

BOROUGH OF RARITAN
RESOLUTION 2026-03-060

AUTHORIZING AND ADOPTING THE AMENDED HOME IMPROVEMENT PROGRAM POLICIES AND PROCEDURES MANUAL AND AFFORDABILITY ASSISTANCE PROGRAM POLICIES AND PROCEDURES MANUAL FOR THE BOROUGH OF RARITAN, COUNTY OF SOMERSET

WHEREAS, in accordance with the Amended Fair Housing Act and the New Jersey Uniform Housing Affordability Controls (N.J.A.C. 5:80-26.1, et. seq.) the Borough of Raritan is required to adopt all program operating manuals, which set forth the procedures for administering the programs and their associated controls for affordable housing units created within the Borough of Raritan; and

WHEREAS, the Borough of Raritan’s professionals have prepared the Home Improvement Policies and Procedures Manual with an amendment date of February 19, 2026, and Affordability Assistance Program Policies and Procedures Manual dated March 2025 to comply with the updated N.J.A.C. 5:80-26.1, et. seq. regulations, a copy of which is attached hereto, and made a part hereof.

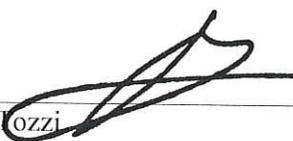
NOW THEREFORE, BE IT RESOLVED, that the Borough Committee of the Borough of Raritan, County of Somerset, State of New Jersey does hereby authorize and adopt the Home Improvement Policies and Procedures Manual with an amendment date of February 19, 2026, and Affordability Assistance Program Policies and Procedures Manual dated March 2025.

BE IT FURTHER RESOLVED that the Resolution shall take effect immediately.

ATTEST:



 Kimberly Mathewson
 Acting Borough Clerk



 Don Tozzi
 Mayor

I HEREBY CERTIFY that the foregoing Resolution was adopted by the Borough Council of the Borough of Raritan, County of Somerset, State of New Jersey at a Regular Meeting held in the Meeting Room of the Municipal Building, 9 West Somerset Street, Raritan, NJ 08869, on Mach 13, 2026.



 Kimberly Mathewson
 Acting Borough Clerk

MOTION	SECOND	MEMBER	YEA	NAY	ABSTAIN	ABSENT	RECUSED
		Agrawal	✓				
		DiGraziano	✓				
✓		Fritzinger	✓				
	✓	Giraldi	✓				
		Harwood				✓	
		Martinez	✓				

Affordability Assistance Program Policies and Procedures Manual

In Accordance with the Uniform Housing Affordability Controls
and the New Jersey Fair Housing Act



BOROUGH OF **RARITAN**
New Jersey

March 2026

Prepared by:



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Long Valley, NJ 07853

Borough of Raritan – Affordability Assistance Program

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Borough of Raritan – Affordability Assistance Program

Introduction

The purpose of this manual is to describe the policies and procedures of the Affordability Assistance Program for the Borough of Raritan. This manual will explain what is needed to qualify for the program in addition to outlining the operation of the program.

The Affordability Assistance Program is designed to help low and moderate-income households acquire funding to secure income restricted affordable housing within the Borough of Raritan, by providing a one-time deferred payment loan to offset the initial costs of securing adequate housing. This housing may be either owner-occupied dwelling units or rental dwelling units.

This program provides the following options for affordability assistance:

- One or Two Month's Rent assistance – Funding equal to the one month's rent for a rental dwelling unit may be available to be paid directly to the landlord on behalf of a very low-, or moderate-income tenant. This is a grant to the landlord of the unit to be rented. Very low-income households are eligible for two months' rent.
- Down payment / Closing cost assistance – Funding of up to \$10,000.00 per applicant may be applied to offset the up-front costs of purchasing a deed-restricted home or condominium unit in Raritan for qualified first-time home buyers. Funds are provided as a no-interest forgivable loan for a period of 10 years.

Administration

The Borough's appointed Affordable Housing Administrative Agent will be responsible for administering the Affordability Assistance Program. All funds provided for the Affordability Assistance Program shall be distributed from the Borough's Affordable Housing Trust Fund, in accordance with the Borough's adopted Affordable Housing Trust Fund Spending Plan. Questions about the Program should be directed to the Administrative Agent.

Applicant Eligibility

Applications submitted for the Program will be provided and reviewed on a first-come-first-served basis according to the following criteria. All the following criteria must be met in order for an applicant to be deemed eligible for this Program. Eligibility does not guarantee that any funding will be provided to applicants from this Program.

1. There are affordability assistance funds remaining in the budget for the year.
2. The applicant has not received affordability assistance in the past in the applied assistance category. For example, an applicant may receive One Month's Rent and Moving expenses assistance, but an applicant cannot receive One Month's Rent assistance twice.
3. The applicant must qualify as a very low-, low-, or moderate-income household in accordance with the most current regional income limits established by the Affordable Housing Professionals of New Jersey (AHPNJ), or the applicable State of New Jersey regulatory agency should the State resume promulgation of regional income limits.

Borough of Raritan – Affordability Assistance Program

Down Payment/Closing Cost Program Procedures

1. An application shall be submitted to the Borough's Affordable Housing Administrative Agent.
2. The Administrative Agent shall review and process the application.
3. If an applicant is certified and approved, the Administrative Agent shall notify the Borough's financial department of the intent to award the loan and confirm the availability of funds.
4. The Administrative Agent shall prepare a draft resolution authorizing the award of the loan, specifying the amount of funds, the location and type of unit, and the specific affordability controls on the unit.
5. The Borough shall release the funds from the Affordable Housing Trust Fund to the escrow account following the approval of the resolution.
6. A Repayment Agreement, Mortgage Note, and Mortgage shall be executed at closing, and recorded by the title company.
7. The Administrative Agent shall notify the applicant of the awarding of funds, and record the assistance, and terms of the assistance, in the file for the affordable unit.

Eligible Participants

Eligible participants must be under contract to purchase a home in Raritan. This means that the applicant must have signed a contract with the seller, applied to the Program, and have been income qualified as a low- or moderate-income household.

Loan Amount and Period

The amount of assistance that is provided per applicant is \$10,000. The loan period shall be ten (10) years.

Loan Terms & Repayment Agreement

All funds are distributed at closing. The funds are sent via bank wire to either the participant's attorney or closing agent trust account. The attorney or trust account must have a business registration certificate and W-9 Tax Identification Form. The Borough must be given notice of the closing five (5) business days ahead of the closing date.

Loans for applicants to the Program shall be secured through a mortgage and mortgage note in favor of the Borough and executed by the property owner when required. The mortgage and mortgage note, as well as a deed restriction, will be executed at closing. The terms of the mortgage are in the mortgage note, which is not recorded. The original mortgage note shall be retained by the Program Administrator and kept in the unit file. The administrative agent shall send the mortgage and deed restriction requiring recording to the Borough. Upon receipt, the Borough will file said documents with the County Clerk's office upon the completion of the closing of title.

Borough of Raritan – Affordability Assistance Program

All loans are deferred payment loans and are due in full at zero percent (0%) interest upon sale, or change in title, if said sale or change in title occurs within five (5) years of the date of closing. All repayment of loans shall be made to the Borough's Affordable Housing Trust Fund. After the fifth year, the loan shall be forgiven at 20% a year for five additional years, fully forgiven at the end of the 10-year period. If the applicant remains the owner and occupant of the dwelling at the end of the duration of the ten (10) year mortgage period, the full amount of the loan shall be forgiven.

