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Emergency Repair Program POLICY & PROCEDURE MANUAL

COMMUNITY PROGRAMS DIVISION



Table of Contents

Section 1 – Program Overview	1
Section 2 – Program Requirements	1
2.1 Allocation of Funds.....	1
2.2 Homeowner Eligibility	1
2.3 Income Determination	3
2.4 Property Eligibility	11
2.5 Subsidy Level	12
2.6 Eligible Activities	12
2.7 Initial Inspections	12
2.8 Rehabilitation Standards	13
2.9 Final Inspections.....	15
2.10 Ineligible Costs	16
2.11 Contractor Qualifications and Procurement.....	16
2.12 Administrative Costs	19
Section 3 – Program Administration Requirements.....	19
3.1 Equal Opportunity.....	19
3.2 Drug-Free Workplace	21
3.3 Conflict of Interest	22
3.4 Ineligibility Determination and Appeals.....	22
3.5 Timing of Payment Requests.....	23
3.6 Outreach and Waiting Lists	23
3.7 Record Keeping and Monitoring	24
3.8 Reporting & Close Out	25
3.9 Marketing of Program Outcomes	25
Section 4 – Program Forms and Policies and Procedures	26
Start-up Forms	26
Request for Payment and Other Forms	26
Section 5 – Documentation for Requests for Payment.....	28
Appendix A: Forms	29
Signature Form	
Policy of Non-Discrimination	
Request for Payment Form	
Certification of Completion & Final Inspection	
Certification of Administrative Expenditures	
Claim for Travel Expenses	

Section 1 – Program Overview

The Emergency Repair Program (ERP) provides grants to qualified, low-income homeowners to correct, repair, or replace an essential system and/or a critical structural problem. To be eligible, the homeowner applicant must be 60 years of age or older or disabled. Additionally, the household must be low-income, with an annual household income that is equal to or less than 60% of the area median income, as defined by the U.S. Department of Housing and Urban Development (HUD) for the Section 8 Rental Assistance Program. Additional priorities for assistance may be determined by the program's administering agencies.

Section 2 – Program Requirements

2.1 Allocation of Funds

To ensure state-wide availability, the program is administered through the network of Tennessee's Development Districts or other agencies authorized to work in all of the counties within a Development District region ("Administering Agency"). ERP funds are allocated annually by THDA to each Administering Agency. The amount allocated depends upon the amount available from the Tennessee Housing Trust Fund and previous performance. The program provides 15% of an allocation for the Administering Agency's costs to implement ERP. The role of the Administering Agency is to:

- Market the program
- Accept applications
- Determine eligibility for assistance
- Ensure initial and final inspection by a qualified inspector
- Solicit bids for contractors on behalf of the homeowner
- Oversee completion of the work activity
- Pay the contractors and inspectors
- Resolve issues
- Ensure compliance with ERP requirements

2.2 Homeowner Eligibility

Applicants must meet all of the following requirements:

- A) The applicant must be at least 60 years of age or have a disability.
 - 1) Age must be verified by obtaining documentation such as a birth certificate, driver's license, passport, or Social Security letter that states the homeowner's age and/or date of birth.
 - 2) Homeowners with a disability of any age may qualify if the homeowner qualifies for Supplemental Security Insurance (SSI) or Social Security Disability Insurance (SSDI). Households

in which SSDI or SSI is paid to other family members, but not to the homeowner, do not qualify for ERP.

- B) The applicant must occupy the property to be repaired as his/her principal residence.
- 1) To establish principal residence, the homeowner must currently occupy the property, and must have occupied the home for at least three years, as affirmed on the ERP Application.
 - 2) The property's use as the homeowner's principal residence must be verified by obtaining address documentation, such as a recent utility bill, Social Security letter, or bank statement.
- C) The applicant must have an ownership interest of at least three years in the property to be repaired. The three years must be prior to the date of the ERP application. The applicant must have title to the property in the form of fee simple ownership, a life estate, or a minimum 99-year leasehold interest. If the unit is manufactured housing, the applicant must have title to the unit. If the home is on trust or tribal lands, the homeowner must have at least a 50-year leasehold interest. A warranty deed or title is required as documentation of ownership interest.
- D) The household income of the applicant must be at or below either 60% of Area Median Income for the county in which the household resides or the Statewide Median Income as defined by HUD for the most current Income Limits for the HOME Program issued by HUD. The calculation and determination of household income must follow the guidelines provided in this Manual.
- E) The applicant must be current or in a payment plan with the Tax Assessor's Office for the payment of local property taxes on the property to be assisted, documented by a property tax receipt or records from the property tax assessing agency.
- If property taxes are due during the time between when the homeowner is determined to be eligible and when the Contract for Emergency Repair is signed, the Administering Agency must verify that property taxes were paid or that the applicant is current on a payment plan, before assistance is provided. Documentation of property tax payment must be retained in the client file.
- F) The homeowner must affirm on their application for ERP assistance that they have not filed a hazard or home insurance claim in the last 12 months for the same items that ERP funds will repair.
- G) The homeowner has either not previously received assistance from ERP or the combined total cost of previously provided repairs and newly requested repairs does not exceed \$15,000.
- H) The applicant must not be delinquent on their current mortgage loan or in danger of foreclosure.
- I) The applicant must not have had a THDA mortgage loan that was foreclosed.
- J) A household for purposes of determining Household Income includes all persons currently listed as owners of record on the warranty deed and who occupy the property as their primary residence. Any non-occupying spouse or owner must provide proof of non-occupancy for a minimum of 6 months. Such proof may be provided by an insurance declaration page, utility bills, etc.

The Administering Agency must retain documentation in the client file of the client's qualification for ERP assistance as required in 2.2 A-G.

2.3 Income Determination

All program beneficiaries must complete written applications for assistance and submit proof of income to determine eligibility before assistance can be provided. At a minimum, applications for assistance must be signed and dated and contain all household information, including the names of all household members, sources and amounts of gross income, and amounts of any assets.

- A) **INCOME LIMITS** – The Emergency Repair Program may be used to benefit households who are elderly or disabled and with incomes that are at or below 60% of Area Median as adjusted for household size. Alternatively, if the Statewide Median Income as adjusted for household size is higher than the Area Median Income, then the Statewide Median Income may be used to determine eligibility:

2022 STATEWIDE MEDIAN INCOME

% of Statewide Median Income	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
30%	\$16,150	\$18,450	\$20,750	\$23,050	\$24,900	\$26,750	\$28,600	\$30,450
50%	\$26,850	\$30,700	\$34,550	\$38,400	\$41,450	\$44,500	\$47,600	\$50,650
60%	\$32,250	\$36,850	\$41,450	\$46,050	\$49,750	\$53,400	\$57,100	\$60,800

The applicable income limits are the current income limits established by the U.S. Department of Housing and Urban Development for the HOME Program which are updated annually by HUD.

- B) **ANNUAL INCOME (GROSS INCOME)** – THDA's Emergency Repair Program uses the income definitions of the Section 8 Rental Assistance Program to determine the annual income (gross income) used to classify a household for purposes of eligibility. Annual income means all amounts, monetary or not, which:

- 1) Go to, or on behalf of, the family head or spouse (even if temporarily absent) or to any other family member;
- 2) Are anticipated to be received from a source outside the family during the 12-month period following admission or annual reexamination effective date. In other words, it is the household's future or expected earnings rather than its past earnings that are used to determine program eligibility. If it is not feasible to anticipate a level of income over a 12-month period, the income anticipated for a shorter period may be annualized, subject to a redetermination at the end of the shorter period;
- 3) Are not specifically excluded in Income Exclusions below; and,
- 4) Are amounts derived (during the 12-month period) from assets to which any member of the family has access.

MONTHLY GROSS INCOME – is Annual Gross Income divided by 12 months.

- C) **ASSETS** – In general terms, an asset is a cash or noncash item that can be converted to cash. There is no asset limitation for participation in the Emergency Repair Program. Income from assets, however, is recognized as part of Annual Gross Income. Assets have both a market value and a cash value.

