 (mailing address of Landlord) On Exhibit A Legal Description the rental house address (where the work was done) needs to be listed.

The Mortgage and Note for the housing enhancement component for projects that are \$10,000 or above can be found below. These fillable PDF documents are to be completed by the grantee. The completed forms must be approved by an NEP Champion before homeowner signature. After the forms have been approved, the grantee will provide the forms to the homeowner(s) for signature. Once signed, the Mortgage only, will be sent by the grantee, to the County Register of Deeds office for recording.

The homeowner(s) must also sign the attached Homeowner Certification document.

Please make copies of all documents for your files. The original recorded mortgage, original signed note, and the original signed Homeowner Certification should be attached to the Activity Pre-Approval Form. The Mortgage and Note must be signed before the final billing will be approved.

For consistency purposes, all NEP liens should contain the name of the NEP Champion and all documents should be forwarded to the Neighborhood Housing Initiatives Division for intake and mortgage log entry.



### Approval and Request for Contractor Payment

**Financial Status Report (FSR) #:**

**DATE:**

Name of Owner:  
Property Address: **address, city, state zip**

Name of Contractor:  
Total Contract Amount: \$  
Amount Being Approved for Payment: \$

**Description of Work Performed:**

**Notes, Corrections:**

**Workmanship:**  Acceptable  Unacceptable

**Grantee Approval:** I hereby certify that I have reviewed the work completed and find it acceptable as described in the Contract Work Specifications. At this time, the Contractor has completed \_\_\_\_\_% of the project and  may  may not be paid \$\_\_\_\_\_.

Date: \_\_\_\_\_  
\_\_\_\_\_ Grantee Signature

### Request for Contractor Payment

I hereby express approval of the work performed and hereby agree the specified work has been performed to satisfaction by above Contractor. Further, I authorize the above payment in an amount of \$\_\_\_\_\_ as the \_\_\_\_\_ draw on this project.

Date: \_\_\_\_\_  
\_\_\_\_\_ Signature of Owner

Date: \_\_\_\_\_  
\_\_\_\_\_ Signature of Owner

**Homeowner and Contractor Contract (Sample)**  
**(This document can be modified to reflect Agency criteria)**

THIS CONTRACT, dated month, day, year between **PROPERTY OWNER NAME** hereinafter referred to as "Homeowner") and **CONTRACTOR NAME** hereinafter referred to as "Contractor"), sets forth the terms and conditions for work to be performed on the premises located at:

Street Address: address , city , county , Michigan zip code

FOR PURPOSES of this Contract, **GRANTEE NAME** (hereinafter referred to as "Administrator") shall assume the role of intermediary between the Homeowner and the Contractor in order to provide assistance in completing the work to be performed under the Contract.

**ARTICLE I**

THE SPECIFICATION entitled "Bid Specifications for Home Improvement Project # , are hereby incorporated into this Contract and made a part hereof (hereinafter referred to as "Work Specifications") for the purpose of setting forth the work to be performed under this Contract. All work specifications must be pre-approved by the administrator via a written Notice to Proceed.

**ARTICLE II**

IN CONSIDERATION of the work performed by the Contractor according to the Work Specifications, the Contractor shall receive a payment in full the sum of dollar amount spelled out , (**\$ numeric amount** ), Dollars, which may be paid at the Contractor's option, as follows:

- Option 1:** A sum equal to 100% of the total Contract amount paid upon completion and approval of the work.
- Option 2:** A sum equal to \_\_\_\_\_% of the total Contract amount at one-half Completion and, \_\_\_\_\_% of the total contract amount at three quarter completion and, at completion and final approval of work by the homeowner, an additional \_\_\_\_\_%.

### **ARTICLE III**

THE WORK to be performed under this Contract shall begin within\_\_\_\_days from the date of the "Proceed to Work Order" issued by Homeowner. The work shall be completed within\_\_\_\_ days from the start of the work, unless the Contractor can show just cause for the delay of completion and obtains an extension of time in writing and signed by the Homeowner and approved by the Administrator.

### **ARTICLE IV**

IF THE CONTRACTOR fails to complete the work within the specified time, the Administrator (with the consent of and on behalf of the Homeowner) will send the Contractor a letter by Certified Mail requesting completion of the work within a reasonable number of days from the date of the letter. If the Contractor fails to complete the work within the time stipulated, the Homeowner will hire another contractor to complete the work. The second contractor will be paid first. The first Contractor will only be entitled to the difference between the balance of the Contract amount and what is paid to the second contractor, if any, providing that the first and second contractors performed acceptable work.

### **ARTICLE V**

THE CONTRACTOR will provide all materials, equipment and labor necessary to perform the work stated in the Work Specifications. All work performed under this Contract will be completed in a good and reasonably workmanlike manner in strict adherence to the Work Specifications. "Workmanlike" will include reasonable aesthetic standards. Any work performed by the Contractor which is not stated in the Work Specifications and Work Change Orders authorized by the Administrator will not be paid under this Contract.

### **ARTICLE VI**

THE CONTRACTOR will keep the premises clean, orderly, and safe during the course of the work. It is understood that the premises are to be occupied by the Homeowner during the performance of the work. The Contractor will be responsible for removing the debris from the work site at the completion of the work. Unless otherwise stipulated in the Work Specifications, materials and equipment which are to be removed and replaced as part of the Work Specifications shall become the property of the Contractor. The

Contractor shall not use or cause to be used any hazardous materials, such as lead-based paint, in the performance of the work.

#### **ARTICLE VII**

IT IS THE CONTRACTOR'S responsibility to obtain any required work permits and arrange for subsequent inspections through the County or City or Township or other Code Departments when applicable. The Contractor will comply with all applicable local codes and ordinances whether or not specifically stated in the Work Specifications and will comply with all applicable State and Federal Codes and Laws, including all applicable licensure laws.

#### **ARTICLE VIII**

THE CONTRACTOR will be required to perform any related work covered by the "Work Change Orders" issued by the Administrator and approved by the Homeowner. The Contract amount and completion date will be adjusted accordingly to allow time and agreeable compensation for the additional work performance.

#### **ARTICLE IX**

THE CONTRACTOR shall furnish evidence of Comprehensive Public Liability Insurance coverage protecting the Homeowner in the event of bodily injury including death for not less than \$300,000. and in the event of property damage arising out of the work performed by the Contractor or subcontractors, of \$100,000. Contractor will further furnish evidence of all other coverage required by Michigan Statutes, including but not limited to Workman's Compensation Insurance, before the start of the work to be performed under this Contract. A statement of Sole Proprietorship must be furnished in cases where Contractor is exempt from Workman's Compensation coverage.

#### **ARTICLE X**

THE CONTRACTOR may not assign this Contract to any other Contractor without the express consent of both the Homeowner and the Administrator.