Insurance Requirements

The applicant must provide proof of homeowner's insurance and proof that the insurance has been paid. The homeowner's insurance must list the Borough of Raritan as additional insureds, loss payees, or additional mortgagees for the entire 10-year period of the lien.

If the home is associated with a Condominium Association or a substantially similar entity, the Borough of Raritan shall be listed as additional insureds, loss payees, or additional mortgagees on the blanket insurance policy for the Association's property.

If the property is located in a Flood Zone, flood insurance will be required listing the Borough of Raritan as additional insureds, loss payees, or additional mortgagees.

Affordability Controls

All homes purchased by qualified low or moderate income households with assistance from the Borough's First Time Homebuyer Program shall include a deed restriction which provides affordability controls so that the unit must remain affordable to a low or moderate income household for a period of at least thirty (30) years, in accordance with the Uniform Housing Affordability Controls (UHAC) at N.J.A.C. 5:80-16.1 et seq.

Borough of Raritan – Affordability Assistance Program

One or Two Months’ Rent Program Procedures

1. An application for funding shall be filed with the Borough's Affordable Housing Administrative Agent.
2. The Administrative Agent shall review and process the application.
3. If there are more income-qualified applicants than there are funds available, preference shall be given to very low-income households.
4. If an applicant is certified and approved, the Administrative Agent shall notify the Borough's financial department of the intent to award the grant and confirm the availability of funds.
5. The Administrative Agent shall prepare a draft resolution authorizing the award of funds, specifying the amount, the location and type of unit, and the specific affordability controls on the unit.
6. The Borough shall release the funds from the Affordable Housing Trust Fund to the participating landlord following the approval of the resolution.
7. The Administrative Agent shall notify the applicant of the awarding of funds, and record the assistance, and terms of the assistance, in the file for the affordable unit.

Eligible Participants

All participants must be very low-, low-, or moderate-income households, entering into a lease agreement to rent a deed restricted affordable dwelling unit in the Borough of Raritan. Applicants must not have received any assistance from any of the Borough's Affordability Assistance Program previously.

Grant Amount and Period

The maximum amount of assistance that may be provided per applicant shall be equal to one month’s contract rent. Very low-income households are awarded two months’ rent.

Terms & Repayment Agreement

This program is a grant and there are no terms and no repayment agreement.

Borough of Raritan – Affordability Assistance Program**Income Eligibility and Certification Procedure**

In order to be eligible for assistance, applicants must be determined to be income eligible. All adult members 18 years of age and older must be fully certified as income-eligible before they can receive any assistance from the Program. The Program will income-qualify applicants in accordance with the Uniform Housing Affordability Controls (UHAC) at N.J.A.C. 5:80-16.1 et seq., except for the asset test. The applicant’s monthly housing payment shall not exceed 40% of the applicant’s adjusted monthly gross income.

The following is a list of various types of wages, payments, rebates, and credits. Those that are considered as part of the household’s income are listed under “Income.”

Qualified Income Sources

The following are considered income and will be included in the determination of the applicant’s income eligibility:

- Wages, salaries, tips, commissions
- Regularly scheduled overtime
- Social Security
- Unemployment Compensation (verify # of weeks that are eligible to be received)
- Pensions
- Disability
- Alimony
- Verified regular child support (received)
- Any other forms of regular income reported to the Internal Revenue Service
- Interest income from assets such as savings, certificates of deposit, money market accounts, mutual funds, stocks, bonds
- Imputed interest (using a current average annual rate of 2%) from non-income producing assets, such as equity in real estate. Rent from real estate is considered income, after deduction of any mortgage payment, real estate taxes, property owner’s insurance.
- TANF (Temporary Assistance for Needy Families)
- Net income from business or real estate
- Rent from real estate is considered income

Borough of Raritan – Affordability Assistance Program**Unqualified Income Sources**

The following are not considered income and will not be included in the determination of the applicant’s income eligibility:

- Court ordered payments for alimony or child support paid to another household shall be deducted from gross annual income
- Food stamps
- Rebates or credits received under low-income energy assistance programs
- Income of live-in attendants
- Student loans
- Part-time income of dependents enrolled as full time students
- Lump-sum additions to assets such as inheritances, lottery winnings, gifts, insurance settlements
- Payments received for foster care
- Relocation assistance benefits
- Scholarships
- Personal property such as automobiles

Income Verification

To calculate income, the current gross income of the applicant is used to project income over the next 12 months. Income verification documentation should include, but is not limited to, the following for each member of a household who is 18 years of age or older:

- Four current consecutive pay stubs, including bonuses, overtime or tips, or a letter from the employer stating the present annual income figure, or if self-employed, a current Certified Profit & Loss Statement and Balance Sheet.
- A signed copy of regular IRS Form 1040 (Tax computation form), 1040A, or 1040EZ (as applicable) and state income tax returns filed for the last three years prior to the date of interview or notarized tax waiver letter for respective tax year(s).
- A form 1040 Tax Summary for the past three tax years can be requested from the local IRS Center or by calling 800-829-1040
- If applicable, a letter or appropriate reporting form verifying monthly benefits such as:
 - Social Security or SSI – current awards letter or computer printout letter
 - Unemployment – verification of unemployment benefits
 - Welfare – TANF current award letter
 - Disability – Worker’s compensation letter, or
 - Pension income (monthly or annually) – a pension letter
 - A letter or appropriate reporting to verify any other sources of income claimed by the applicant such as alimony or child support – copy of court order or recent original letter from the court (includes separation agreement or divorce papers) or education scholarship/stipends – current award letter.

Borough of Raritan – Affordability Assistance Program

- Reports from the last two consecutive months that verify income from assets to be submitted by banks or other financial institutions managing savings and checking accounts (bank statements and passbooks), trust funds, money market accounts, certificate of deposit, stocks or bonds (in brokerage accounts – most recent statements and/or in certificate form – photocopy of certificates)

Examples: copies of all interest and dividend statements for savings accounts, interest and non-interest-bearing checking accounts, and investments.

- Evidence or reports of income from directly held assets, such as real estate or businesses owned by any household member 18 years and older.
- Interest in a corporation or partnership – Federal tax returns for each of the preceding three tax years.
- Current reports of assets – Market Value Appraisal or Realtor Comparative Market Analysis and Bank/Mortgage Co. Statement indicating current mortgage balance. For rental property attach copies of all leases.

Verifying Student Income and Income from Real Estate

1. *Student Income* – Only full-time income of full-time students is included in the income calculation. A full-time student is a member of the household reported to the IRS as a dependent who is enrolled in a degree seeking program for 12 or more credit hours per semester; and part-time income is income earned on less than a 35-hour work week.

2. *Income from Real Estate* – If real estate owned by an applicant to the Program is a rental property, the rent is considered income. After deduction of any mortgage interest, real estate taxes, property owner insurance, and reasonable property management expenses as reported to the IRS, the remaining amount shall be counted as income.