- 1) **MARKET VALUE** – The market value of an asset is simply its dollar value on the open market. For example, a stock's market value is the price quoted on a stock exchange on a particular day, and a property's market value is the amount it would sell for on the open market. This may be determined by comparing the property with similar, recently sold properties.
 - 2) **CASH VALUE** – The cash value of an asset is the market value less reasonable expenses required to convert the asset to cash, including:
 - a) Penalties or fees for converting financial holdings. Any penalties, fees, or transaction charges levied when an asset is converted to cash are deducted from the market value to determine its cash value (e.g., penalties charged for premature withdrawal of a certificate of deposit, the transaction fee for converting mutual funds, or broker fees for converting stocks to cash); and/or
 - b) Costs for selling real property. Settlement costs, real estate transaction fees, payment of mortgages/liens against the property, and any legal fees associated with the sale of real property are deducted from the market value to determine equity in the real estate.
 - c) Under Section 8 rules, only the cash value (rather than market value) of an item is counted as an asset.
- D) **INCOME FROM ASSETS** – The income counted is the actual income generated by the asset (e.g., interest on a savings or checking account.) The income is counted even if the household elects not to receive it. For example, although a household may elect to reinvest the interest or dividends from an asset, the interest or dividends are still counted as income.
- 1) The income from assets included in Annual Gross Income is the income that is anticipated to be received during the coming 12 months.
 - a) To obtain the anticipated interest on a savings account, the current account balance can be multiplied by the current interest rate applicable to the account; OR
 - b) If the value of the account is not anticipated to change in the near future and interest rates have been stable, a copy of the IRS-1099 form showing past interest earned can be used.
 - c) Checking account balances (as well as savings account balances) are considered an asset. This is in recognition that some households keep assets in their checking accounts, and is not intended to count monthly income as an asset. Grantees should use the average monthly balance over a 6-month period as the cash value of the checking account.
 - 2) When an asset produces little or no income:
 - a) If the household's assets are \$5,000 or less, actual income from assets (e.g., interest on a checking account) is not counted as annual income. For example, if a household has \$600 in a non-interest bearing checking account, no actual income would be counted because the household has no actual income from assets and the total amount of all assets is less than \$5,000.
 - b) If the household's assets are greater than \$5,000, income from assets is computed as the greater of:
 - (1) Actual income from assets, OR

- (2) Imputed income from assets based on a passbook rate applied to the cash value of all assets. For example, if a household has \$3,000 in a non-interest bearing checking account and \$5,500 in an interest-bearing savings account, the two amounts are added together. Use the standard passbook rate to determine the annual income from assets for this household.
- c) Applicants who dispose of assets for less than fair market value (i.e., value on the open market in an "arm's length" transaction) have, in essence, voluntarily reduced their ability to afford housing. Section 8 rules require, therefore, that any asset disposed of for less than fair market value during the 2 years preceding the income determination be counted as if the household still owned the asset.
 - (1) The value to be included as an asset is the difference between the cash value of the asset and the amount that was actually received (if any) in the disposition of the asset (less any fees associated with disposal of property, such as a brokerage fee).
 - (2) Each applicant must certify whether an asset has been disposed of for less than fair market value. Assets disposed of for less than fair market value as a result of foreclosure, bankruptcy, divorce or separation are not included in this calculation.
 - (3) These procedures are followed to eliminate the need for an assets limitation and to penalize people who give away assets for the purpose of receiving assistance or paying a lower rent.

E) ASSETS INCLUDE:

- 1) Amounts in savings accounts and six month average balance for checking accounts.
- 2) Stocks, bonds, savings certificates, money market funds and other investment accounts.
- 3) Equity in real property or other capital investments. Equity is the estimated current market value of the asset less the unpaid balance on all loans secured by the asset and reasonable costs (such as broker fees) that would be incurred in selling the asset.
- 4) The cash value of trusts that are available to the household.
- 5) IRA, Keogh and similar retirement savings accounts, even though withdrawal would result in penalty.
- 6) Contributions to company retirement/pension funds that can be withdrawn without retiring or terminating employment.
- 7) Assets which, although owned by more than one person, allow unrestricted access by the applicant.
- 8) Lump sum receipts such as inheritances, capital gains, lottery winnings, insurance settlements, and other claims.
- 9) Personal property held as an investment such as gems, jewelry, coin collections, antique cars, etc.
- 10) Cash value of life insurance policies.
- 11) Assets disposed of for less than fair market value during two years preceding certification or re-certification.

F) ASSETS DO NOT INCLUDE:

- 1) Necessary personal property, except as noted under paragraph E (“Assets Include”) above.
- 2) Interest in Indian Trust lands.
- 3) Assets that are part of an active business or farming operation.

NOTE: Rental properties are considered personal assets held as an investment rather than business assets unless real estate is the applicant's main occupation.

- 4) Assets not accessible to the household and which provide no income to the household.
- 5) Vehicles especially equipped for the handicapped.
- 6) Equity in owner-occupied cooperatives and manufactured homes in which the household lives.

G) INCOME INCLUSIONS – The following are used to determine the annual income (gross income) of an applicant's household for purposes of eligibility:

- 1) The full amount, before any payroll deductions, of wages and salaries, over-time pay, commissions, fees, tips and bonuses, and other compensation for personal services.
- 2) The net income for the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness cannot be used as deductions in determining net income; however, an allowance for depreciation of assets used in a business or profession may be deducted, based on straight line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession is included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family.
- 3) Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness cannot be used as a deduction in determining net income. An allowance for depreciation is permitted only as authorized in paragraph (2) above. Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family. Where the family has net family assets in excess of \$5,000, annual income includes the greater of the actual income derived from net family assets or a percentage of the value of such assets based on the current passbook saving rate, as determined by HUD.
- 4) The full amount of periodic payments received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic amount (except Supplemental Security Income (SSI) or Social Security).
- 5) Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay (but see paragraph (3) under Income Exclusions).
- 6) Welfare Assistance. If the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and utilities, the amount of welfare assistance income to be included as income consists of:
 - a) The amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; plus

- b) The maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family welfare assistance is ratably reduced from the standard of need by applying a percentage, the amount calculated under this paragraph is the amount resulting from one application of the percentage.
- 7) Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling.
- 8) All regular pay, special pay and allowances of a member of the Armed Forces (see paragraph (7) under "Income Exclusions").
- H) **INCOME EXCLUSIONS** – The following are excluded from a household's income for purposes of determining eligibility:
 - 1) Income from employment of children (including foster children) under the age of 18 years;
 - 2) Payments received for the care of foster children or foster adults (usually individuals with disabilities, unrelated to the tenant family, who are unable to live alone);
 - 3) Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses (except for payments in lieu of earnings – see paragraph (5) of "Income Inclusions");
 - 4) Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member;
 - 5) Income of a live-in aide;
 - 6) The full amount of student financial assistance paid directly to the student or to the educational institution;
 - 7) The special pay to a family member serving in the Armed Forces who is exposed to hostile fire;
 - 8) Amounts received under training programs funded by HUD;
 - 9) Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS);
 - 10) Amounts received by a participant in other publicly assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred (special equipment, clothing, transportation, child care etc.) which are made solely to allow participation in a specific program;
 - 11) Incremental earnings and benefits resulting to any family member from participation in qualifying state or local employment training programs (including training not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded must be received under employment training programs with clearly defined goals and objectives, are excluded only for the period during which the family member participates in the employment training program with clearly defined goals and objectives, are excluded only of the period during which the family member participates in the employment training program;
 - 12) Temporary, nonrecurring or sporadic income (including gifts);

- 13) Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era;
- 14) Earnings in excess of \$480 for each full-time student 18 years old or older (excluding the head of household and spouse);
- 15) Adoption assistance payments in excess of \$480 per adopted child;
- 16) Deferred periodic amounts from supplemental security income and social security benefits that are received in a lump sum amount or in prospective monthly amounts;
- 17) Amounts received by the family in the form of refunds or rebates under state or local law for property taxes paid on the dwelling unit;
- 18) Amounts paid by a state agency to a family with member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home;
- 19) The value of the allotment provided to an eligible household under the Food Stamp Act of 1977;
- 20) Payments to volunteers under the Domestic Volunteer Service Act of 1973 (employment through VISTA; Retired Senior Volunteer Program, Foster Grandparents Program, youthful offenders incarceration alternatives, senior companions);
- 21) Payments received under the Alaska Native Claims Settlement Act (43 U.S.C. 1626(a));
- 22) Income derived from certain sub-marginal land of the United States that is held in trust for certain Indian tribes (25 U.S.C. 259e);
- 23) Payments or allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program (42 U.S.C. 8624(f));
- 24) Payments received under programs funded in whole or in part under the Job Training Partnership Act;
- 25) Income derived from the disposition of funds of the Grand River Band of Ottawa Indians;
- 26) The first \$2,000 of per capita shares received from judgment funds awarded by the Indian Claims Commission or the Court of Claims (25 U.S.C. 1407-1408) or from funds held in trust for an Indian tribe by the Secretary of Interior (25 U.S.C. 117);
- 27) Amounts of scholarships funded under Title IV of the Higher Education Act of 1965 including awards under the Federal work-study program or under the Bureau of Indian Affairs student assistance programs (20 U.S.C. 1087uu);
- 28) Payments received from programs funded under Title V of the Older Americans Act of 1965 (42 U.S.C. 3056(f));
- 29) Any earned income tax credit refund payments received on or after January 1, 1991, including advanced earned income credit payments;
- 30) Payments received after January 1, 1989 from the Agent Orange Settlement Fund or any other funds established pursuant to the settlement in the In Re Agent Orange product liability litigation MDL No. 381 (E.D.N.Y.);