#### **ARTICLE XI**

UPON COMPLETION OF THE WORK, the premises will be inspected by the Administrator's Housing Inspector to ascertain if the work stated in the Work Specifications has been completed satisfactorily in the opinion of the Administrator. The Homeowner will be also required to give written approval of the work performed even if the Housing Inspector ascertains that the work has been completed satisfactorily. If it is determined by either, that the work has not been completed satisfactorily or not in

accordance with the Work Specifications, the Administrator will, by written notice to the Contractor, advise the Contractor to complete and/or correct the unsatisfactorily work within ten days from the date of receipt of the written notification by the Administrator.

#### **ARTICLE XII**

THE CONTRACTOR expressly and impliedly warrants against any faulty materials or workmanship. The Contractor expressly guarantees and agrees to remedy any defects in the work and to pay for any damage to other work resulting therefrom which shall appear within a period of warranty from the date of final acceptance of the work unless a longer period is specified in writing by agreement of the parties. The Contractor will provide a signed statement of "Contractor's Release of Liens and Claims" upon completion of the work from Contractor and any subcontractors, or material men. The Contractor will furnish the Homeowner with all manufacturers and supplier's written guarantees and warranties covering the materials and equipment furnished in the performance of the work under this Contract.

#### **ARTICLE XIII**

THE HOMEOWNER may not perform any of the work stated in the Work Specifications nor interfere in any way with the work being performed by the Contractor. Homeowner may not remove or alter any of the materials to be used in the performance of work. If the Homeowner is not satisfied with the work being done or the materials being used, the Homeowner will contact the Administrator in writing.

#### **ARTICLE XIV**

THE HOMEOWNER shall supply the Contractor, at no cost, the use of existing utilities such as light, heat, power, and water necessary to the performance and completion of the work. The Homeowner will provide the Contractor access to the property during the hours of 7:00 a.m. and 6:00 p.m., Monday through Saturday, or as otherwise mutually agreed between, Homeowner and Contractor.

#### **ARTICLE XV**

THE ADMINISTRATOR is held harmless by the Homeowner and Contractor as to any and all damages, injuries or losses, claims or cause of action. It is expressly understood by and between the parties that the Administrator does not guarantee the performance of and/or completion of work performed or to be performed pursuant to this Contract, nor does the Administrator warrant either impliedly or expressly the work, products, materials or services provided by this Contract. The Administrator will not be responsible for any oral or written agreements, in addition to the original contracted work as stated in the

Work Specifications, between Contractor and Homeowner. This Contract constitutes the entire agreement between the parties and cannot be in any way altered, modified, or rescinded, except by its own terms or by written agreement of all the parties hereto.

#### **ARTICLE XVI**

Payment shall be made directly to the Contractor by the administrator with the consent of and on behalf of the homeowner.

#### **ARTICLE XVII**

IN THE EVENT a dispute arises hereunder between Contractor and Homeowner, the parties hereby agree: That if an impasse is reached between the parties during the construction phase of the project, the Administrator will be contacted and act as intermediary of the dispute; once project completion and disbursement of funds has occurred, Homeowner accepts responsibility for obtaining relief through appropriate channels such as the Michigan Department of Licensing and Regulation.

#### **ARTICLE XVIII**

DURING THE PERFORMANCE, of any contract under the Housing Program, the Contractor hereby agrees that the Contractor will not discriminate against any employee or applicant for employment because of Race, Color, Religion, Sex, or National Origin. The Contractor will take affirmative action to ensure that applicants are employed, and treated during employment without regard to their Race, Color, Religion, Sex, or National Origin. The Contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to their Race, Color, Religion, Sex, or National Origin. The Contractor shall further comply with all State or Federal laws regarding Disabilities, Age, or other Civil Right Statues.

#### **ARTICLE XIX**

THE HOMEOWNER AND THE CONTRACTOR agree they have read and understood the terms of this Contract. In the event the Contractor has demonstrated non-compliance with any of the above clauses or those attached to the Contract, the Contract may be canceled, terminated or suspended, in whole or part, and the Contractor may be declared INELIGIBLE for future work by this program.

**IN WITNESS WHEREOF**, the parties hereto have executed this Contract this date  
day of month, year.

**WITNESS:**

\_\_\_\_\_   
witness name

**HOMEOWNER(S):**

\_\_\_\_\_   
homeowner name

\_\_\_\_\_   
homeowner name

**CONTRACTOR:**

\_\_\_\_\_   
witness name

\_\_\_\_\_   
contractor name and title

DBA Name: \_\_\_\_\_

FEIN # \_\_\_\_\_

**ADMINISTRATOR:**

\_\_\_\_\_   
Name

\_\_\_\_\_   
Contact #

## Grantees Lead and Asbestos Compliance Requirements

The attached guidance will mostly pertain to NEP grantees with housing enhancement activities. With the Neighborhood Enhancement Program there are some judgement calls that need to be made on each component and per each activity. These judgement calls would be made specifically by each grantee, who knows best what their work involves. To be clear, these are judgements about things like whether lead or asbestos-containing material are likely to be disturbed and to what degree, not judgements on whether or not these laws apply, for they do. The goal of this guidance is to make you aware of the basic tenets of the laws. The determination of the process that will be used should be incorporated into your agency's program guidelines.

If you have any questions in regard to the activity you are completing and lead and asbestos, please contact: Tracey Barnes, NHID Housing Specialist, 517-241-2588 or [barnest5@michigan.gov](mailto:barnest5@michigan.gov).

### Purpose

To establish MSHDA's expectations for compliance with lead and asbestos regulations for NEP-funded projects.

### Background

Although NEP is not sourced from the Department of Housing and Urban Development (HUD) and therefore not subject to HUD-specific environmental review requirements<sup>1</sup> (e.g. 24 CFR 35, 24 CFR 58), NEP recipients and contractors are responsible for complying with all other applicable regulations, including Environmental Protection Agency (EPA) and U.S. Occupational Safety and Health Administration (OSHA) regulations that apply to lead and asbestos including local and state requirements.

#### 1. Lead Based Paint – EPA's Renovation, Repair and Painting (RRP) Rule

Promulgated in 2008, the RRP rule requires anyone performing renovation for compensation (contractors, landlords, tradesmen, maintenance staff, etc.) to undergo training on lead-safe work practices, testing, and cleaning verification and obtain EPA certification before working in pre-1978 homes, childcare facilities, and schools.

<sup>1</sup> If NEP funds are blended with federal funds, then these additional requirements may apply.



All contractors working on NEP-funded projects in qualifying homes must have a current EPA RRP certification. The grantee shall request and maintain proof of RRP certification in the project file along with documentation of lead-safe work practices and cleaning verification. At least one certified renovator must be at the job site when work is being done and all individuals trained in the use of lead safe work practices, per the RRP rule.