Other Eligibility Requirements

Applicants must also submit the following in the application package as applicable:

- Recorded deed to the property to be assisted;
- If you are a widow or widower, copy of Death Certificate should be included;
- Signed release form to verify eligibility determination from third party sources;
- Copy of any and all other liens recorded against property; and
- Personal identification (a copy of any of the following: Driver's license, Passport, Birth Certificate, Social Security Card, Adoption Papers, Alien Registration card, etc.) for each household member.

Eligibility Certification

After the Administrative Agent determines that the household is income eligible and meets all other eligible requirements, the Administrative Agent will complete and sign the eligibility certification. This certification shall be valid for twelve (12) months starting from the date of eligibility certification.

Borough of Raritan – Affordability Assistance Program

Appendix A – Adopting Resolution

Home Improvement Program

Policies and Procedures Manual

Borough of Raritan

New Jersey

Created 5.29.24

Amended 2.19.26 for Fourth Round Regulations

Subject to Change

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Home Improvement Program

Policies & Procedures Manual

I. INTRODUCTION

The purpose of this document is to establish policies, guidelines and procedures which will govern the Home Improvement Program (HIP). The HIP was created by the Borough of Raritan to assist properties occupied by very low, low and moderate-income households to correct all existing interior and exterior health, safety and code violations in conformity with the standards of the New Jersey State Housing Code, N.J.A.C. 5:28 and the Rehabilitation Subcode, N.J.A.C. 5:23-6. The HIP is guided by Uniform Housing Affordability Controls (UHAC) promulgated by the New Jersey Housing and Mortgage Finance Agency at N.J.A.C.5:80-26 et seq, the amended Fair Housing Act at N.J.S.A. 52:27D-301 et seq., the Fair Housing Act Regulations promulgated by the Department of Community Affairs, Division of Local Planning Services ("LPS") at N.J.A.C. 5:99 et seq., and statutorily upheld existing regulations of the former Council on Affordable Housing ("COAH") at N.J.A.C. 5:93 and 5:97. and is subject to all laws, regulations, ordinances, and codes of the New Jersey Department of Community Affairs (DCA) and the Municipality. The Municipality contracted with Community Grants, Planning & Housing LLC (CGP&H), a private consulting firm specializing in the implementation of publicly-funded housing rehabilitation programs, to manage and administer the HIP.

This manual reflects changes to UHAC that went into effect in December 2025. These UHAC changes impact every aspect of the Administration of affordable units from income qualification to deed restrictions and there are many outstanding questions about the applicability of the rules and how to implement the regulations. Future changes to the manual will be required after the Department of Community Affairs (DCA) launches its educational program for Administrative Agents. In addition, the New Jersey Housing and Mortgage Finance Agency (NJHMFA) has indicated that they will be publishing and an updated "Understanding UHAC" manual that will provide additional clarification to Administrative Agents on the updated regulations. This manual does not include all provisions of UHAC, and UHAC is a companion document to this manual.

The Program's funding source will be municipal affordable housing trust funds. If the funding source changes, the manual will be updated to reflect the change as well as changes to regulation requirements, if any.

A. Fair Housing and Equal Housing Opportunities

It is unlawful to discriminate against any person making application to participate in the housing rehabilitation/home improvement programs or rent a unit with regard to race, creed, color, national origin, ancestry, age, marital status, affectional or sexual orientation, familial status, disability, nationality, sex, gender identity or expression or source of lawful income used for mortgage or rental payments.



For more information on discrimination or if anyone feels they are a victim of discrimination, please contact the New Jersey Division on Civil Rights at 1-866-405-3050 or via their website at <https://www.njoag.gov/about/divisions-and-offices/division-on-civil-rights-home>. Fair Housing and Equal Housing Opportunities apply to both owner and tenant applications.

II. ELIGIBLE PARTICIPANTS

A. Program Area

The HIP is a Borough wide program currently aimed at scattered site housing rehabilitation of housing occupied by very low, low and moderate-income households throughout the Borough of Raritan.

B. Categories of Participants

Both owner-occupied and renter-occupied housing units are eligible to receive funding for rehabilitation provided that the occupants of the units are determined to be income eligible, the units are determined to be substandard and for primary residency only. Owners of rental properties do not have to be income eligible households. If a structure contains two or more units and an owner, who is not income eligible, occupies one unit, funding may be provided for the rehabilitation of the rest of the units if income-eligible households occupy those units. Rents must be affordable to low- or moderate-income households.

For housing units which received past affordable housing state credit, the following rules for repeat assistance shall apply.

- An owner of a previously rehabbed unit may apply for current rehab assistance if the unit was rehabbed in a prior Round and the affordability period has expired.
- An owner of an existing affordable deed restricted ownership unit with an active deed restriction that is currently meeting a Round 1, Round 2 or Round 3 credit may apply for current rehab assistance for the municipality to obtain a Round 4 present need credit,

unless the affordable housing deed restriction receives a new affordable housing credit during Round 4 due to extended controls.

- Housing units which the municipality receives an affordable housing credit in Round 4 in any category are not eligible for additional assistance from the municipality's housing rehabilitation program during Round 4.
- Essentially, a municipality cannot double credits on a unit within the same affordable housing Round.

C. Income Limits

Household income is defined as the combined annual income of all family members over 18 years of age including wages, Social Security, disability insurance, unemployment insurance, pensions, dividend/interest income, alimony, etc. Each unit's total household income must fall within or below the State's moderate-income limits based on family size.

Household income is defined as the combined annual income of all family members over 18 years of age including wages, Social Security, disability insurance, unemployment insurance, pensions, dividend/interest income, alimony, etc. Each unit's total household gross income must fall within the State's moderate-income limits based on family size. Maximum income limits are provided annually by NJHMFA for each of the six Affordable Housing regions. The income limits used for this program are the applicable regional income limits for the region in which the Municipality is located. Current income limits are available at <https://nj.gov/dca/hmfa/about/uhac>.

D. Application Selection

If the homeowner intake demand exceeds the number of openings, applications may be prioritized based on the reported income of the household as a percentage of the maximum allowable income for households of that size. This will give priority to the lowest income applicants and assist the municipality in reaching its goal of providing assistance to a minimum of 50% of the properties comprising of low income households. Otherwise, the Program will process new applicants added to the waiting list/applicant pool on a first-come, first served basis, to qualified applicants. If there is a waiting list, priority will be given to homeowners with less than \$250,000 in liquid assets. Assets in federally recognized retirement accounts do not apply to the liquid asset limit. The HIP will establish the waiting list from the program marketing efforts identified in Section IX of this manual.

Emergency Processing Order

Properties with safety and/or health hazards, confirmed/certified as an emergency by the municipal Construction Official or Health Department, can by-pass the first-come, first served process however they must meet all the other program requirements including income eligibility and bringing the unit up to code.

The Program Administrator shall determine that an emergency situation exists based on the following:

- A. The repair problem is an immediate and serious threat to the health and safety of the building's residents
- B. The problem has been inspected and the threat verified by the appropriate local building inspector, program inspector and/or health official

Depending on the type and extent of the emergency and with the homeowner's permission, the Program may by-pass the standard bid process outlined in *Section V sub-section N* to expedite the bid/contractor selection process. Instead, the Program may have a proven qualified contractor familiar with the Program present at the initial property inspection with the homeowner to count as the contractor's site visit. This will allow for a quick turn-around on emergency scope of work to be contracted on a single quote basis. To be awarded the emergency work, the contractor's quote must be determined to be a reasonable cost based on the Program Inspector's cost estimate and the contractor must commit to a tight timeline to resolve the emergency situation. This emergency process may apply to heavily leaking roofs, inoperable heating systems during the winter months, immediately hazardous electrical systems and/or blocked sewer lines unresolvable to unclog via a simple service call for under \$1,000.