- 31) The value of any child care provided or arranged (or any amount received as payment for such care or reimbursement for costs incurred for such care) under the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858q);
 - 32) Payments received under the Maine Indian Claims Settlement Act of 1980;
 - 33) Payments received under programs funded in whole or in part under the Job Training Partnership Act (employment and training programs for Native Americans and migrant and seasonal farm workers, Job corps, veterans employment programs, state job training programs and career intern programs, AmeriCorps);
 - 34) Payments made by the Indian Claims Commission to the Confederated Tribes and Bands of Yakima Indian Nation or the Apache Tribe of Mescalero Reservation;
 - 35) Allowances, earnings, and payments to AmeriCorps participants under the National and Community Service Act of 1990;
 - 36) Any allowance paid under the provisions of 38 U.S.C. 1805 to a child suffering from spina bifida who is the child of a Vietnam veteran;
 - 37) Any amount of crime victim compensation (under the Victims of Crime Act) received through crime victim assistance (or payment or reimbursement of the cost of such assistance); and
 - 38) Allowances, earnings and payments to individuals participating in programs under the Workforce Investment Act of 1998.
- I) **TIMING OF INCOME CERTIFICATIONS** – All households that receive ERP assistance must be income-eligible. At a minimum, income certification must be completed before assistance begins. A preliminary determination of eligibility may be made earlier in the process.
- 1) Application processing is labor intensive. Early screening for income eligibility can eliminate excessive work in processing an ineligible applicant.
 - 2) Establishing a deadline for formal eligibility determinations is a challenging part of the planning process. Generally, ERP requires that documentation of eligibility be dated no earlier than six (6) months prior to the determination of eligibility. An applicant must be re-certified and the application for assistance must be updated and signed if more than six months elapses between the date of the eligibility determination and the date that the Repair Contract between the homeowner and the contractor is signed. Updated supporting documentation must be submitted at the time of the re-certification.
 - 3) The Administering Agency must calculate the annual income of the household by projecting the prevailing rate of income of the household at the time the Administering Agency determines that the household is income eligible. The Administering Agency is not required to re-examine the household's income at the time the assistance is provided, unless more than six months have elapsed since the Administering Agency determined that the household qualified as income eligible.
- J) **INCOME VERIFICATION** – Administering Agencies must verify all information collected to determine a household's income. Under the Section 8 Program, there are three forms of verification which are acceptable: third-party, review of documents, and applicant certification.
- 1) **THIRD-PARTY VERIFICATION** – Under this form of verification, a third party (e.g., employer, Social Security Administration, or public assistance agency) is contacted to provide information. Although written requests and responses are generally preferred, conversations

with a third party are acceptable if documented through a memorandum to the file that notes the contact person and date of the call.

- a) To conduct third party verifications, an Administering Agency must obtain a written release from the household that authorizes the third party to release required information.
 - b) Third-party verifications are helpful because they provide independent verification of information and permit Administering Agencies to determine if any changes to current circumstances are anticipated. Some third-party providers may, however, be unwilling or unable to provide the needed information in a timely manner.
- 2) **REVIEW OF DOCUMENTS** – Documents provided by the applicant (such as pay stubs, IRS returns, etc.) may be most appropriate for certain types of income and can be used as an alternative to third-party verifications. Copies of documents must be retained in project files.
- a) Administering Agencies should be aware that, although easier to obtain than third-party verifications, a review of documents often does not provide needed information. For instance, a pay stub may not provide sufficient information about average number of hours worked, overtime, tips and bonuses. Administering Agencies should review a minimum of two months of pay stubs.
- 3) **APPLICANT CERTIFICATION** – When no other form of verification is possible, a certification by the applicant may be used. For example, it may be necessary to use an applicant certification for applicant household whose income comes from "odd jobs" paid for in cash.
- a) Applicant certification is the least reliable form of verification and may be subject to abuse. In some cases, the applicant certification can be supplemented by looking at the applicant's past history. The Administering Agency should review the previous year's income tax return to determine if the current year's income is consistent with activity for the previous year.
- K) **CALCULATION METHODOLOGIES** – Administering Agencies must establish methodologies that treat all households consistently and avoid confusion.
- 1) It is important to understand the basis on which applicants are paid (hourly, weekly or monthly, and with or without overtime). An applicant who is paid "twice a month" may actually be paid either twice a month (24 times a year) or every two weeks (26 times a year).
 - 2) It is important to clarify whether overtime is sporadic or a predictable component of an applicant's income.
 - 3) Annual salaries are counted as Annual Income regardless of the payment method. For instance, a teacher receives an annual salary whether paid on a 9- or 12-month period.
- L) **DETERMINING WHOSE INCOME TO COUNT** – Knowing whose income to count is as important as knowing which income to count. Under the Section 8 definition of income, the following income *is not counted*:
- 1) **INCOME OF LIVE-IN AIDES** – If a household includes a paid live-in aide (whether paid by the family or a social service program), the income of the live-in aide, regardless of its source, is not counted. (Except under unusual circumstances, a related person can never be considered a live-in aide);

- 2) **INCOME ATTRIBUTABLE TO THE CARE OF FOSTER CHILDREN** – Foster children are not counted as household members when determining household size to compare with the Income Limits. Thus, the income a household receives for the care of foster children is not included;
- 3) **EARNED INCOME OF MINORS** – Earned income of minors (age 18 and under) is not counted. However, unearned income attributable to a minor (e.g., child support, AFDC payments, and other benefits paid on behalf of a minor) is counted;
- 4) **TEMPORARILY ABSENT FAMILY MEMBERS** – The income of temporarily absent family members is counted in Annual Income - regardless of the amount the absent family member contributes to the household. For example, a construction worker earns \$600/week at a temporary job on the other side of the state. He keeps \$200/week for expenses and sends \$400/week home to his family. The entire \$600/week is counted in the family's income;
- 5) **ADULT STUDENTS LIVING AWAY FROM HOME** – If the adult student is counted as a member of the household in determining the Income Limit used for eligibility of the household, the first \$480 of the student's income must be counted in the family's income. Note, however, that the \$480 limit does not apply to a student who is head of household or spouse (their full income must be counted); and
- 6) **PERMANENTLY ABSENT FAMILY MEMBER** – If a family member is permanently absent from the household (e.g., a spouse who is in a nursing home), the head of household has the choice of either counting that person as a member of the household, and including income attributable to that person as household income, or specifying that the person is no longer a member of the household.

2.4 Property Eligibility

- A) The property must be an owner-occupied property in which title to the property and the home must be in the form of fee simple ownership, a life estate, or a minimum 99-year leasehold interest, except for manufactured housing and homes on trust or tribal lands. In cases where manufactured homes are on leased property, such as a manufactured home park, the applicant must hold title to the manufactured home, but is not required to own the lot. For housing located on trust or tribal lands, the household minimally must have a leasehold interest of 50 years. Any property that is inherited must have gone through probate and the heir must have clear title to be considered eligible.
- B) Modular homes must have a green sticker, indicating they were built to comply with Tennessee's Modular Homes Act.
- C) Manufactured homes must have a red sticker, indicating compliance with the Federal Manufactured Home Construction and Safety Standards and the requirements of the Department of Housing and Urban Development (HUD) in effect on the date of manufacture.
- D) The unit must be a single-family dwelling unit or other form of dwelling approved in advance by THDA. In cases where a building of more than one unit is assisted, no improvements may be made to common spaces or systems.

2.5 Subsidy Level

The maximum amount of ERP funds awarded to an eligible homeowner for a given eligible property has a lifetime limit of \$15,000. The funds provided are a grant to the homeowner and do not require a compliance period secured by a lien on the property

2.6 Eligible Activities

- A) ERP is intended to make minor home repairs to an essential system so that the homeowner can continue to reside in his/her home. ERP does not require that the entire structure be brought into compliance with codes, but the work done must be in compliance with local adopted codes where applicable. If no local codes are adopted for the type of work to be performed, the work must be performed according to all applicable state codes. If permits are available for the type of work to be performed, the permits must be issued and inspected by the local or state jurisdiction. When applicable, repair work should include measures to improve both the energy efficiency and universal design of the home. The following are approved repair activities and represent the type of repairs that ERP is meant to address:

- Roofs
- Electrical systems
- Plumbing systems
- Septic systems
- Heating and air systems
- Repairs to floors or walls
- Insulation
- Window and door replacement
- Bathroom modifications and ramps necessary for the homeowner with a physical disability to safely access and use the home for basic life functions

Administering Agencies must obtain THDA's written approval for any repairs beyond the types of repairs indicated above prior to the homeowner entering into a contract for the repair work.