For more information on lead-based paint how the RRP rule applies to your project, please contact the National Lead Information Center at (800) 424-5323.

## **2. Asbestos - National Emissions Standards for Hazardous Air Pollutants (NESHAP) & OSHA worker protection standards**

Promulgated in 1973, the goal of EPA's NESHAP regulation is to minimize the release of asbestos fibers during renovation and demolition activities. Although there is a single-family, homeowner exemption clause in NESHAP, activities funded as part of a larger project, such MSHDA/HUD grants, are not covered under this exemption. Compliance with NESHAP may require an asbestos inspection prior to renovation activities. This inspection will determine whether building components in the scope of work are Asbestos Containing Materials or ACM (material >1% asbestos) and how much ACM is present. It will also determine whether some or all of the ACM is friable or regulated and therefore may require abatement. If abatement is necessary, it must be completed by a currently licensed Asbestos Abatement Contractor.

The Occupational Safety and Health Administration (OSHA) regulates worker protection and exposures to asbestos. Within the Michigan Department of Licensing and Regulatory Affairs (LARA), the Michigan Occupational Safety and Health Administration (MIOSHA) Asbestos Program administers the federal OSHA asbestos standards. The MIOSHA Asbestos Program also accredits and licenses professionals in the asbestos industry and processes asbestos abatement project notifications which require specific procedures that differ from NESHAP notification procedures. Contractors are responsible for OSHA compliance with worker safety provisions.

Although only an inspection can determine whether a building material contains asbestos, some well-known ACM components include:

- Cement shingles
- Roofing felt, coatings, shingles and/or tiles
- Millboard
- Pipeline wrap
- Gaskets
- Boiler wrapped pipes
- Transit siding
- 9"x9" vinyl-asbestos floor tiles
- Vermiculite insulation-attics and walls
- Various plaster material at walls and ceilings
- Various mastics, glue caulks, glazing, etc.

For more information on how NESHAP or OSHA worker protection standards apply to your project, please contact the MDEQ NESHAP Program at (517) 284-6777 or the MIOSHA Asbestos Program at (517) 284-7680.

## Section 4: Q&A

## Q&A

1. Q. Are back porches or fences eligible?
  - A. Back porches and fences are not eligible unless they are visible from the road. It may be allowed if part of the project is on the front of the house or a safety concern. This may be approved on a case-by-case basis and will need justification.
2. Q. Are garages eligible?
  - A. Garages are normally not eligible but may be allowed if the project is to match the rest of the house, address a safety concern, or will have a great visual impact. This may be approved on a case-by-case basis and will need justification.
3. Q. Can homeowners who have been served by the MI-HOPE program participate in the NEP program?
  - A. An address cannot have NEP funds and MI-HOPE funds at the same time. If an address had previous NEP dollars invested, the combined total of NEP plus MI-HOPE cannot exceed \$25,000. The homeowner cannot participate in NEP for five years if they receive more than \$25,000 in MI-HOPE dollars.
4. Q. Can a homeowner participate if they have a current lien for the NEP program?
  - A. No, homeowners with current liens for the NEP program are ineligible until the lien is gone.

# Section 5: Documents

## Forms

- [Household Income Self-Certification Form](#)
- [Tenant Household Income Self-Certification Form](#)
- [Landlord Written Participation & Certification Agreement](#)
- [Homeowner Certification](#)
- [Homeowner Mortgage](#)
- [Homeowner Note](#)
- [Rental Mortgage](#)
- [Rental Note](#)
- [Program Administration Report](#)
- [Household Participation Engagement Survey](#)
- [Grantee Participation Engagement Survey](#)
- [Approval and Request for Contractor Payment](#)

## Useful Links

- [NEP IGX System Guide-Grantees](#)
- [NEP Grantee Press Release Template](#)
- [NEP Grantee Suggested Social Media Posts](#)
- [2021 Contractors by Region](#)
- [2021 Lead Inspectors](#)
- [EPA Lead Based Paint Program Q & A \(March 2018\)](#)
- [Steps to Lead-Safe RRP Brochure \(March 2021\)](#)
- [NHID Supplemental Audit Guide](#)

## Neighborhood Enhancement Program (NEP)

### Household Income Self-Certification Form

**Grantee Name:**

**Grant Number:**

Applicant Name \_\_\_\_\_

Home Address \_\_\_\_\_

Project Description \_\_\_\_\_

#### NEP Applicant Qualifications Checklist

- The applicant is the **owner** and **occupies** the **assisted** property.
- The applicant does **not** own any property that is **tax delinquent**.
- There is **current insurance** coverage on the property.
- The applicant does **not** own any property that is subject to any **citation** of **violation** of the state and/or local codes and ordinances.
- The applicant has **not** been the **prior owner** of any property transferred to the Treasurer or to a local government as a result of **tax foreclosure** proceedings.
- The applicant has a household income at or below 120% of the **County's** area median income (located below).

County (For Information Only – Do Not Mark)								
Household Size	1	2	3	4	5	6	7	8
Income Limits 120% AMI								

**BY MY SIGNATURE BELOW, I CERTIFY THAT MY INDIVIDUAL INCOME OR HOUSEHOLD INCOME IS APPROXIMATELY \$ \_\_\_\_\_ ANNUALLY AND \_\_\_\_\_ NUMBER OF PERSONS RESIDE IN MY HOME. I FURTHER CERTIFY THAT I AM ABLE TO DOCUMENT MY ANNUAL INCOME WITH PAYSTUBS, OR OTHER EVIDENCE REQUIRED BY THE GRANTEE.**

Under penalties of perjury, I declare that I have examined this certification statement, and to the best of my knowledge and belief, the supporting documentation provided and the household eligibility facts provided are consistent, true, correct, and complete.

I also understand and provide consent for MSHDA and/or its Subrecipient Agency to verify accuracy of the certified information and determine if it is in compliance with the program's requirements and policies.

If this application is approved, I will care for and maintain the property.

In addition, I understand that there is a formal on-line process to report fraud concerns: <https://www.michigan.gov/mshda/about/performance/how-to-report-fraud>

False Statements - Parties signing this certification form understand that making false statements or claims in connection with this award may result in criminal, civil, or administrative sanctions, including fines, imprisonment, civil damages and penalties, and/or any other remedy available by law.