Please note that the loan agreement will state that if the homeowner takes the emergency funds to abate the safety/health hazards and then subsequently decides to voluntarily remove themselves from participation in the Municipality's Home Improvement Program to complete the non-emergency substandard code violation components of their project, essentially negating any opportunity for the municipality to gain credit for a fully rehabilitated home for this unit, those public funds used for the emergency shall be immediately due and payable back to the Municipality.

To address this potential, any homeowner receiving emergency funds will also be required to execute a statement indicating that the Municipality will place a lien on the property assisted for the Municipality to recapture the emergency funds, to be repaid with interest, based on the

monthly average mortgage loan commitment rates at the time of closing in the event of noncompliance.

III. ELIGIBLE ACTIVITIES

A. Eligible Improvements

The purpose of the program is to bring substandard housing up to code. In order to qualify for participation in the program, the condition of each home must be certifiable as being "substandard" as defined in N.J.A.C. 5:93-1.3.

In other words, at least one of the following major systems must be in need of replacement or substantial repair:

- Roof
- Plumbing (including wells)
- Heating
- Electrical
- Sanitary plumbing (including septic systems)
- Load bearing structural systems
- Weatherization (building insulation for attic, exterior walls and crawl space, siding to improve energy efficiency, replacement storm windows and storm doors and replacement windows and doors)

The related work may include, but not be limited to the following:

- Lead paint remediation
- Interior trim work
- Interior and/or exterior doors
- Interior and/or exterior hardware
- Interior stair repair
- Exterior step repair or replacement
- Porch repair
- Wall surface repair
- Painting
- Exterior rain carrying system repair

B. Ineligible Improvements

Work not eligible for program funding includes but is not limited to luxury improvements (improvements which are upgrades/higher than mid-grade and/or strictly cosmetic), carpets, additions, conversions (basement, garage, porch, attic, etc.), repairs to structures separate from the living units (detached garage, shed, barn, etc.), furnishings, pools, landscaping, solar panels and generators. If determined unsafe, stoves may be replaced. The replacement or repair of other appliances is prohibited.

Rehabilitation work performed by property owners shall not be funded under this program.

C. Rehabilitation Standards

Funds are to be used for work and repairs required to make the unit standard and abate all interior and exterior violations of the New Jersey State Housing Code (N.J.A.C. 5:28), the Rehabilitation Subcode (N.J.A.C. 5:23-6), and the Borough's local property maintenance code (of which the more restrictive requirements will apply), conserve energy and remove health and/or safety hazards; and any other work or repairs, including finishing and painting, which are directly related to the above listed objectives. For projects that require construction permits, the rehabilitated unit shall be considered complete at the date of final approval pursuant to the Uniform Construction Code.

Municipal rehabilitation investment for hard costs shall average at least \$10,000 per unit, and include the rehabilitation of at least one major system, as previously defined under eligible improvements.

D. Certifications of Substandard/Standard

The Program Building Inspector will inspect the property to determine which systems, if any, are substandard in accordance with sub-section A above and issue a Certification of Substandard. Upon program construction completion, all code deficiencies noted in the inspection report must be corrected and rehabilitated units must be in compliance with the standards proscribed in sub-section C above upon issuance of a municipal certificate of completion/approval.

IV. FUNDING TERMS FOR OWNER OCCUPIED AND INVESTOR OWNED UNITS

Funding will be provided on the following terms:

A. Terms and Conditions for Owner Occupied Units**Table 1 Owner-Occupied Single Family Home Terms & Conditions**

Owner-Occupied Single Family Unit Terms and Conditions of Loan	
Minimum Loan Amount	The municipality may rehabilitate substandard units that require less than \$10,000 of work, provided the municipal rehabilitation activity shall average at least \$10,000 per unit.
Maximum Loan Amount	\$25,000 per unit
Interest Rate	0% (No monthly payments)
Payment Terms:	100% forgivable if homeowner maintains occupancy and title during the 10-year period. Original Principal is due if house is sold and/or title/occupancy changes years 1 through 10 except for <i>Exceptions to Loan Repayment Terms</i> section below.
Mechanism for Securing Loan	Mortgage and Mortgage Note recorded against property

If the owner decides to sell the property, transfer title, or if the owner should die before the terms of the lien expire, the owner, heirs, executors or legal representatives must repay 100% of the original loan per the schedule above upon a title change. Rental of house is allowable under certain conditions subject to approval by the Administrative Agent.

Exceptions to Loan Repayment Terms above during the lien period:

1. If the loan transfers due to inheritance by a Class A beneficiary who will take occupancy upon death of Program mortgagee/Borrower and assume the lien (income eligibility not a requirement); or if by inheritance by a qualified income eligible non-Class A beneficiary, or
2. If the house is sold at an affordable price pursuant to UHAC to someone who can be qualified as income eligible, takes occupancy and agrees to assume the program lien, or
3. If the house is sold at an affordable price pursuant to UHAC to an investor who assumes the lien and also signs a deed restriction for the remaining duration of the affordability period to rent the dwelling at the affordability controls restricted rental rate and according to the affirmative marketing requirements for re-rentals. When this occurs, the Borough's Administrative Agent will be responsible for monitoring compliance over that unit.

When a trustee of a trust deed ownership of a single-family property is the applicant occupant of the property, the owner-occupied category terms apply.

B. Terms and Conditions for Owner-Occupied Multi-Family Rental Units

Table 2 Owner-Occupied Multi-Family Home Terms & Conditions

Owner-Occupied Multi-Family Including Tenant Unit(s) Terms and Conditions of Loan	
Minimum Loan Amount	The municipality may rehabilitate substandard units that require less than \$10,000 of work, provided the municipal rehabilitation activity shall average at least \$10,000 per unit.
Maximum Loan Amount	\$20,000 per unit
Interest Rate	0% (No monthly payments)
Payment Terms	100% forgivable if homeowner maintains occupancy and title during the 10 year period. Original Principal is due if not in compliance with affordability controls. Rental restrictions transfer with property. See Restrictions below.
Mechanism for Securing Loan	Mortgage, Mortgage Note and Deed Restriction recorded on property

The assisted housing unit(s) must be occupied by and affordable to a household that is certified as an income eligible household as per either the latest Income Limits by Region, or in compliance with the municipality's Settlement Agreement and Court Order, whichever is applicable

The owner will execute a Mortgage, Mortgage Note, and Deed Restriction, the latter which guarantees the continued availability of the rental unit to low or moderate-income households for the terms of the ten-year deed restricted affordability period. The affordability terms for the rental units do not expire even if the owner sells the property, transfers title to the property, or dies within the ten-year program deed restricted affordability period.

Moreover, if Program funds were expended on the owner-occupied unit, and the homeowner sells, transfers title, dies or is not in compliance during the ten-year deed restricted affordability period, unless ownership is transferred to another low or moderate-income homeowner, any Program funds expended on work done on the owner's individual unit along with a pro-rata

portion of the shared improvements must be fully repaid to the Municipality and used to rehabilitate another housing unit.