- B) In many instances, additional work will need to be completed to the house that cannot be addressed with ERP, and there may not be a visible difference in the house once the repairs have been completed. THDA reserves the right to deny assistance if it is determined that the scope of repairs needed to make the home livable are substantially beyond the scope of the Emergency Repair Program.

2.7 Initial Inspections

- A) The homeowner will help define the nature of the needed home repairs. However, an initial inspection by a qualified, independent, third-party inspector is required in order to complete the work write-up for the project. The THDA Work Write-Up Template and Permit Worksheet must be used. A determination as to the need to pull electrical, mechanical, plumbing, or building permits must be made at the time of the initial inspection. THDA Work Write-Up forms older than 6 months will be required to be updated or revised.

- B) THDA defines a “qualified initial inspector” as an individual with credentials appropriate for the type of work being performed, such as inspectors licensed by the State of Tennessee as Building, Mechanical, Plumbing, or Electrical Inspectors or Home Inspectors (as appropriate for the items to be inspected) or individuals certified by a national organization such as the International Code Council, the National Fire Protection Association, or the Standard Building Code Congress as a Housing Inspector. Other qualifications may be accepted on a case-by-case basis, and require THDA approval before the inspector may perform inspections.
- C) If a partner agency’s (e.g. USDA Rural Development) qualified inspector is providing the initial inspection and work write-up, then the partner agency’s work write-up form may be used. Line item costs for work to be performed must be indicated on the work write-up form. The partner agency’s inspector must also meet the above qualifications in order to perform initial inspections. If a partner agency’s work write-up form is used, the THDA Permit Worksheet must accompany the partner agency’s work write-up form.
- D) Contractors and/or representatives of partner agencies who perform ERP repair work for a given homeowner may not conduct initial inspections of the work to be conducted or final inspections of the work that has been completed. However, if the contractor or partner agency is a volunteer service organization, that organization’s staff is authorized to complete the initial inspection and work write-up, but the project must still receive a final inspection by a qualified, independent, third-party inspector.
- E) The initial inspection should include photos of all items needing repairs.
- F) The cost of the initial inspection and work write-up and any updated/revised work write -up (due to the original work write-up exceeding 6 months) are eligible soft costs for the project. The maximum cost per inspection is \$350.

2.8 Rehabilitation Standards

- A) Housing that is rehabilitated must meet all applicable local codes, rehabilitation standards, and zoning ordinances at the time of project completion. In the absence of a local code, rehabilitation of existing units must meet the current State adopted edition of the International Existing Building Code. For all work performed, all required state and local permits must be obtained.
- B) The Permit Worksheet, which may be found at the end of the Work Write-Up Template, must be completed for every project. Jurisdictions that operate their own codes enforcement programs may or may not choose to issue permits for work that is subject to codes requirements, or may have stricter requirements for when a permit is required.
- C) **Exemption from SRBP Permit Requirements**
 - 1) R105.2 Work exempt from permit. The 2009 International Building Residential Code includes the following stipulations:

Permits shall not be required for the following. Exemption from permit requirements of this code shall not be deemed to grant authorization for any work to be done in any manner in violation of the provisions of this code or any other laws or ordinances of this jurisdiction.

 - a) **Building:**

- (1) One-story detached accessory structures used as tool and storage sheds, playhouses and similar uses, provided the floor area does not exceed 200 square feet.
- (2) Fences not over 7 feet high.
- (3) Retaining walls that are not over 4 feet in height measured from the bottom of the footing to the top of the wall, unless supporting a surcharge.
- (4) Water tanks supported directly upon grade if the capacity does not exceed 5,000 gallons and the ratio of height to diameter or width does not exceed 2 to 1.
- (5) Sidewalks and driveways.
- (6) Painting, papering, tiling, carpeting, cabinets, counter tops and similar finish work.
- (7) Prefabricated swimming pools that are less than 24 inches (610 mm) deep.
- (8) Swings and other playground equipment.
- (9) Window awnings supported by an exterior wall which do not project more than 54 inches from the exterior wall and do not require additional support.
- (10) Decks not exceeding 200 square feet in area, that are not more than 30 inches above grade at any point, are not attached to a dwelling and do not serve the exit door required by Section R311.4.

b) **Electrical:**

- (1) Listed cord-and-plug connected temporary decorative lighting.
- (2) Reinstallation of attachment plug receptacles but not the outlets therefor.
- (3) Replacement of branch circuit overcurrent devices of the required capacity in the same location.
- (4) Minor repair work, including the replacement of lamps or the connection of approved portable electrical equipment to approved permanently installed receptacles.

c) **Gas:**

- (1) Portable heating, cooking or clothes drying appliances.
- (2) Replacement of any minor part that does not alter approval of equipment or make such equipment unsafe.
- (3) Portable-fuel-cell appliances that are not connected to a fixed piping system and are not interconnected to a power grid.

d) **Mechanical:**

- (1) Portable heating appliances.
- (2) Portable ventilation appliances.
- (3) Portable cooling units.
- (4) Steam, hot- or chilled-water piping within any heating or cooling equipment regulated by this code.
- (5) Replacement of any minor part that does not alter approval of equipment or make such equipment unsafe.

- (6) Portable evaporative coolers.
 - (7) Self-contained refrigeration systems containing 10 pounds or less of refrigerant or that are actuated by motors of 1 horsepower or less.
 - (8) Portable-fuel-cell appliances that are not connected to a fixed piping system and are not interconnected to a power grid.
- 2) The stopping of leaks in drains, water, soil, waste or vent pipe; provided, however, that if any concealed trap, drainpipe, water, soil, waste or vent pipe becomes defective and it becomes necessary to remove and replace the same with new material, such work shall be considered as new work and a permit shall be obtained and inspection made as provided in this code.

2.9 Final Inspections

- A) With the understanding that ERP is not to gain code compliance with the entire structure, but to correct an immediate issue to an essential system for habitability, only those items that are repaired as part of the ERP funded project must receive a final inspection by a qualified inspector. The final inspection should include photos of all items repaired
- B) If a state or local permit was required for the repair work performed, the code compliance inspection will serve as the final inspection for those repairs covered under the permit. For any other repairs that are not covered under a permit and code compliance inspection, a final inspection by a qualified inspector must be performed. Due to this requirement, a given project may receive multiple final inspections to cover all of the work performed.
- C) The THDA Permit Worksheet must be complete at the time of the final inspection. If a permit was not required for the work that was performed, this status must be noted on the Worksheet.
- D) THDA defines a “qualified inspector” as an individual with credentials appropriate for the type of work being performed, such as inspectors licensed by the [State of Tennessee as Building, Mechanical, Plumbing, or Electrical Inspectors](#) or [Home Inspectors](#) as appropriate for the work performed or individuals certified by a national organization such as the International Code Council, the National Fire Protection Association, or the Standard Building Code Congress as a Housing Inspector. Other qualifications may be accepted on a case-by-case basis, and require THDA approval before the inspector may perform inspections.
- E) If multiple categories of repairs are being performed (e.g., HVAC and plumbing), the person or persons performing the final inspection must be qualified to inspect each type of repair.
- F) The cost of the final inspection is an eligible soft cost for the project. The maximum cost per inspection is \$350. Administering Agencies should engage inspectors at a cost appropriate for the scope of work proposed
- G) The Administering Agencies shall obtain inspectors, notify contractors and the homeowner as to who the inspectors will be for each job, and remit payment to the inspectors for work performed. Contractors shall not pay inspectors for work performed. Administering Agencies may coordinate with other partner agencies such as USDA Rural Development with regard to inspectors utilized and remittance of payment to inspectors. If inspectors are utilized that are selected by a partner agency such as USDA Rural Development, a qualified inspector, as defined above in 2.9 D, must be utilized.
- H) **Permits for Repairs That Are Not Exempt**

- 1) For building, mechanical, and plumbing codes, determine if the local jurisdiction is [Exempt, Opt Out, or part of the State Residential Building Program](#).
 - a) Exempt: The contractor must contact the local permitting office to pull permit(s) applicable to the work to be performed.
 - b) SRBP (State Residential Building Program) or Opt Out: Contractors must apply for a state permit [online](#), checking the box for “Addition of 30 Sq. Ft. or more in interior space or THDA Rehab Improvement.” The permit may also be obtained from a local Issue Agent for areas that are covered under the SRBP.

Note: If the local jurisdiction has opted out of Tennessee’s adoption of the 2009 International Residential Code, the State Fire Marshal’s Office is authorized to issue permits and perform code compliance inspections for THDA projects in lieu of the local jurisdiction.
- 2) For electrical codes, determine if the local jurisdiction is [Exempt](#) from the State Electrical Program.
 - a) Exempt: Contractors must contact local permitting office to pull electrical permit.
 - b) Not Exempt: Contractors must contact an [Electrical Permit Issuing Agent](#) to pull permit.