**SIGNATURE OF APPLICANT:** \_\_\_\_\_ **DATE:** \_\_\_\_\_

**AUTHORIZATION TO RELEASE INFORMATION**

**To Michigan State Housing Development Authority and Housing Agency (HA):**

I/we, the individual/household member(s) below is/are a current tenant of the residence located at \_\_\_\_\_, \_\_\_\_\_ Michigan and is/are an applicant or participant in the \_\_\_\_\_ Neighborhood Housing Initiatives Division Program. This program is funded by the Michigan State Housing (MSHDA) and administered by \_\_\_\_\_ Housing Agency (HA). In order to be eligible for this Neighborhood Housing Initiatives Division Program, my household's income is collected along with other information in my/our program file including my/our address, household size, household member names and photographs. MSHDA and the HA are requesting consent to release this file information for marketing and program purposes. However, the information will not be otherwise disclosed or released outside of MSHDA or the HA, except as permitted or required by law. MSHDA and the HA will protect the file information in accordance with any applicable State privacy law.

Signatures:

Date:

\_\_\_\_\_  
Head of Household

\_\_\_\_\_

\_\_\_\_\_  
Spouse

\_\_\_\_\_

\_\_\_\_\_  
Other Family Member/Occupant over age 18

\_\_\_\_\_

\_\_\_\_\_  
Other Family Member/Occupant over age 18

\_\_\_\_\_

\_\_\_\_\_  
Other Family Member/Occupant over age 18

\_\_\_\_\_

\_\_\_\_\_  
Other Family Member/Occupant over age 18

\_\_\_\_\_



**Neighborhood Enhancement Program (NEP)  
Tenant Household Income Self-Certification Form**

**Grantee Name:**

**Grant Number:**

Tenant Name \_\_\_\_\_

Tenant Address \_\_\_\_\_

Project Description \_\_\_\_\_

**NEP Tenant Qualifications Checklist**

- The tenant **occupies** the **assisted** property and understands that work will occur based on the project description above and will grant access to the property as needed.
- The tenant does **not** own the property.
- The tenant has a signed lease agreement with the landlord.
- There is **current insurance** coverage on the property, through landlord and tenant renter's insurance.
- The tenant's household income is at or below 120% of the **county's** area median income (located below)

	<b>County (For Information Only – Do Not Mark)</b>							
Household Size	1	2	3	4	5	6	7	8
Income Limits 120% AMI								

**BY MY SIGNATURE BELOW, I CERTIFY THAT MY INDIVIDUAL INCOME OR HOUSEHOLD INCOME IS APPROXIMATELY \$ \_\_\_\_\_ ANNUALLY AND \_\_\_\_\_ NUMBER OF PERSONS RESIDE IN MY HOME. I FURTHER CERTIFY THAT I AM ABLE TO DOCUMENT MY ANNUAL INCOME WITH PAYSTUBS, OR OTHER EVIDENCE REQUIRED BY THE GRANTEE.**

Under penalties of perjury, I declare that I have examined this certification statement, and to the best of my knowledge and belief, the supporting documentation provided and the household eligibility facts provided are consistent, true, correct, and complete.

I also understand and provide consent for MSHDA and/or its Subrecipient Agency to verify accuracy of the certified information and determine if it is in compliance with the program's requirements and policies.

In addition, I understand that there is a formal on-line process to report fraud concerns: <https://www.michigan.gov/mshda/about/performance/how-to-report-fraud>

False Statements - Parties signing this certification form understand that making false statements or claims in connection with this award may result in criminal, civil, or administrative sanctions, including fines, imprisonment, civil damages and penalties, and/or any other remedy available by law.

**SIGNATURE OF APPLICANT:** \_\_\_\_\_ **DATE:** \_\_\_\_\_

**AUTHORIZATION TO RELEASE INFORMATION**

**To Michigan State Housing Development Authority and Housing Agency (HA):**

I/we, the individual/household member(s) below is/are a current tenant of the residence located at \_\_\_\_\_, \_\_\_\_\_ Michigan and is/are an applicant or participant in the \_\_\_\_\_ Neighborhood Housing Initiatives Division Program. This program is funded by the Michigan State Housing (MSHDA) and administered by \_\_\_\_\_ Housing Agency (HA). In order to be eligible for this Neighborhood Housing Initiatives Division Program, my household's income is collected along with other information in my/our program file including my/our address, household size, household member names and photographs. MSHDA and the HA are requesting consent to release this file information for marketing and program purposes. However, the information will not be otherwise disclosed or released outside of MSHDA or the HA, except as permitted or required by law. MSHDA and the HA will protect the file information in accordance with any applicable State privacy law.

Signatures:

Date:

\_\_\_\_\_  
Head of Household

\_\_\_\_\_

\_\_\_\_\_  
Spouse

\_\_\_\_\_

\_\_\_\_\_  
Other Family Member/Occupant over age 18

\_\_\_\_\_

\_\_\_\_\_  
Other Family Member/Occupant over age 18

\_\_\_\_\_

\_\_\_\_\_  
Other Family Member/Occupant over age 18

\_\_\_\_\_

\_\_\_\_\_  
Other Family Member/Occupant over age 18

\_\_\_\_\_



**NEIGHBORHOOD HOUSING INITIATIVES DIVISION  
NEIGHBORHOOD ENHANCEMENT PROGRAM  
LANDLORD WRITTEN PARTICIPATION & CERTIFICATION AGREEMENT**

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Eligible Tenant(s) / Principal Occupant(s):

Landlord(s) / Non-Occupant(s):

Property Address:

The parties identified above are receiving rehabilitation assistance. All parties must have read and signed below to certify their understanding and acceptance of the following:

1. Landlords will be required to put 50% of the project down up front (can be leveraged funds or landlord's personal funds).
2. A 5-year 100% forgivable lien will be required for all assisted rental/land contract properties (MSHDA Pre-Approved), regardless of the dollar amount of assistance.
3. The Loan (mortgage and note) is a lien against your property. Must be executed prior to funds disbursed for the final billing.
4. The Loan bears no interest.
5. The Loan is NOT a grant or gift.
6. All or a portion of the Loan may be due and payable, pursuant to the terms of the Note, upon the sale, transfer or conveyance of the property and/or upon the death of Eligible Owner.
7. The following requirements remain in effect until the funds are repaid or forgiven per the terms of the Note.
  - The property has no unaddressed mortgage and/or tax delinquencies.
  - The property is not subject to a foreclosure proceedings, court-order receivership, or nuisance abatement.
  - The property has utility services turned on.
  - The property has a formal written lease agreement and rents cannot be increased during the first year after the completion of NEP Housing Enhancement activities.
  - The property is affixed to a permanent foundation.
  - The occupant household is income eligible. Tenant is required to complete the Tenant Household Self Certification form.
  - The rental insurance policy recommendation is to list MSHDA (per Mortgage and Note) as an additional insured.
  - The property may not be used for any illegal activity. The Landlord(s) must keep the home in reasonably good repair and free from code violations. Must keep all debris to a minimum to reduce fire, health, and safety hazards.

I/We, being the Landlord(s) of the property located at \_\_\_\_\_ hereby  
certify my/our understanding and acceptance of the above-written participation & certification agreement.