Additionally, for rental units in a multi-family owner-occupied home:

For tenant units, the maximum permitted rent is pursuant to UHAC and subject to annual adjustment. If a unit is vacant upon initial rental subsequent to rehabilitation, or if a renter-occupied unit is re-rented prior to the end of controls on affordability, the Deed Restriction shall require the unit to be rented to a low- or moderate- income household at an affordable rental price and will be affirmatively marketed by the Borough's designated Administrative Agent, in accordance with the Borough of Raritan Affordable Housing Affirmative Marketing Plan. Landlords are responsible to pay income certification fees and affirmative marketing cost for re-rentals.

For information regarding future rental increases: Please refer to Section VIII of this manual.

When a trustee of a trust deed ownership of a multi-family property is the applicant occupant of the property, the multi-family category terms apply.

C. Terms and Conditions for Investor-Owned Rental Units

Table 3 Investor-Owned Terms & Conditions

Investor-Owned Units Terms and Conditions of Loan	
Minimum Loan Amount	The municipality may rehabilitate substandard units that require less than \$10,000 of work, provided the municipal rehabilitation activity shall average at least \$10,000 per unit..
Maximum Loan Amount	\$15,000 per rental unit
Interest Rate	0% (No monthly payments)
Payment Terms	Owner pays 25% of rehab cost at construction agreement signing. 75% balance forgiven if in compliance with rental restrictions. The 25% rehab cost is waived for non-profit corporation rentals, if any. Rental restrictions transfer with property. See restrictions below.
Mechanism for Securing Loan	Mortgage, Mortgage Note and Deed Restriction recorded against property

The ten-year affordability controls against the property will be recorded in a Deed Restriction. The property owner agrees to abide by the rental affordability controls for the life of the Deed Restriction. Additionally, the following conditions apply:

The assisted housing unit(s) must be occupied by and affordable to a household that is certified as an income eligible household as per either the latest Income Limits by Region, or in compliance with the municipality's Settlement Agreement and Court Order, whichever is applicable and as designated by unit in the Deed Restriction. The maximum permitted rent is determined by the Borough's Administrative Agent and is pursuant to UHAC and subject to annual adjustment. A copy of the income figures current at time of manual creation, and the methodology for going forward, until the reinstatement of COAH or another state entity performing this function is included in Appendix B of this document.

Throughout the ten-year affordability controls, if a rental unit is vacant upon initial rental subsequent to rehabilitation, or if a renter-occupied unit is re-rented prior to the end of controls on affordability, the Deed Restriction shall require the unit to be rented to a low- or moderate-income household(as designated by unit in the Deed Restriction) at an affordable price and will be affirmatively marketed in accordance with the Borough of Raritan Affordable Housing Affirmative Marketing Plan by the Borough's current Administrative Agent at the rates and terms defined within that Agreement. Landlords are responsible to pay income certification fees and affirmative marketing costs for re-rentals.

The owner will execute a Mortgage, Mortgage Note and Deed Restriction, the latter which will guarantee the continued availability of the unit to income eligible households for the terms of the ten-year lien affordability period.

Throughout the ten-year deed restrictive period, the affordability terms do not expire even if the owner sells the property, transfers title to the property, dies, or rents to other than low or moderate-income renters, before the terms of the lien expire.

Life estate deed ownership falls under the investor category. Additionally, when a trustee of a trust deed ownership is not the applicant occupant of the property, the investor terms apply.

Group Homes are ineligible because they are not separate units.

D. Special Needs Waivers for Higher Cost Rehabilitation Projects

In cases of housing rehabilitation costs exceeding the program maximum loan amounts listed in applicable Tables 1, 2 and 3 above:

- The Program will attempt to negotiate with lowest qualified bidding contractor to lower bid price.
- The Program will review scope of work to omit work items without jeopardizing code status.
- The Program will get confirmation of whether or not the homeowner can contribute personal funding. It will be mandatory for households with more than \$30,000 in liquid assets to contribute personal funding for the difference rather than obtain a special needs waiver.
- If needed, the Program will attempt to partner with other possible funding sources such as the Low Income Home Energy Assistance Program (LIHEAP).
- The Program reserves the right to make an exception and allow the expenditure of up to an additional \$5,000 per unit to address code violations. Households with more than thirty thousand dollars in liquid assets will not be considered for additional funding but rather will be required to contribute personal funding for the difference. The Municipality will consider other situations for special needs waivers. Individual files will be reviewed on a case-by-case basis. Upon Program and Borough approval, a Special Needs Funding Limit Waiver may be issued.
- If no viable options, the case will have to be terminated.
- Investor properties are not eligible for special need waivers.

E. Use of Recaptured Program Funds

All recaptured funds will be deposited into a Raritan affordable housing trust fund in accordance with N.J.A.C. 5:93-8.15

V. IMPLEMENTATION PROCESS**A. Application/Interview**

For each prospective applicant, this process starts with a homeowner either submitting an online preliminary application or the Housing Rehabilitation Specialist pre-qualifies the interested homeowner by phone, whichever is the homeowner's preference. The information is entered in the program applicant pool/waiting list. If the homeowner passes the preliminary criteria review, program information, guidelines, and an application package will be mailed or emailed to the applicant when their name is reached in the program's waiting list. Each prospective applicant is

to complete the application and return it to the Housing Rehabilitation Specialist, along with the required verification documents. Upon receipt of the completed application package, a case file will be opened for the applicant and a case file number will be assigned to the unit. The Housing Rehabilitation Specialist will be available via a direct phone line to assist applicants during this and all other phases of the process. Additionally, as needed, a Housing Rehabilitation Specialist will be available for face-to-face prescheduled appointments. Once a case is assigned a number, the cases are processed in the order of receipt of completed applications.

B. Eligibility Certification

To be eligible for assistance, households in each unit to be assisted must be determined to be income eligible. All adult members, 18 years of age and older, of both the owner household and tenant household (if any) must be fully certified as income-eligible before any assistance will be provided by the Program.

The Program staff shall determine household income in accordance with the procedure for calculating annual income at the time of household application, stipulated at 24 CFR 5.609, as it was in effect on December 20, 2024, and described in Chapter 5 of HUD [page=2782] Handbook 4350.3: Occupancy Requirements of Subsidized Multifamily Housing Programs, which is available at:

https://www.hud.gov/program_offices/administration/hudclips/handbooks/hsg/4350.3.

In the future, the Program Staff shall accept household income determinations made within the previous 180 days by another administrative agent that has successfully completed DCA's Education Program. This is not applicable at this time because the Education Program has not been made available and therefore no Administrative Agents have successfully completed the program.

C. Other Eligibility Requirements

Applicant to submit the following in the application package:

- Copy of current Homeowner's insurance declarations page (not the policy or receipt);
- Proof of flood insurance, if property is located in a flood zone;
- Copy of recorded deed to the property to be assisted;
- If deed co-holder resides at another location, provide proof of same (driver's license, etc);
- If widow or widower, copy of spouse's Death Certificate;
- Proof that all mortgage payments and, when applicable, Homeowner Association (HOA) Fees are paid current;
- Copy of any and all other liens recorded against the property;

- Personal identification (a copy of any of the following: Driver's License, Passport, Birth Certificate, Social Security Card, Adoption Papers, Alien Registration Card, etc.); and
- Original of signed Eligibility Release form.