2.10 Ineligible Costs

- A) The following are ineligible activities associated with the ERP-funded projects:
- 1) The purchase or repair of appliances not permanently attached to the home, including refrigerators, dishwashers, washers, and dryers.
 - 2) Off-site infrastructure.
 - 3) Landscaping, except for the restoration of the site following an eligible activity or for health and safety reasons.
 - 4) Driveway repairs, except as part of an eligible accessibility activity for ingress/egress to the home.
 - 5) Relocation costs of the homeowner.
 - 6) Tools and work related appliances that will not stay with the home.

2.11 Contractor Qualifications and Procurement

- A) GENERAL CONTRACTOR’S LICENSE - At a minimum, any contractor for construction or rehabilitation projects with contract amounts of \$25,000 or more must have a general contractor's license issued by the Board for Licensing Contractors, State of Tennessee. For a listing of Tennessee Licensed Contractors contact:

Board for Licensing Contractors
500 James Robertson Parkway, Suite 110
Nashville, TN 37243-1150

Telephone: (615)741-8307

- B) HOME IMPROVEMENT LICENSE - As of June 23, 2010, any contractor for rehabilitation projects with contract amounts between \$3,000 and \$24,999 in Bradley, Davidson, Hamilton, Haywood, Knox, Marion, Robertson, Rutherford, and Shelby counties are required to have a Home Improvement license. This is a local option, and it is anticipated that additional counties will adopt this requirement.
 - C) EXCLUDED PARTIES - The State must require its Grantees to have participants in lower tier covered transactions (contractors and their subcontractors) certify that neither it nor its principals is presently excluded from working under a Federal government award. Excluded parties covers: debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation from the covered transaction. The System for Awards Management (SAM) covers excluded parties: <https://www.sam.gov/portal/public/SAM/#1>. Documentation of contractor and subcontractor eligibility must be maintained by the Grantee.
 - D) The above are minimum licensing standards required by the State of Tennessee. Grantees may choose to impose stricter requirements for local programs. A Grantee choosing to require more than the minimum standards would incorporate those requirements in the policies and procedures adopted for the operation of its Rebuild and Recover grant.
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- A) A contractor must be appropriately licensed, bonded, and insured in order to obtain any permit required for the type of repair work to be performed. For any repairs that require a licensed contractor to obtain a permit, the Administering Agency must obtain either a copy of the contractor's license or screenshot from the Department of Commerce and Insurance website, showing the contractor's company name and license expiration date. The Department of Commerce and Insurance contractor licensing information may be obtained here: <http://verify.tn.gov>.
 - B) For any repairs that do not require a licensed contractor to pull a permit, the Administering Agency must obtain the contractor's professional qualifications to perform the work, including a resumé or other similar credentials. The contractor must present a suitable means to guarantee labor and parts for the warranty period, to include a bond or insurance policy. In lieu of a bond or insurance policy, the contractor may submit other suitable documentation to protect the homeowner for the warranty period.

Suitable forms of documentation may include but are not limited to a letter from the contractor affirming that parts and labor will be guaranteed during the one year warranty period, financial statements demonstrating the contractor's financial strength and ability to guarantee the work, documentation showing the contractor's length of time in operation, working capital in the bank, and BBB ratings. THDA has full discretion to determine the form and substance of the suitable documentation. Prior THDA approval is required before work may commence.
 - C) The Administering Agency will procure qualified contractors using the work write-up created by the initial qualified inspector and will provide the homeowner with a choice of qualified contractors. The contractors providing estimates cannot alter the work write-up during the bidding process. The Administering Agency will review the cost estimates with the homeowner and will assist the homeowner in selecting a contractor to do the work. Once the contractor is

selected, the contractor and the homeowner are required to sign the work write-up and the estimated project costs associated with the project.

- D) The cost of the permit should be listed on the work write up, and a receipt, invoice, or print out of the codes enforcement jurisdiction's permit fees should be included to support the charge when the project is submitted to THDA for payment. Overhead costs associated with obtaining the permit should be listed on the Profit and Overhead line at the end of the work write up.
- E) Volunteer service organizations which are exempt under Tennessee Code Annotated 62-6-103(3)(A) are not required to be licensed, however if work is being performed that requires a permit be pulled, then a licensed contractor must be obtained to pull the required permit, perform the work, and request the final codes inspection.
- F) The EPA's Renovate, Repair, and Paint (RRP) Rule applies to any home proposed for assistance with ERP funds that was built prior to 1978, if the work, to be performed for compensation, will disturb more than six square feet of painted, varnished, or stained surfaces per interior room or more than twenty square feet of exterior painted, varnished, or stained surfaces per side of the home. If the RRP Rule applies to a given project, the Administering Agency must ensure that the contractor selected is an [EPA Lead Safe Certified Firm](#). The certified contractor is responsible for complying with all elements of the RRP Rule in order to protect the occupants of the home from lead-based paint hazards during repair.
- G) Volunteer service organizations are exempt from the RRP Rule, unless the organization pays a supervisor to oversee work performed by volunteers ([EPA RRP Frequently Asked Questions, Page 31](#)).

Procurement

- A) The contract between THDA and the Administering Agency requires that Administering Agencies implement procurement procedures for goods, materials, supplies, equipment, and/or services. Such procurement shall be made on a competitive basis, including the use of competitive bidding procedures, where practical. If there are no local procurement policies, Administering Agencies must establish their own procedures provided they conform to the standards stated below. The same procurement policies and procedures apply when a partner agency is responsible for the selection of a contractor, inspector, etc.
- B) **PURCHASE OF MATERIALS, SUPPLIES OR NON-PROFESSIONAL SERVICES** – For purchase or contract amounts over four hundred dollars (\$400), qualified vendors or contractors must be selected on the basis of three price quotations or competitive bids.
 - 1) Price or rate quotations must be obtained from at least three qualified sources. Informal methods that are sound, appropriate, and documented are allowed for the procurement of supplies, labor and other necessary services.
 - 2) Quotations may be obtained over the telephone or via email as long as the Administering Agency keeps a written record in the grant files showing whom they contacted, the date they were contacted, and the price quoted.
 - 3) The purchase should be made from the lowest or best bidder. Should the homeowner or the Administering Agency decide to select a bid other than the lowest bid, the Administering Agency must provide the reason/justification on behalf of the owner to THDA in writing before accepting the bid. If the justification is not acceptable to THDA, the Administering Agency or

owner will be required to finance any costs in excess of the lowest bid from the Administering Agency's or homeowner's own resources.

- 4) In the instance of a sole supplier, or when three bids cannot be obtained, appropriate file documentation is acceptable.
- 5) If the lowest and/or best bid is from a contractor who is related to the homeowner to be served with ERP funds, the Administering Agency must provide the reason/justification and bidding documentation to THDA in writing before accepting the bid.

2.12 Administrative Costs

- A) Funds may be used to pay administrative costs incurred by the Administering Agency in the performance of program activities, but may not exceed the amount of administrative funds allocated in THDA's agreement with the Administering Agency. The program provides 15% of the total allocation to the Administering Agency for the Administering Agency's costs to implement ERP. Administrative funds may be used for the following activities:
 - 1) General management, oversight, and coordination of the program, including travel costs incurred and billed at the State-approved rate of \$0.47 per mile.
 - 2) Public information, including the provision of information and other resources to residents and citizen organizations participating in the planning, implementation, and assessment of projects assisted with ERP funds.
 - 3) Indirect costs. If billing for indirect costs, a copy of the current cost allocation plan approved by the Administering Agency's cognizant agency must be submitted.
- B) Administrative funds must be drawn down only for eligible administrative expenditures actually incurred and must be drawn down proportionally with program funds. The administrative funds request must include back up documentation to support the request. For example, if reimbursement is requested for salaries, back up documentation such as check stubs and time sheets must be submitted to support the request.

Section 3 – Program Administration Requirements

3.1 Equal Opportunity

- A) Each Administering Agency must comply with both state and federal laws with regard to fair housing and equal opportunity (FHEO). These requirements protect individuals and groups against discrimination on the basis of race, color, national origin, religion, age, disability, familial status, creed, or sex.
- B) In particular, Administering Agencies must be aware of discrimination issues with regard to housing opportunities, employment opportunities, business opportunities, and benefits resulting from activities funded in full or in part by ERP dollars.