**LANDLORD(S)**

Date: \_\_\_\_\_

Print Name

Date: \_\_\_\_\_

Print Name

**GRANTEE NAME**

Date: \_\_\_\_\_

Program Administrator Name and Title



**NEIGHBORHOOD HOUSING INITIATIVES DIVISION  
NEIGHBORHOOD ENHANCEMENT PROGRAM  
HOMEOWNER CERTIFICATION**

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Eligible Owner(s) / Principal Occupant(s):

Co-Owner(s) / Non-Occupant(s):

Persons receiving rehabilitation assistance must read and sign below to certify their understanding and acceptance of the following:

1. The Loan (mortgage and note) is a lien against your property. The Owner(s) shall execute amended mortgage and note should the amount of assistance change after the original lien documents are executed.
2. The Loan bears no interest.
3. The Loan is NOT a grant or gift.
4. All or a portion of the Loan may be due and payable, pursuant to the terms of the Note, upon the sale, transfer or conveyance of the property and/or upon the death of Eligible Owner and/or when the property is no longer the Eligible Owner's principal place of residence.
5. The following requirements remain in effect until the funds are repaid or forgiven per the terms of the Note.
  - The Eligible Owner must occupy the property as their principal place of residence.
  - No portion of the property may be rented.
  - The property may not be used for any illegal activity.
  - The Homeowner insurance policy must list MSHDA (per Mortgage and Note) as a loss payee.
  - The property must be insured at all times.
  - The Owner(s) must keep real estate taxes paid at all times.
  - The Owner(s) must keep all mortgage payments (if any) up to date and paid on time.
  - The Owner(s) must keep the home in reasonably good repair.
  - The Owner(s) must keep all debris to a minimum to reduce fire, health and safety hazards.
  - The Owner(s) must keep Grantee Name informed as to any changes in the above.

I/We, being the owner(s) of the property located at \_\_\_\_\_ hereby  
certify my/our understanding and acceptance of the above-written Housing Enhancement requirements.

**HOMEOWNER(S)**

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**GRANTEE NAME**

Date: \_\_\_\_\_  
Program Administrator Name and Title



TO HAVE AND TO HOLD the above-mortgaged premises, together with all buildings, improvements, and fixtures, to the said Mortgagee forever, provided that if the Mortgagor shall keep and perform all of the covenants herein contained, then this Mortgage and the aforesaid Forgivable Note shall be null and void; otherwise to remain in full effect.

NOW, THEREFORE, in consideration of the Mortgage, the Mortgagor hereby covenants as follows:

1. The Mortgagor agrees to comply with the requirements of the homeowner certification form (the "Homeowner Certification Form") and the Forgivable Note, which are incorporated herein by reference.
2. The Mortgagor will not permit or suffer the use of the property for which this Mortgage is given for any purpose other than Mortgagor's principal place of residence.
3. The activities of the Mortgagor will be subject to the review of and, in the discretion of the Authority, audit by Authority staff to ensure compliance with this Agreement, the Act and the Authority's Rules, and the Mortgagor will provide any books, records or documents in such form and at such place as the Authority may request.
4. The Mortgagor will not permit or suffer the alteration of or addition to any structure upon said Property without the prior written consent of the Mortgagee.
5. Prior to the fifth anniversary of the date of this Mortgage, if the Property is sold or transferred without the Mortgagee's prior written consent, or if the Mortgagor fails to perform any obligation required under the terms of this Mortgage (each such noncompliance an "Early Maturity Event"), such act shall be deemed a breach of a covenant in this Mortgage, and the Forgivable Note shall be immediately due and payable in an amount equal to the principal amount advanced under the Forgivable Note. For purposes of this Mortgage, the words "sold or transferred," individually or together, specifically include, but are not limited to, an outright sale, sale on a land contract, sale with an assumption of the Mortgage, sale with wrap around financing, transfer by operation of law either upon the death of the Mortgagor or otherwise.
6. After the fifth anniversary of the date of this Mortgage, the Mortgagor shall be under no obligation to repay any of the principal of the Forgivable Note.
7. After the repayment in full or forgiveness of the indebtedness represented by the Forgivable Note, the Authority will record a discharge of this Mortgage.
8. The Mortgagor will pay before the same become delinquent or subject to interest or penalties, all taxes, assessments, water rates, and all other charges and encumbrances which now are or shall hereafter be or appear to be a lien upon the said premises or any part thereof (unless otherwise agreed to in writing), and that in default thereof, the Mortgagee may, without demand or notice, pay the said taxes, assessments, charges or encumbrances, and pay such sum of money as the Mortgagee may deem to be necessary therefor, and shall be the sole judge of the legality or validity thereof and of the amount necessary to be paid in satisfaction thereof.
9. The Mortgagor will keep the improvements now existing or hereafter erected on the mortgaged Property insured against loss from fire and such other hazards, casualties, liabilities and contingencies as may be required by an Authorized Officer of the Authority, and all such insurance shall be evidenced by a standard fire and other policies required by the Authority, in amounts acceptable to the Authority. All policies shall be endorsed with a standard mortgagee clause with loss payable to the Authority.



10. The Mortgagor will not permit or commit any waste on said premises and will keep the buildings thereon and all equipment therein mortgaged, if any, in good repair, and promptly comply with all laws, ordinances, regulations, and requirements of any governmental body affecting the said mortgaged premises, and should said premises or any part thereof require inspections, repair, care, or attention of any kind or nature not provided by the Mortgagor, or by another party responsible therefore the Mortgagee, being hereby made sole judge of the necessity therefor may, after notice to the Mortgagor, enter or cause entry to be made on said property, and inspect, repair, protect, care for or maintain said property as the Mortgagee may deem necessary, and may pay such sum of money as the Mortgagee may deem to be necessary therefore and shall be the sole judge of the amount necessary to be paid.
11. Should any default be made in the covenants of this Mortgage, the Mortgagee may cause the abstract or abstracts of title, or Title Insurance Policy and the tax histories of said premises to be certified to date, or may procure new abstracts of title or Title Insurance Policies and tax histories or title search in case none were furnished to the Mortgagee, and may pay therefor such sums as it may deem to be necessary, and if unpaid, may pay the Mortgage tax on this instrument, and shall be the sole judge of the amount necessary to be paid therefor.
12. Should any default be made in the performance of any covenants of this Mortgage or the Forgivable Note, or any part thereof, when the time of performance has arrived, as above provided, then all sums due hereunder shall, at the option of the Mortgagee, without notice, become immediately payable thereafter, although the period above limited for the payment thereof may not have expired, anything herein contained or contained in the Forgivable Note to the contrary notwithstanding, and any failure to exercise such option shall not constitute a waiver of the right to exercise the same at any other time with respect to the same default or any subsequent default.
13. No forbearances on the part of the Mortgagee and no extension of the time for the payment of the debt hereby secured, given by the Mortgagee, shall operate to release, discharge, modify, change or affect the original liability of the Mortgagor herein either in whole or in part.
14. NOTICE: THIS MORTGAGE CONTAINS A POWER OF SALE AND UPON AN EVENT OF DEFAULT MAY BE FORECLOSED BY ADVERTISEMENT AS HEREIN PROVIDED. Upon default being made in the payment of the sums of money herein agreed to be paid, or in the performance of any of the covenants or agreements herein contained according to the terms hereof or of the Forgivable Note secured hereby, the holder of the Forgivable Note is hereby authorized and empowered to sell the Property or cause it to be sold and to convey the same to the purchaser in any lawful manner, including but not limited to that provided in Section 49 of the Act 346 of the Public Acts of 1966 (MCL 125.1449, *et seq.*) entitled "Foreclosure of Mortgage by Advertisement," which permits the mortgage holder to sell the Property without affording the Mortgagor a hearing, or giving the Mortgagor personal notice; the only notice required is to publish notice in a newspaper of general circulation in the county in which the Property is located and to post a copy of the notice on the mortgaged premises.