Properties for sale are ineligible for program assistance as well as any property the homeowner plans to sell within the next two years.

D. Requirements of Property Taxes Paid Current

All applicants' property tax account must be paid current. Municipal utilities are included in the property tax account. Individual files will be reviewed on a case-by-case basis. Upon approval by the appropriate municipal officials and the Program, a Special Needs Eligibility Requirements Waiver may be issued.

E. Sufficient Equity and Carrying Cost

Additionally, to be determined eligible, there must be sufficient equity in the home to cover the program lien. In other words, the market value of the house must be greater than the total of the existing liens and anticipated program lien combined. For the sake of this rule, the market value of the home will be calculated using the Municipality's assessed value divided by the equalization ratio. All existing property liens (mortgage, home equity loan, etc.) are then deducted from the calculated house value to determine the current property equity. The Municipality may consider a Special Needs Waiver approved by the municipality on a case-by-case basis for limited equity, but not for negative equity. Additionally, the applicant's income shall be sufficient to meet the carrying costs of the unit or the homeowner is to demonstrate how the unit's carrying costs are funded. This will be reviewed on a case-by-case basis. Upon approval by the appropriate municipal officials and the Program, a Special Needs Eligibility Requirements Waiver may be issued.

F. House Conditions:

All areas of the house must be readily accessible, uncluttered, and clean. This is in anticipation of the Program Inspector and contractors needs of proper and sanitary access for inspections and construction work progress.

If there are any repairs or renovations currently being undertaken on the home by others or the homeowner or done within the last few years that require or required municipal permits, the work must be completed and the permits closed out prior to the homeowner applying to the Program.

G. Eligibility Scenarios of Multi-Family Structures

Several possibilities exist concerning the determination of eligibility in an owner-occupied multi-family structure.

Scenario 1. The Program Administrator determines that the owner is income eligible and the renters in each unit are income eligible. In this case, all of the units are eligible for rehabilitation.

Scenario 2. The Program Administrator determines that the owner is income eligible, but the renters are not. In this case, only the landlord's unit is eligible for rehabilitation. If a home improvement is undertaken which affects all the units in the house (e.g., replacement of a roof), the HIP will only cover a prorated percentage of the cost. For example, in a two-family home with units of approximately equal size, only 50% of the cost of roof replacement will be covered. Where units differ by more than 10% in size, the proration should be based on percentage of square footage within each unit compared to the total interior square footage of all other units in the structure. Shared common areas should not be counted in the denominator for the pro rata calculation.

Scenario 3. The Program Administrator determines that the owner is not income eligible, but the renters are. In this case, the rental units are eligible for rehab, but the owner's is not. If a rehab activity is undertaken which affects all of the units in the house (e.g., replacement of roof), the HIP will only cover a prorated percentage of the cost. For example, in a four-family home, only 75% of the cost of roof replacement would be covered. Where units differ in size, the proration is based on percentage of square footage.

If any of the conditions above apply to a particular applicant's case, CGP&H sends a letter that explicitly identifies which of the units is eligible for rehabilitation, as well as specifies any applicable percentage of the hard costs of rehabilitation between the Program and the homeowner. The homeowner's monetary contribution is to be paid prior to the start of construction at the preconstruction conference in the form of a money order or certified check made payable to the contractor. The payment is held by the Program until the work is satisfactorily completed, at which time the Program will release the payment to the contractor.

Investor Properties:

The Program Administrator determines the tenant income for eligibility. The owner's income is not applicable for eligibility review because the owner does not occupy the property getting repair assistance via the Program. Instead, the owner of an investment property pays a set required direct contribution toward construction cost rather than the above prorated portion for owner-occupied multiple family properties. Refer to manual section IV sub-section C table 3 on page 9.

H. Eligibility Certification

After the Program Administrator has determined that the household is income eligible and meets all other eligible requirements, the Program Manager will complete and sign the Eligibility Certification. This certification is valid for 180 days starting from date of eligibility certification. A Construction Agreement must be signed within this time period. If not, the Program Administrator must reevaluate the household's eligibility.

After the household is certified as income eligible, the Homeowner/Program Agreement will be executed between the homeowner and the Municipality.

If an applicant is determined ineligible, for any reason, the Program will issue a Notice of Ineligibility explaining the reason for the ineligibility determination and case termination.

I. Housing Inspection/Substandard Certification/Work Write Up/Cost Estimate

The Program Inspector will perform a comprehensive inspection to determine what work items are necessary to bring the home up to code, as identified in section III C. Photos will be taken at the comprehensive inspection to document existing conditions. As a result of the comprehensive inspection, the Program Inspector will prepare a work write-up and cost estimate. All repairs needed to bring the home up to code will be identified. To the extent that the budget may permit, home weatherization will also be included. This work write-up will include a breakdown of each work item by category and by location in the house. The work write-up will contain information as to the scope of work and specifics on materials such as type, quantity and cost. A total cost estimate will be calculated for each housing unit. Improvements approved under the Program shall be based on the cost of mid-grade fixtures and materials. No upgrades from this standard shall be allowed. Only eligible rehab work will be funded by the Program. In the event that not all items can be accomplished due to program funding caps, the Program Inspector will establish a priority repair system which addresses the code violations before the non-code violations. The HIP's policy is to create Work Write-Ups and Cost Estimates that fall within the HIP funding caps. In unusual hardship cases and when the cost to correct all code violations exceeds the program funding limit, the HIP will seek the homeowner's monetary contribution. If the homeowner is unable to contribute funds or obtain funds from another funding source, the HIP will request additional funds from the Borough of Raritan.

For houses built prior to 1978, refer to Section VII Lead Base Paint (LBP).

J. Contractor Selection

The homeowner, with the approval of the Program Inspector, will select the contractor. The Housing Rehabilitation Specialist will provide the homeowner with a copy of the work write up and the Program Contractor List. The homeowner will complete the Work Write-Up Review Form indicating review and approval of the work write-up and advising of any contractors currently on the Program Contractor List that the homeowner does not wish to have notified of the availability of the bid package. If the homeowner wishes to solicit a bid from a contractor not currently on the Program Contractor List, the homeowner will provide the contractor's name, address and telephone number on the Work Write-Up Review Form. Any contractors that have not been previously qualified are eligible to participate but must submit their qualifications as well as their bid in the bid package.

The Housing Rehabilitation Specialist will notify at least three (3) currently active contractors that a bid package for the property is available. Each contractor must contact the Housing Rehabilitation Specialist to obtain a full bid package and the contractor must submit a bid to the Housing Rehabilitation Specialist by the submission deadline (usually within three (3) weeks of the date of the bid notification letter). All submitted bids will be opened and recorded by the Program Administrator at a meeting open to all interested parties.

The submitted bids will be reviewed by the homeowner and the Program Inspector. Generally, the lowest responsible bid from a qualified contractor will be chosen. If the homeowner selects a higher bid, he/she must pay the difference between the chosen and the lowest responsible bid.