- C) THDA requires that each Administering Agency establish policies and procedures to inform the public and homeowners of federal Fair Housing laws, the Administering Agency's affirmative marketing program, and that each Administering Agency outline procedures by which applications will be solicited from potential homeowners.
- D) Administering Agencies must comply with all of the following federal laws, executive orders, and regulations pertaining to fair housing and equal opportunity:
- 1) TITLE VI OF THE CIVIL RIGHTS ACT OF 1964 AS AMENDED (42 U.C.A. 2000D) – States that no person may be excluded from participation in, denied the benefits of, subjected to discrimination under any program or activity receiving federal financial assistance on the basis of race, color, or national origin. Its implementing regulations may be found in 24 CFR Part 1.
 - 2) TITLE VII OF THE CIVIL RIGHTS ACT OF 1964 AS AMENDED (42 U.C.A. 2000E) – Prohibits discrimination in employment against any individual on the basis of race, color, religion, sex or national origin, and allows victims of intentional discrimination to seek punitive and compensatory damages through jury trials.
 - 3) EQUAL OPPORTUNITY IN HOUSING (EXECUTIVE ORDER 11063, AS AMENDED BY EXECUTIVE ORDER 12259) – Prohibits discrimination in housing or residential property financing related to any federally-assisted activity against individuals on the basis of race, color, religion, sex or national origin. Implementing regulations may be found in 24 CFR Part 107.
 - 4) SECTION 504 OF THE REHABILITATION ACT OF 1973, AS AMENDED (29 U.C.A. 794) – States that no otherwise-qualified individual may be excluded, solely because of his/her handicap, from participation in, the benefits of, or subject to discrimination under any program or activity receiving federal financial assistance. The implementing regulations may be found in 24 CFR Part 8.
 - 5) AMERICANS WITH DISABILITIES ACT (42 U.S.C. 12131; 47 U.S.C. 155, 201, 218 AND 225) – Provides comprehensive civil rights to individuals with disabilities in the areas of employment, public accommodations, state and local government services and telecommunications. The Act, also referred to as the ADA, also states that discrimination includes failure to design and construct facilities (built for first occupancy after January 26, 1993) that are accessible to and usable by persons with disabilities. The ADA also requires the removal of architectural and communications barriers that are structural in nature in existing facilities. Removal must be readily achievable, easily accomplishable, and able to be carried out without much difficulty or expense.
 - 6) EQUAL EMPLOYMENT OPPORTUNITY, EXECUTIVE ORDER 11246, AS AMENDED – Prohibits discrimination against any employee or applicant for employment because of race, color, religion, sex, or national origin. Provisions to effectuate the prohibition must be included in all construction contracts exceeding \$10,000. Implementing regulations may be found at 41 CFR Part 60.
- E) Fair Housing Equal Opportunity Activities (FHEO)– Administering Agencies must demonstrate their efforts to affirmatively further fair housing and equal opportunity by the following activities:
- 1) Policy Of Nondiscrimination – A written Policy of Nondiscrimination (Form 4) must be posted conspicuously so that all recipients, job applicants, contractors, subcontractors, and interested parties may see it.

- 2) Minority/Female Solicitation – Every effort must be made to assure minority- and female-owned businesses are offered opportunities to bid on service, material, and construction contracts (See Section 2.11 - Contractor Qualifications and Procurement).
- 3) Maintain written hiring policies for employees.
- 4) Inform the community and/or minorities of vacancies.
- 5) Respond to complaints on EO/FH policies.
- 6) Maintain appropriate documentation to demonstrate compliance with minority/female business solicitation.

3.2 Drug-Free Workplace

The Administering Agency will or will continue to provide a drug-free workplace by:

- A) Notifying employees in writing that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the Administering Agency's workplace and specifying the action that will be taken against employees for violation of such prohibition.
- B) Establishing an ongoing drug-free awareness program to inform employees about:
 - 1) The dangers of drug abuse in the workplace;
 - 2) The Administering Agency's policy of maintaining a drug-free workplace;
 - 3) Any drug counseling, rehabilitation, and employee assistance programs; and
 - 4) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace.
- C) Providing each employee engaged in the performance of the ERP contract a copy of the notification required in paragraph A) above;
- D) The written notification required in paragraph A) above will advise the employee that as a condition of employment under the ERP grant, the employee will:
 - 1) Abide by the terms of the notification; and
 - 2) The employee will notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five (5) calendar days after such conviction.
- E) Notifying the State in writing, within ten (10) calendar days after receiving notice under D(2) above from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant officer or other designee on whose grant activity the convicted employee was working, unless the Federal Agency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant.
- F) Taking one of the following actions, within thirty (30) calendar days of receiving notice under D (2) above, with respect to any employee who is so convicted.

- 1) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirement of the Rehabilitation Act of 1973, as amended; or
- 2) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health or law enforcement agency, or the appropriate agency;
- 3) Making a good faith effort to continue to maintain a drug-free workplace through implementation of all paragraphs above.

3.3 Conflict of Interest

- A) No person listed in paragraph B below may obtain a financial interest or benefit from ERP-assisted activity, or have an interest in any contract, subcontract, or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with whom they have family or business ties, during their tenure or for one year thereafter.

B) PERSONS COVERED

- 1) An Immediate family member of any local elected official or of any employee or board member of an Administering Agency is ineligible to receive benefits through the Emergency Repair Program.
- 2) “Immediate family member” means the spouse, parent (including a stepparent), child (including a stepchild), grandparent, grandchild, sister, or brother (including a stepsister or stepbrother) of any covered individual.
- 3) In addition, the conflict of interest provisions also apply to any person who is an employee, agent, consultant, officer, elected official, or appointed official of THDA and who exercises or has exercised any functions or responsibilities with respect to activities assisted with ERP funds or who is in a position to participate in a decision-making process or gain inside information with regard to these activities.

C) APPEARANCE OF A CONFLICT OF INTEREST

Administering Agencies must also make every effort to avoid the appearance of favoritism in the eligibility determination process. In those cases where the applicant is otherwise eligible, but there exists the appearance of a conflict of interest or the appearance of favoritism, the Administering Agency should contact THDA.

3.4 Ineligibility Determination and Appeals

- A) Applicants must receive a written ineligibility decision letter to document why their application for ERP assistance was denied. The letter must be maintained in the Administering Agency’s records.
- B) The Administering Agency must establish a policy and procedure for accepting and reviewing appeals from the applicant regarding ineligibility determinations, including, but not limited to, review of the application by the Administering Agency’s Executive Director. The appeals policy and procedure must further allow, if requested by the applicant, the ability of the applicant to appeal to THDA ERP staff, if the Administering Agency’s initial appeal review is upheld.

3.5 Timing of Payment Requests

- A) Payment requests must be submitted no later than sixty days after the Certification of Completion and Final Inspection is signed by all parties. This timeliness helps to ensure that if issues are identified with a payment request's documentation, they can easily be resolved by obtaining any needed additional information, as the project will have been recently completed.
- B) If a payment request is submitted after 60 days as noted above, a memo from the program administrator or executive director of the Administering Agency must be included with the request detailing the reason for the delay.

3.6 Outreach and Waiting Lists

- A) Methods of reaching out to the public and homeowners should include those actions that are likely to inform and solicit applications from persons in the service area who are not likely to apply for the housing assistance without special outreach. Some examples include use of senior centers, churches, community organizations, places of worship, newspapers targeting minority households, service providers to those with disabilities, employment centers, fair housing groups, housing counseling agencies, and other locations where targeted populations may gather in the community. For Administering Agencies with large, rural service areas, outreach may be targeted to specific communities within the service area to try to group projects for greater cost-efficiency.
- B) Minimally, THDA requires that the Administering Agency publish a notice in a newspaper of general circulation in the area in which ERP activities are proposed, advising potential eligible homeowners of the opportunity to apply for the emergency repair assistance and soliciting applications for rehabilitation activities. The notice should, at a minimum, include the following:
 - 1) Instructions as to where and with whom the applicant must apply.
 - 2) Basic eligibility criteria, i.e., income restriction, owner-occupancy etc.
 - 3) Establish a fixed period of time (for example, 45 days) in which potential eligible applicants should apply for assistance.
 - 4) THDA Emergency Repair Program recognition as the source of program funding.
 - 5) The statement, "We provide ERP funding without regard to race, color, religion, sex, national origin, disability, creed, or familial status."
 - 6) Equal Opportunity Logo.
 - 7) Information regarding the availability of free translation services for non-native English speakers.
- C) Administering Agencies are permitted to close the applicant waiting list when the Administering Agency determines that no additional households can be served with the funds available. The Administering Agency must document their process for closing and opening the waiting list in their policies and procedures.
- D) Administering Agencies must notify THDA when the waiting list has been closed or reopened, so that THDA can advise potential applicants of this information when they inquire about the program.