IN WITNESS WHEREOF, the Mortgagor has caused these presents to be signed as of the day and year first above written.

By: \_\_\_\_\_

By: \_\_\_\_\_

**STATE OF MICHIGAN** )  
County of )

Before me personally appeared \_\_\_\_\_ on this \_\_\_\_\_ day of \_\_\_\_\_, by \_\_\_\_\_

\_\_\_\_\_

Notary Public, State of Michigan  
County of \_\_\_\_\_  
My Commission Expires: \_\_\_\_\_

Form Drafted by:  
Kara Hart-Negrich  
Michigan State Housing Development Authority  
735 East Michigan Avenue, P.O. Box 30044  
Lansing, MI 48909

Form Completed by:

And when Recorded, Return to:

Michigan State Housing Development Authority  
Neighborhood Housing Initiatives Division  
735 East Michigan Avenue, P.O. Box 30044  
Lansing, Michigan 48909

**EXHIBIT A  
LEGAL DESCRIPTION**

Commonly known as:

Parcel/Property ID #:



This is the Forgivable Note described in and secured by a Mortgage of even date in the same principal amount as herein stated.

Signed as of the            day of            ,            .

By: \_\_\_\_\_

By: \_\_\_\_\_

**EXHIBIT A  
LEGAL DESCRIPTION**

Commonly known as:

Parcel/Property ID #:

**HOUSING DEVELOPMENT FUND GRANT FORGIVABLE  
MORTGAGE Grant # HDF- -NEP  
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY  
735 East Michigan Avenue, P.O. Box 30044  
Lansing, Michigan 48909**

THIS MORTGAGE, made and entered into this            day of            ,  
Between

\_\_\_\_\_  
Whose address is

\_\_\_\_\_  
(the "Forgivable Mortgagor")

and the Michigan State Housing Development Authority, a public body corporate and politic,  
whose address is 735 E. Michigan Avenue, P.O. Box 30044, Lansing, Michigan 48909 (the  
"Mortgagee" or the "Authority").

WITNESSETH:

WHEREAS, the Mortgagor is justly indebted to the Mortgagee in the principal sum of  
Dollars (\$) )  
(the "Debt") evidenced by a forgivable mortgage note of even date herewith (the "Forgivable  
Note"). Said Forgivable Note and all of its terms are incorporated herein by reference and this  
Forgivable Mortgage shall secure any and all extension thereof, however evidenced.

This Mortgage has a final maturity date of the day of            .

NOW, THEREFORE, the said Mortgagor, for the better securing of the payment of such principal  
sum of money and the performance of the covenants and agreements herein contained does  
hereby MORTGAGE AND WARRANT unto the Mortgagee, the lands, premises  
and property "Property") situated in the            of            ,  
County of            , State of Michigan.

TOGETHER with the privileges and appurtenances belonging to the Property, and all of the  
rents, issues, and profits which may arise or be had therefrom.

TO HAVE AND TO HOLD the above-mortgaged premises, together with all  
buildings, improvements, and fixtures, to the said Mortgagee forever, provided that if the  
Mortgagor shall keep and perform all of the covenants herein contained, then this Forgivable  
Mortgage and the aforesaid Forgivable Note shall be null and void; otherwise to remain in full  
effect.

NOW, THEREFORE, in consideration of the Forgivable Mortgage, the Mortgagor  
hereby covenants as follows:

1. The Mortgagor agrees to comply with the requirements of the tenant certification form (the  
"Tenant Certification Form"), the Forgivable Note, and the Landlord Written Participation  
& Certification Agreement, which are incorporated herein by reference.
2. The Mortgagor will not permit or suffer the use of the property for which this Forgivable  
Mortgage is given for any purpose other than Mortgagor's principal place of residence.

3. The activities of the Mortgagor will be subject to the review of and, in the discretion of the Authority, audit by Authority staff to ensure compliance with this Agreement, the Act and the Authority's Rules, and the Mortgagor will provide any books, records or documents in such form and at such place as the Authority may request.
4. The Mortgagor will not permit or suffer the alteration of or addition to any structure upon said Property without the prior written consent of the Forgivable Mortgagee.
5. Prior to the fifth (5th) anniversary of the date of this Forgivable Mortgage, if the Property is sold or transferred without the Mortgagee's prior written consent, or if the Mortgagor fails to perform any obligation required under the terms of this Forgivable Mortgage (each such noncompliance an "Early Maturity Event"), such act shall be deemed a breach of a covenant in this Forgivable Mortgage, and the Note shall be immediately due and payable in an amount equal to the principal amount advanced under the Note. For purposes of this Forgivable Mortgage, the words "sold or transferred," individually or together, specifically include, but are not limited to, an outright sale, sale on a land contract, sale with an assumption of the Forgivable Mortgage, sale with wrap around financing, transfer by operation of law either upon the death of the Mortgagor or otherwise.
6. On and after the fifth anniversary of the date of this Forgivable Mortgage, the Mortgagor shall have no further repayment obligation.
7. The Mortgagor will pay before the same become delinquent or subject to interest or penalties, all taxes, assessments, water rates, and all other charges and encumbrances which now are or shall hereafter be or appear to be a lien upon the said premises or any part thereof (unless otherwise agreed to in writing), and that in default thereof, the Mortgagee may, without demand or notice, pay the said taxes, assessments, charges or encumbrances, and pay such sum of money as the Mortgagee may deem to be necessary therefor, and shall be the sole judge of the legality or validity thereof and of the amount necessary to be paid in satisfaction thereof.
8. The Mortgagor will keep the improvements now existing or hereafter erected on the mortgaged Property insured against loss from fire and such other hazards, casualties, liabilities and contingencies as may be required by an Authorized Officer of the Authority, and all such insurance shall be evidenced by a standard fire and other policies required by the Authority, in amounts acceptable to the Authority. All policies shall be endorsed with a standard mortgagee clause with loss payable to the Authority.
9. The Mortgagor will not permit or commit any waste on said premises and will keep the buildings thereon and all equipment therein mortgaged, if any, in good repair, and promptly comply with all laws, ordinances, regulations, and requirements of any governmental body affecting the said mortgaged premises, and should said premises or any part thereof require inspections, repair, care, or attention of any kind or nature not provided by the Mortgagor, or by another party responsible therefore the Mortgagee, being hereby made sole judge of the necessity therefor may, after notice to the Mortgagor, enter or cause entry to be made on said property, and inspect, repair, protect, care for or maintain said property as the Mortgagee may deem necessary, and may pay such sum of money as the Mortgagee may deem to be necessary therefore and shall be the sole judge of the amount necessary to be paid.