The Housing Rehabilitation Specialist will email the following documentation to the Municipality:

- Bid Tabulation sheet of all bids received
- Awarded contractor's bid including completed Contractor Award Checklist
- For each contractor's first award in a calendar year, will also include awarded contractor Business Registration Certificate (BRC) and W-9.

Contractor award is passed via a Resolution by Municipal Council. The Municipality will provide the Housing Rehabilitation Specialist with a copy of the Resolution for placement in the case file.

K. Pre-Construction Conference/Contract Signing

The Program Inspector will conduct a pre-construction conference with the homeowner and contractor. Prior to the pre-construction conference the homeowner will be provided with copies of the loan documents and the Construction Agreement and the contractor will be provided with a copy of the Construction Agreement for review. At the time of the pre-construction conference, the scope of work will once again be reviewed. The homeowner and contractor responsibilities will also be reviewed, as well as the Program's construction procedures and program limitations. The homeowner and contractor will each sign the Construction Agreement and receive copies. The homeowner will sign and receive copies of the Mortgage and Mortgage Note in the amount of the HIP subsidy. For rental properties, the property owner will also sign the Deed Restriction.

If the homeowner is providing any funds for the rehabilitation of his/her home, those funds must be provided at the time of the pre-construction conference in the form of a certified check or money order made payable to the contractor. The check will be held by the Program and will be applied towards the contractor's first progress payment.

The contractor will be provided with information regarding the Lead-Based Paint Poisoning Prevention Act (4a.USC 483 1 (b)). The homeowner will be advised of the hazards of lead base paint in houses built prior to 1978 and provided with the EPA booklet Renovate Right. Both contractor and homeowner will each sign the respective Certifications. Additionally, for houses built prior to 1978, Section VII Lead Base Paint (LBP) applies.

Following the pre-construction conference, the Housing Rehabilitation Specialist will provide the Municipality with a copy of the Construction Agreement which includes an itemized price list of the work.

It is the contractor's responsibility to ensure all required permits are applied for prior to the start of construction and, if applicable, at the time of any change orders.

The construction permitting process is handled by the municipality's Construction office.

L. Initiate Municipal Voucher

Upon contractor award decision, the Municipality will provide the Housing Rehabilitation Specialist with a blanket purchase order to create two purchase orders for each case for the contractor to sign at the pre-construction conference at time of contract signing. The contractor's signed purchase orders will be held by the Housing Rehabilitation Specialist until construction progress is sufficient to submit to the municipality.

The Municipal voucher will be separated into two potential payments. The Program staff will match the payment request up with the Municipal voucher issued at the pre-construction

conference and adjust the payment amount as per the inspection results. Ultimately upon construction completion, the payments will equal the full voucher amount plus or minus any change orders.

For each contractor's first award in a calendar year, the Housing Rehabilitation Specialist will provide the municipal applicable staff with the awarded contractor Business Registration Certificate (BRC) and W-9 form.

M. Progress Inspections

The Program Inspector will make the necessary inspections of the progress of property improvements. Inspections are necessary to ensure that the ongoing improvements coincide with the scope of work outlined in the work write-up. It is the contractor's responsibility to notify the Program Inspector when a minimum of 40% of the total contract work is completed. The Program Inspector will schedule the inspection with the homeowner, at which time the Program Inspector will also obtain verbal confirmation from the homeowner that the work is ready for inspection.

If work passes the satisfactory progress inspection, the Housing Rehabilitation Specialist will follow the procedures spelled out in Section V subsection T *Payment Structure and Process* to process a contractor's progress payment request.

The Program Inspector will notify the contractor and the homeowner in writing of any work deficiencies discovered during the progress inspection. Work deficiencies must be corrected prior to the contractor's request for the next inspection.

For houses built prior to 1978, a work item marked EPA RRP Rule cannot be paid for until the contractor provides a post renovation report to the Program. Refer to Section VII Lead Base Paint (LBP) for the EPA regulation.

N. Change Orders

If it is determined during rehabilitation that a change from the original work write-up is required, a Program Change Order Authorization form must be completed and approved by the homeowner, the contractor, the Program and the Municipality.

The Housing Rehabilitation Specialist will forward the executed change order to the Municipality for approval via Resolution by Municipal Council. If the change order work discovery is urgent, such as during roof tear off and cannot wait until the next Council meeting, it will be submitted for Municipality's preliminary special needs approval prior to Resolution at upcoming Council meeting.

The contractor will be notified by the Housing Rehabilitation Specialist of the results, and no change order work should be undertaken by the contractor until he has received a copy of the fully executed Change Order Authorization or the contractor risks non-payment for the change order work.

O. Final Inspection

Prior to requesting a final inspection, it is the contractor's responsibility to:

- Properly close out all the permits and to provide proof of closed out permits to the Housing Rehabilitation Specialist via the municipal Certificate of Approval;
- Deliver to the homeowner a complete release of all liens arising out of the Construction Agreement, a receipt in full covering all labor, materials and equipment for which a lien could be filed or a bond satisfactory to the owner indemnifying owner against any lien; and;
- Provide the homeowner with all applicable warranties for items installed and work completed during the course of the rehabilitation.

Once the contractor has provided the Housing Rehabilitation Specialist with all required job closeout forms, the contractor will be responsible to request the Program's final inspection. The Program Inspector will schedule the final inspection with the homeowner, at which time the Program Inspector will also obtain verbal confirmation from the homeowner that the rehabilitation work has been completed and is ready for inspection. The Program Inspector will then conduct a final inspection to certify that the required property improvements are complete. The homeowner will be present during the final inspection and the contractor will be present if there are issues to resolve.

Construction progress on work line items will be inspected and considered for payment. If the work passes satisfactory final inspection, the Housing Rehabilitation Specialist will follow the procedures spelled out in Section V subsection T. *Payment Structure and Process* to process the contractor's final payment request.

For houses built prior to 1978, a work item marked EPA RRP Rule cannot be paid for until the contractor provides a post renovation report to the program. Refer to Section VII Lead Base Paint (LBP) for the EPA regulation.

If the Program Inspector identifies any work deficiencies during the final inspection, the Program Inspector will notify the contractor and the homeowner of the deficiencies in writing and the value of said deficiencies will be deducted from the final payment request. Work deficiencies

discovered during the final inspection will require the Program Inspector to conduct a subsequent inspection upon contractor's correction of deficiencies. The Rehabilitation Program reserves the right to hold the contractor responsible to pay the cost of any additional inspections beyond the final inspection at a rate per inspection determined by the program administrative contract current at that time, for prematurely requesting the final inspection with the work not 100% completely done in a workman-like manner. Additional inspections are those in excess of the one progress inspection and the final inspection which are needed to inspect corrected deficiencies. The contractor must issue the failed final inspection penalty payment directly to the Program Administrator, CGP&H, via a check prior to the Program Inspector scheduling and repeating the final inspection process. CGP&H will notify the municipality each time a penalty is levied.

The Program lien period will commence upon satisfactory completion of the final inspection. Photographs will be taken of the rehabilitated housing unit by the Program Inspector at the time of the satisfactory final inspection.

P. Payment Structure and Process

The Program Administrator will submit all contractor payment requests to the Municipality. The Municipality will issue all payments directly to the contractor, according to the following schedule:

One progress payment (representing a minimum of 40% of total contract work completed) will be paid. Upon completion of one hundred percent (100%) of the rehabilitation work, the contractor is eligible for final payment of the contract price.