3.7 Record Keeping and Monitoring

PROGRAM RECORDS

- A) Administering Agencies are responsible for maintaining records that demonstrate that they are operating a program in compliance with the policies of the Emergency Repair Program. At a minimum, the program records must include the following:
- 1) Policies and Procedures for the operation of the homeowner repair program which have been adopted by the Administering Agency's governing board and which are available to all applicants.
 - 2) A current waiting list which includes the application date, eligibility, and date accepted or rejected for ERP assistance.
 - 3) Each household's application for assistance.
 - 4) Documentation of the Administering Agency's eligibility determination for each household assisted, including income, age, disability, primary residence, taxes paid, and ownership determination.
 - 5) Ineligibility decision letters.
 - 6) Documentation regarding appeals of ineligibility determinations.
 - 7) Documentation regarding procurement policies and records documenting completion of the procurement process for each household assisted
 - 8) Documentation regarding the work write-up, permits pulled, and inspections received.
 - 9) If applicable, records supporting request for waivers of conflict of interest.
- B) The Administering Agency shall maintain documentation for all charges under this grant. The book, records, and documents of the Administering Agency, insofar as they relate to work performed or money received under the ERP grant shall be maintained for a period of three (3) full years from termination date of the contract with THDA and shall be subject to audit at any reasonable time and upon reasonable notice by THDA, the Comptroller of the Treasury, or their duly-appointed representatives.

MONITORING

- A) THDA may complete desk file reviews of randomly selected completed projects from Administering Agencies during the program as deemed necessary in order to review documentation on client eligibility, contractor bidding, selection and qualifications, and administrative expenditures. If serious issues are identified in the file review, on-site monitoring may be conducted and/or additional projects reviewed. If issues are not corrected, future funding allocations may be reduced and/or funds may need to be repaid by the Administering Agency.

PROGRAM POLICIES AND PROCEDURES

- A) Administering Agencies shall develop and maintain detailed written policies and procedures for the operation the Emergency Repair Program. These policies and procedures are based on the Emergency Repair Program Description and this Manual and should include at a minimum:

- 1) Description of program activities
 - 2) Eligibility requirements and selection procedures for beneficiaries
 - 3) Terms and conditions for Emergency Repair assistance
 - 4) Procedures for resolving beneficiary complaint
 - 5) Explanation of the application process and maintenance of the waiting list
 - 6) Procurement process
 - 7) Conflict of interest provisions
- B) Remember, these written policies and procedures are for your benefit and protection and should be available to homeowners served by your program.

3.8 Reporting & Closeout

- A) Within nine months after the close of the reporting period, the Administering Agency must prepare and submit an annual report of its activities funded by ERP to THDA, the Tennessee Comptroller of the Treasury, and the Commissioner of Finance & Administration. The annual report for an Administering Agency that receives \$500,000 or more in aggregate federal and state funding for all its programs shall include audited financial statements.
- B) Within sixty days following the end of the grant contract, the Administering Agency will be responsible for submitting a final grant disbursement reconciliation report. Said report shall be in form and substance acceptable to the State. The State will not be responsible for the payment of invoices that are submitted to the State after the final grant disbursement reconciliation report.

3.9 Marketing of Program Outcomes

- A) One goal of THDA's Emergency Repair Program is to raise the profile of affordable housing across the State of Tennessee. Administering Agencies should work with THDA's Communications Division to publicize the success of their ERP projects.
- B) Administering Agencies should identify successful projects which communicate a compelling story about the impact of the assistance in their service area and to impacted homeowners.
- C) THDA's Communications Division will contact the Administering Agencies to identify successful projects. Administering Agencies are encouraged to contact the Communications Division when there are compelling beneficiary stories to share.

Section 4 – Program Forms and Policies and Procedures

Start-up Forms

- Form 1 – Signature Form
- Form 4 – Policy of Non-discrimination
- W-9 Form
- Authorization Agreement for Automatic Deposits (ACH)
- Policies and Procedures for the Operation of the Program

Request for Payment and Other Forms

- Form 5 – Request for Payment Form
- Form 7 – Certificate of Completion and Final Inspection
- Form 8 – Volunteer Labor Form
- Form 9 – Certification of Costs for Administrative Expenses
- Form 10 – Mileage Claim Form
- ERP Inspection Invoice
- Work Write-Up and Permit Worksheet
- Request for Payment Checklist
- Homeowner Application

The forms in this section are to be used in the operation of the program as applicable. Forms 1 and 4, along with the policies and procedures for the operation of the program, ACH, and W-9 must be submitted to THDA prior to incurring costs and requesting funds. All Administering Agencies are required to submit these forms. The Policy of Non-Discrimination must be posted in the Administering Agency's office in a prominent place that can easily be viewed by the visiting public.

FORM 1 – AUTHORIZED SIGNATURES

This form is used to identify those persons authorized to sign pay requests. Two authorized signatures are required for each Request for Payment (Form 5). A new Form 1 is required for each new grant year. Administering Agencies are encouraged to authorize more than two individuals to sign pay requests in case someone is unavailable. Please note that the person authorizing the signatures cannot also sign the pay requests. Changes throughout the grant year may be made to the authorized signatures by submitting a new Form 1 to replace the existing form.

W-9 FORM

This form is required for reimbursement and must be submitted to THDA before incurring costs and requesting funds.

AUTHORIZED AGREEMENT FOR AUTOMATED DEPOSITS

The ACH or Automatic Clearing House form is required so that payments may be remitted directly to the Administering Agency's bank account. This form must be submitted to THDA in order for reimbursement to the Administering Agency to occur.

FORM 4 – POLICY OF NON-DISCRIMINATION

The Policy of Non-Discrimination must be posted in a prominent place accessible to agency clients within the Administering Agency's office.

POLICIES AND PROCEDURES FOR THE OPERATION OF THE PROGRAM

A copy of the Policies and Procedures must be submitted to THDA for approval prior to accepting applications, incurring costs, and requesting funds.

FORM 5 – REQUEST FOR PAYMENT

This form must be used to request funds for each individual reimbursement request. This form must be completely filled out, including beneficiary information, and be signed by two authorized individuals. Each request for payment must be accompanied by back-up documentation, including a signed and dated construction contract, work write-up, permit worksheet, contractor invoices, inspection documentation, and/or receipts for purchases.

FORM 7 – CERTIFICATION OF COMPLETION AND FINAL INSPECTION

A copy of this form is submitted upon completion of each project. This form certifies that all work has been completed in accordance with the contract and work write-up.

FORM 9 – CERTIFICATION OF COSTS FOR ADMINISTRATIVE EXPENSES

This form accompanies a Request for Payment to reimburse for administrative expenses incurred by the Administering Agency. Administrative funds may only be requested in proportion to the drawdown of program funds. Documentation to support the administrative funds request should be included with the pay request. For example, if the administrative request is for salaries, documentation should include check stubs and time sheets showing rate of pay and hours worked. If the Administering Agency contracts for administrative services, invoices from the administrator may serve as documentation with the pay request. If the Administering Agency requests reimbursement for indirect costs, a copy of the cost allocation plan approved by the Administering Agency's cognizant agency must be submitted with the reimbursement request.

FORM 10 – MILEAGE CLAIM FORM

This form is to be submitted when mileage reimbursement is requested as an administrative expense. Mileage reimbursement may be requested at the approved State rate of .47 per mile.

ERP INSPECTION INVOICE

This form is required for reimbursement of inspection fees. If the qualified inspector has their own invoice, the inspector's invoice may be submitted in lieu of this form.

ERP WORK WRITE-UP AND PERMIT WORKSHEET

The Work Write-up form must be completed by the qualified inspector at the time of the initial inspection. The completed form should be used to solicit bids from qualified contractors. The Permit Worksheet should be used to determine the need to pull permits for the work to be performed. The Permit Worksheet should be included with all other documentation when the Form 5 – Request for Payment is submitted.

REQUEST FOR PAYMENT CHECKLIST

Checklist to be utilized by Grantees to help ensure all documentation required for reimbursement is submitted.