10. Should any default be made in the covenants of this Forgivable Mortgage, the Mortgagee may cause the abstract or abstracts of title, or Title Insurance Policy and the tax histories of said premises to be certified to date, or may procure new abstracts of title or Title Insurance Policies and tax histories or title search in case none were furnished to the Mortgagee, and may pay therefor such sums as it may deem to be necessary, and if unpaid, may pay the Mortgage tax on this instrument, and shall be the sole judge of the amount necessary to be paid therefor.
11. Should any default be made in the performance of any covenants of this Forgivable Mortgage or the Note, or any part thereof, when the time of performance has arrived, as above provided, then all sums due hereunder shall, at the option of the Mortgagee, without notice, become immediately payable thereafter, although the period above limited for the payment thereof may not have expired, anything herein contained or contained in the Note to the contrary notwithstanding, and any failure to exercise such option shall not constitute a waiver of the right to exercise the same at any other time with respect to the same default or any subsequent default.
12. No forbearances on the part of the Mortgagee and no extension of the time for the payment of the debt hereby secured, given by the Mortgagee, shall operate to release, discharge, modify, change or affect the original liability of the Mortgagor herein either in whole or in part.
13. **NOTICE: THIS MORTGAGE CONTAINS A POWER OF SALE AND UPON AN EVENT OF DEFAULT MAY BE FORECLOSED BY ADVERTISEMENT AS HEREIN PROVIDED.** Upon default being made in the payment of the sums of money herein agreed to be paid, or in the performance of any of the covenants or agreements herein contained according to the terms hereof or of the Forgivable Note secured hereby, the holder of the Note is hereby authorized and empowered to sell the Property or cause it to be sold and to convey the same to the purchaser in any lawful manner, including but not limited to that provided in Section 49 of the Act 346 of the Public Acts of 1966 (MCL 125.1449, et seq.) entitled "Foreclosure of Mortgage by Advertisement," which permits the mortgage holder to sell the Property without affording the Mortgagor a hearing, or giving the Mortgagor personal notice; the only notice required is to publish notice in a newspaper of general circulation in the county in which the Property is located and to post a copy of the notice on the mortgaged premises.
14. **WAIVER:** BY CONFERRING THIS POWER OF SALE UPON THE MORTGAGE HOLDER, THE BORROWER FOR ITSELF, ITS SUCCESSORS AND ASSIGNS HEREBY WAIVES ALL RIGHTS UNDER THE CONSTITUTION AND LAWS OF THE UNITED STATES AND UNDER THE CONSTITUTION AND LAWS OF THE STATE OF MICHIGAN BOTH TO A HEARING ON THE RIGHT TO EXERCISE AND THE EXERCISE OF THE POWER OF SALE, AND TO NOTICE EXCEPT AS REQUIRED BY THE MICHIGAN STATUTE WHICH PROVIDES FOR FORECLOSURE BY ADVERTISEMENT. However, the Borrower reserves the right to timely contest the exercise of the power of sale by instituting suit against the mortgage holder in the circuit court of the county in which the Property is located or any other court of competent jurisdiction.
15. The Borrower further agrees that the mortgage holder is authorized and empowered to retain out of the sale proceeds such monies as are due under the terms of this Forgivable Mortgage, the costs and charges of such sale, and also the attorney's fee provided by

statute or as otherwise provided by a court of competent jurisdiction, rendering the surplus monies (if any there should be) to the Borrower. In the event of a public sale, the Property may, at the option of the mortgage holder, be sold in one or more parcels.

16. The Borrower further agrees to keep and maintain the Property free from the claims of all persons supplying labor or materials that will be used in the construction, rehabilitation or repair of the Property and the failure of the Borrower to keep the Property lien-free shall be a default under this Forgivable Mortgage.
17. All remedies provided in this Forgivable Mortgage are distinct and cumulative to any other right or remedy under this Forgivable Mortgage or afforded by law or equity, and may be exercised concurrently, independently or successively.
18. The invalidity of any clause, part or provision of this Forgivable Mortgage shall not affect the validity of the remaining provisions of this Forgivable Mortgage.
19. In the event of any default in any other obligation, covenant or agreement of the Borrower under any mortgage(s), either senior or junior to this Forgivable Mortgage, such default shall constitute a default by the Borrower under this Forgivable Mortgage, and the Authority may declare the whole of the indebtedness secured hereby to be due and payable and exercise any other rights and remedies provided to the Authority by the provisions hereof in the event of default by the Borrower.
20. The covenants herein contained shall bind, and the benefits and advantages shall inure to, the respective successors and assigns of the parties hereto.

IN WITNESS WHEREOF, the Borrower has caused these presents to be signed as of the day and year first above written.

By: \_\_\_\_\_

By: \_\_\_\_\_

**STATE OF MICHIGAN**           )  
  )  
County of                            )

Before me personally appeared \_\_\_\_\_ on this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_,

\_\_\_\_\_  
Notary Public, State of Michigan  
County of \_\_\_\_\_  
My Commission Expires: \_\_\_\_\_

Form Drafted by:  
Kara Hart-Negrich  
Michigan State Housing Development Authority  
735 East Michigan Avenue, P.O. Box 30044  
Lansing, MI 48909

Form Completed by:

And when Recorded, Return to:  
  
Michigan State Housing Development Authority  
Neighborhood Housing Initiatives Division  
735 East Michigan Avenue, P.O. Box 30044  
Lansing, Michigan 48909

**EXHIBIT A  
LEGAL DESCRIPTION**

Commonly known as:

Parcel/Property ID #:

**HOUSING DEVELOPMENT FUND FORGIVABLE NOTE GRANT**  
**Grant # HDF- -NEP**  
**MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY**  
735 East Michigan Avenue, P. O. Box 30044  
Lansing, Michigan 48909

\$ \_\_\_\_\_, Michigan

FOR VALUE RECEIVED, \_\_\_\_\_, whose address is \_\_\_\_\_ (herein called the "Mortgagor" or the "Borrower"), promises to pay the Michigan State Housing Development Authority, a Michigan public body corporate and politic (herein called the "Mortgagee" or the "Authority"), whose address is 735 East Michigan Avenue, P. O. Box 30044, Lansing, Michigan 48909, or order, the principal sum of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_), bearing no interest, provided that:

- A. If, before the fifth anniversary of the date of this forgivable mortgage note (the "Forgivable Note"), the Mortgagor shall fail to comply with the terms of the forgivable mortgage (the "Forgivable Mortgage") or the Landlord Written Participation & Certification Agreement entered into between the parties on the same date as this Forgivable Note and recorded in the office of the County Register of Deeds (each such noncompliance an "Early Maturity Event"), then this Forgivable Note shall be immediately due and payable in an amount equal to the principal amount advanced under this Forgivable Note.
- B. On and after the fifth anniversary of the date of this Forgivable Note, the Mortgagor shall have no further repayment obligation.

In the event of Early Maturity, principal shall be payable at 735 East Michigan Avenue, P.O. Box 30044, Lansing, Michigan 48909 or such other place as an Authorized Officer of the Mortgagee or holder of this Forgivable Note may designate in writing.

In the event of default in the payment of this Forgivable Note, and if the same is collected by an attorney at law, the undersigned hereby agree(s) to pay all cost of collection, including a reasonable attorney's fee.

All parties to this Forgivable Note, whether principal, surety, guarantor or endorser, hereby waive presentment for payment, demand, protest, notice of protest, and notice of dishonor and consent to any number of renewals or extensions of the time of payment thereof. Any such renewals or extensions may be made without notice of any of said parties and without affecting their liability.

This Forgivable Note shall be the joint and several obligation of all makers, sureties, guarantors and endorsers, and shall be binding upon them and their heirs, personal representatives, successors, and assigns.

Any notice to Mortgagor provided for in this Forgivable Note shall be given by mailing such notice by regular or certified mail addressed to Mortgagor at the Property Address stated in the first paragraph of this Forgivable Note, or to such other address as Mortgagor may designate by notice

to the Forgivable Note holder. Any notice to the Forgivable Note holder shall be given by mailing such notice by certified mail, return receipt requested, to the Forgivable Note holder at the address stated in the first paragraph of this Forgivable Note, or at such other address as may have been designated by notice to Borrower.

This is the Forgivable Note described in and secured by a Forgivable Mortgage of even date in the same principal amount as herein stated.

Signed as of the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

EXHIBIT A  
LEGAL DESCRIPTION

Commonly known as:

Parcel / Property Tax ID #:



## Program Administration Report

Grantee: \_\_\_\_\_

Grant # \_\_\_\_\_

Employee Name: \_\_\_\_\_

Title: \_\_\_\_\_

Report Period: \_\_\_\_\_

Date	Task Description	Hours	Pay Rate	Total
<b>Total</b>				

\_\_\_\_\_  
Employee Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Approving Supervisor Signature

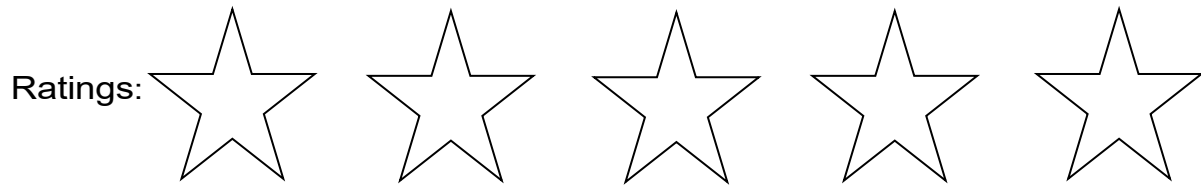
\_\_\_\_\_  
Date





## NEP Household Participation Engagement Survey

1. Overall, how would you rate the experience out of 5 stars (5 is the best rating and 0 is the worst)



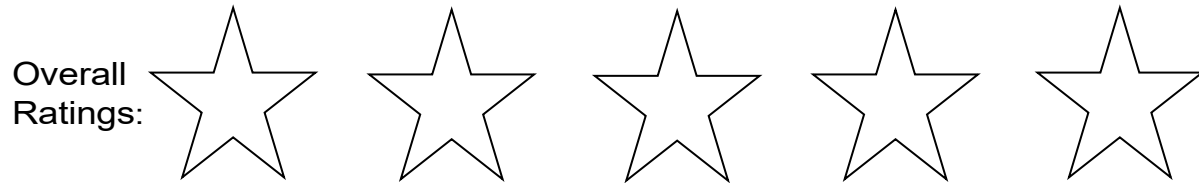
2. Suggestions on how the process could it be improved?

3. How would you describe the overall benefit/impact of this grant on your household and neighborhood?

4. Did you receive any energy efficiency assistance? If so, was this beneficial?



## NEP Grantee Participation Engagement Survey



(5 is the best rating and 0 is the worst)

1. Suggestions on how the process could be improved?

2. How would you describe the overall benefit/impact of this grant on the neighborhood and community?



## Approval and Request for Contractor Payment

Financial Status Report (FSR) #: \_\_\_\_\_ DATE: \_\_\_\_\_

Property Owner Name: \_\_\_\_\_

Property Address: \_\_\_\_\_

Name of Contractor: \_\_\_\_\_

Total Contract Amount: \_\_\_\_\_

Amount Approved for Payment: \_\_\_\_\_

### Description of Work Performed:

### Notes, Corrections:

Workmanship:      Acceptable      Unacceptable

**Grantee Approval:** I hereby certify that I have reviewed the work completed and find it acceptable as described in the Contract Work Specifications. At this time, the Contractor has completed \_\_\_\_\_% of the project and a payment of \_\_\_\_\_ will be processed.

\_\_\_\_\_  
Date:

\_\_\_\_\_  
Grantee Signature

**Request For Contractor Payment:** I hereby express approval of the work performed and hereby agree the specified work has been performed to satisfaction by above Contractor. Further, I authorize the above payment

\_\_\_\_\_  
Date:

\_\_\_\_\_  
Property Owner Signature

\_\_\_\_\_  
Date:

\_\_\_\_\_  
Property Owner Signature

**IF YOU HAVE ANY QUESTIONS REGARDING THE  
CONTENTS OF THIS HANDBOOK  
PLEASE CONTACT YOUR  
NEIGHBORHOOD HOUSING INITIATIVES DIVISION  
NEP CHAMPION**