Section 5 – Documentation for Requests for Payment

- 1) Request for Payment Form (Form 5). Signed with two signatures.
- 2) All boxes on Request for Payment form completed.
- 3) Make sure that the homeowner's address is on Request for Payment Form, Rehabilitation Contract, & Certification of Completion and Final Inspection Form.
- 4) Form 9 Administrative Expenses. Administrative invoices should include back-up documentation (time sheets, check stubs, cost allocation plan for indirect costs etc.).
- 5) Contract between Homeowner and Contractor. Contract must be signed by all parties. Homeowner and contractor signatures must be the same on the Contract and the Certificate of Completion and Final Inspection Form. If the signatures are not the same, an explanation is required. If someone signs on behalf of the homeowner, please include Power of Attorney or explanation regarding the situation.
 - a. Only the ERP funding that will be paid from the Administering Agency to the contractor should be indicated on the ERP Contract. Inspection fees that are paid to qualified inspectors should not be included in the ERP contract.
 - b. In the event that the contract amount changes with an increase or a decrease, a change order that will document and explain the increase or decrease is required.
- 6) Initial work write-ups using the THDA template, completed by a qualified inspector. The work write-up should include line item costs from the winning contractor's bid for work to be completed, and should indicate who performed the initial inspection and created the work write-up.
- 7) The Permit Worksheet must be complete and included with the form 5 - Request For Payment

- 8) Final invoice from contractor with line item costs should be submitted with request for payment.
- 9) If permit costs are listed on the permit, supporting documentation, such as an invoice, receipt, or standard list of permit fees from the codes enforcement jurisdiction, must be submitted.
- 10) Change Orders signed by the contractor and homeowner should be included if the cost of the project increases or decreases.
- 11) Certification of Completion and Final Inspection Form must be signed by all parties, and include the qualified inspector's license number and credential type.
- 12) Receipts for materials if volunteer labor is used and reimbursement for materials is requested.
***Please note** that tools and work-related appliances that are not staying with the home are not eligible for reimbursement.
- 13) If someone signs on behalf of the contractor, include documentation from the contractor authorizing the other person to sign on behalf of the contractor.
- 14) The amount requested from the grant matches the contract amount. The amount indicated on the contractor invoice, write-up, and/or amount requested for materials must be equal to the contract amount for the work to be covered by THDA.

Appendix A: Emergency Repair Program Forms

- **Form 1 – Signature Form**
- **Form 4 – Policy of Non-discrimination**
- **Request for Payment Form**
- **Certification of Completion and Final Inspection**
- **Certification of Administrative Expenditures**
- **Claim for Travel Expenses**

FORM 1
EMERGENCY REPAIR PROGRAM
SIGNATURE FORM

AUTHORIZED SIGNATURES FOR REQUESTS FOR PAYMENT EMERGENCY REPAIR PROGRAM	
1. Grantee Name:	2. Address:
3. Contract Number:	4. Telephone:
TWO SIGNATURES ARE REQUIRED ON EACH REQUEST FOR PAYMENT	
Signatures of Individuals Authorized to Sign Requests for Payment:	
5. Typed Name and Signature	5. Typed Name and Signature
5. Typed Name and Signature	5. Typed Name and Signature
I certify that the signatures above are of the individuals authorized to sign Requests for Payment. (NOTE - The person signing in Box 6 cannot sign Pay Requests)	
6. Signature of Chief Elected Officer/Executive Director <div style="text-align: right; margin-top: 10px;">Date:</div>	

A new signature form must be submitted whenever signatories change.

FORM 4

THDA EMERGENCY REPAIR PROGRAM POLICY OF NON-DISCRIMINATION

The <<INSERT AGENCY NAME>> does not discriminate on the basis of race, color, religion, national origin, sex, age, physical or mental handicap, and family status in the admission or access to, or treatment or employment in its housing program or activities funded by the Tennessee Housing Development Agency.

NAME

ADDRESS

CITY, STATE, ZIP CODE

TELEPHONE NUMBER

has been designated to coordinate compliance with the nondiscrimination requirements contained in the Department of Housing and Urban Development's (HUD) regulations implementing Section 504 (24 CFR Part 8, dated June 2, 1988), Section 3 (24 CFR Part 135, dated October 23, 1973, Use of Small and Disadvantaged Businesses and Hiring Lower Income Residents of the Project Area), Equal Employment Opportunity Act of 1978 (In House Equal Employment Opportunity), Executive Order 11246, as amended by Executive Order 11375 (Equal Employment Opportunity on Federal Assisted Construction Contracts), and Executive Order 11625 (Minority Entrepreneurship).

**TENNESSEE HOUSING DEVELOPMENT AGENCY
EMERGENCY REPAIR PROGRAM
REQUEST FOR PAYMENT FORM**

A. GENERAL INFORMATION

1. Administering Agency:	2. Contact Person:	3. Telephone Number:
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B. PROGRAM BENEFICIARY INFORMATION:

1. Beneficiary Name:		<input type="checkbox"/> Disabled	<input type="checkbox"/> Elderly
2. Property Address:			
Street _____			
City _____	Zip Code _____	County _____	
3. Number in Household:		4. Gross Annual Household Income:	
5. Percent of Area Median Income:		<input type="checkbox"/> At or Below 30% <input type="checkbox"/> At or Below 50% <input type="checkbox"/> At or Below 60%	
6. Head of Household Hispanic?		<input type="checkbox"/> Yes <input type="checkbox"/> No	
7. Head of Household Race:		<input type="checkbox"/> White <input type="checkbox"/> Black/African American <input type="checkbox"/> Asian	
<input type="checkbox"/> American Indian/AlaskaNative		<input type="checkbox"/> Native Hawaiian/Other Pacific Islander <input type="checkbox"/> Other	

C. LINE ITEMS FOR WHICH THDA FUNDS ARE REQUESTED:

ACTIVITY	THDA REQUEST	ACTIVITY	THDA REQUEST
ROOF		SEPTIC SYSTEMS	
PLUMBING		STRUCTURAL REPAIRS TO FLOORS & WALLS	
ELECTRICAL		OTHER	
HVAC		ADMINISTRATION	
TOTAL REQUEST		\$ 0.00	

D. CERTIFICATION:

I hereby state that I have included and attached all required documentation to support this request. I have satisfied all related terms and conditions of the above cited contract. I also state that the data reported above is correct.	
Date:	Signature:
Date:	Signature:

E. FOR THDA USE ONLY:

Initial Review:	Date:	Final Review:	Date:
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(ERP 5.25.2022))

**TENNESSEE HOUSING DEVELOPMENT AGENCY
EMERGENCY REPAIR PROGRAM**

CERTIFICATION OF COMPLETION AND FINAL INSPECTION

Homeowner's Name: _____

Property Address: _____

Date of Final Inspection: _____

Total Amount of THDA Funding: \$ _____

Total Amount of Partner Agency Funding, If Applicable: \$ _____

CONTRACTOR CERTIFICATION:

The emergency repair work on the above property has been satisfactorily completed in accordance with the specifications and contract. I have obtained or prepared all required Warranties or Releases of Liens. I further certify that there are no unpaid claims for materials, supplies or equipment, and no claims of laborers or mechanics for unpaid wages in connection with the performance of this contract.

Signature of Contractor

Date

Print or Type Contractor Name: _____

HOMEOWNER CERTIFICATION:

The emergency repair work on my property has been satisfactorily completed in accordance with my contract with _____ (Contractor).

Signature of Homeowner/Applicant

Date

Print or Type Homeowner Name: _____

CERTIFICATION OF FINAL CODES INSPECTION:

All permits were obtained and inspected as required by the local or state jurisdiction. If a local or state permit was obtained, a code compliance inspection was performed at this property by a Tennessee Certified Codes Inspector. The repair work has been completed in accordance with code, and the code inspection clearance documentation is attached, if applicable. The following permits were obtained and received final inspection:

☐ Building ☐ Electrical ☐ Plumbing ☐ Mechanical ☐ No Permits Required

Signature of ERP Administrator

Date

CERTIFICATION OF FINAL INSPECTION OF ALL REPAIRS NOT REQUIRING A PERMIT:

Only complete this section if repair work was completed that did not require a permit.

Final inspection has been made of all repair work not inspected as part of a code compliance inspection. The repair work has been completed in accordance with the specifications and contract.

Signature of Certified or Approved Inspector

Date

Print or Type Inspector Name: _____ Inspector # or Inspector Type: _____

FORM 9

EMERGENCY REPAIR PROGRAM

CERTIFICATION OF ADMINISTRATIVE EXPENDITURES

ADMINISTERING AGENCY NAME:				
BUDGET LINE ITEM	TOTAL ADMIN BUDGET	EXPENDITURES ALREADY REQUESTED	EXPENDITURES THIS REQUEST	UNEXPENDED BUDGET BALANCE
<i>DIRECT COSTS</i>				
SALARIES				
FRINGE				
TRAVEL				
<i>INDIRECT COSTS</i>				
COMMUNICATIONS				
UTILITIES				
SUPPLIES				
MAINTENANCE				
RENT				
STAFF TRAINING				
AUDIT				
TOTAL				

TIME FRAME COVERED BY THIS REQUEST: FROM _____ TO _____

TOTAL AMOUNT THIS REQUEST: \$ _____

INDIRECT COST RATE, IF COST ALLOCATION PLAN IN PLACE: _____%

I certify that the above expenditures have been made in the administration of the THDA Emergency Repair Program grant cited above. I further certify that invoices or other appropriate documentation to substantiate this requisition are contained in our program files, and attached to this payment request.

Director or Chief Financial Officer

DATE: _____