Upon a satisfactory program inspection, and confirmation from the Housing Rehabilitation Specialist that all contractor's documents have been submitted according to program procedures, the Housing Rehabilitation Specialist will submit to the Municipality:

- Program's Request for Payment form with Owner's and Program's written approval
- The Municipal voucher signed by the contractor and adjusted to match the current payment amount
- Copy of change order, if one occurred

The Municipality retains the right to make payments to the contractor without homeowner approval should the homeowner become unavailable to sign the Program contractor payment form due to illness, absence or justified refusal to sign. In such instance, the Program shall make reasonable attempts to contact the homeowner. If such efforts are not successful within a two-week period from the final inspection date, the Program shall advise the Municipality, provide documentation of efforts to obtain homeowner approval, and may authorize contractor

payment without homeowner sign-off, to not hold up payment rightfully due to the contractor.

The Housing Rehabilitation Specialist is to submit the contractor payment request to the applicable municipal staff and, if acceptable, the payment request will be placed on the upcoming Bill List agenda. The Municipality will forward to the Housing Rehabilitation Specialist a copy of the executed payment to the contractor for case file records.

Upon job completion, the combined Municipality payments will total the Construction Agreement, including all applicable change order(s) if any, and minus owner contribution, if any. The combined Municipality payments will also match the final Municipal Voucher amount. Progress and final payments will be made payable to the contractor.

Q. Standard Certification

A Certificate of Approval issued by the municipal construction official at the time the contractor closes out the rehabilitation construction permits, will confirm the scope of rehabilitation work has been completed and that the housing unit is now up to code standard. The contractor is to provide the Certificate of Approval to the Housing Rehabilitation Specialist when requesting the final inspection. The Housing Rehabilitation Specialist will ensure that a copy of the Certificate of Approval is placed in the case file.

R. Record Mortgage Documentation

At construction completion, the Housing Rehabilitation Specialist will forward the executed mortgage to the Municipality's Administrator for recording. The Municipality will immediately file the mortgage with the County Clerk. For rental properties, the Deed Restriction will also be recorded.

S. File Closing

The Housing Rehabilitation Specialist will close the homeowner's file after the final payment is made and the mortgage, and when applicable, Deed Restriction is/are returned from the County with recorded date, book and page.

The Housing Rehabilitation Specialist will send the homeowner a case closeout letter explaining the warranty period, importance of program documents for personal record keeping, explaining the homeowner's responsibility to continue to maintain the home, providing the homeowner with a home maintenance checklist as guidance, thanking the owner for program participation, and encouraging him/her to recommend the program to other households in the community and, when applicable, reminding owner of the affordable housing rental requirements listed in the program lien documents and deed restriction.

T. Requests for Subordination or Program Loan Payoff

The Borough of Raritan may agree to subordination of its lien if the mortgage company supplies an appraisal showing that the new loan plus the balance(s) on all unpaid loans (including the value of the rehabilitation assistance) does not exceed ninety-five (95%) of the appraised value of the unit. If the homeowner is simply refinancing their primary mortgage to a lower interest rate and not "cashing out" any equity, The Borough of Raritan will subordinate up to 100% of the appraised value.

The fee to process program loan subordination requests will be paid by the homeowner directly to the Program Administrator in accordance with the fee set forth in the program administration contract.

VI. CONTRACTOR REQUIREMENTS AND RECRUITMENT

A. Marketing

The Program will coordinate with the Municipality to advertise the availability of construction work on the Municipality's website and display a contractor outreach poster and handouts in the municipal building, including the local construction office. Additionally, CGP&H will reach out to home improvement contractors registered with Consumer Affairs who are geographically near or in the Borough of Raritan. If determined needed, additional outreach will be conducted in the local newspapers and through the posting of community notices. As necessary, the Program will advertise the availability of construction work by posting information at local building supply dealers. All interested contractors will have the opportunity to apply for inclusion on the Program Contractor List, which will be made available for the homeowner's use in selecting rehabilitation contractors. The contractor outreach material will also be posted on CGP&H's website.

B. Contractor Qualifications

To qualify, contractors must meet the following minimum requirements:

- Contractors must carry at least \$1,000,000 in general liability insurance. The Contractor shall carry full workmen's compensation coverage including Employer's Liability limits of at least \$500,000 and statutory state coverage for all his/her employees and those of his/her subcontractors engaged in program rehab work. The Contractor must provide the Housing Rehabilitation Specialist with a certificate of insurance naming the Program as Certificate Holder, and naming the Municipality and CGP&H as additional insureds at time of Program job award; and
- At least three favorable references on the successful completion of similar work; and
- The Contractor's State Business Registration Certificate; and

- Current Consumer Affairs Home Improvement Contractor license; and
- Applicable lead certifications for contractors working on houses built prior to 1978. As identified in the scope of work, the contractor must comply with the EPA Renovation, Repair and Painting (RRP) Rule regarding certification; and
- If claiming prior experience with local, state or federally funding housing rehabilitation programs, a record of satisfactory performance in a neighborhood rehabilitation program or other federal/state programs; and
- Appropriate licenses; e.g. plumbing, electrical.

Contractors must also complete a Contractor Qualification Form. The contractor's qualifications will be reviewed and the references cited will be checked by the Program Inspector before the contractor is awarded a job.

Additionally, CGP&H will also conduct periodic contractor orientation sessions via Zoom. Contractors who are new to the program are required to attend an orientation session either via Zoom or one-on-one with the Program Inspector.

VII. Lead Based Paint (LBP):

For houses built prior to 1978, contractors must comply with the Environmental Protection Agency Renovation, Repair and Painting Rules (40 CFR Part 745) when any work item is marked with (EPA-RRP Rule) in the work specifications. The requirements are spelled out in the General Conditions of the work specifications

VIII. Rental Procedures:

Rental units are subject to the Uniform Housing Affordability Controls (UHAC) at N.J.A.C.5-80:26.1 et. seq. once the rental units are rehabilitated. In addition to the mortgage and mortgage note, the controls on affordability shall be in the form of a deed restriction.

- If a unit is vacant, upon initial rental subsequent to rehabilitation, or if a renter-occupied unit is re-rented prior to the end of controls on affordability, the deed restriction shall require the unit be rented to an income eligible household at an affordable rent and affirmatively marketed pursuant to UHAC.
- If a unit is renter-occupied, upon completion of the rehabilitation, the maximum rate of rent shall be the lesser of the current rent or the maximum permitted rent pursuant to UHAC.

The municipality's Administrative Agent will administer the rental affordability controls during the 10-year affordability period for each rental property assisted. Landlords are responsible to pay income certification fees for re-rentals.

IX. MARKETING STRATEGY

In coordination with the Municipality, the Program Administrator will employ a variety of proven strategies to advertise the program within the Borough of Raritan to establish the Program's applicant pool/waiting list. The marketing strategy/plan possibilities include but are not limited to:

- Creation and distribution of Program homeowner outreach posters, flyers and handouts
- Place Program outreach material on the Municipal website and, of available, social media
- Place Program outreach material on CGP&H's website and social media
- Municipal E-newsletter and paper newsletter (if available)
- Appending announcements and/or flyers to other municipal mailings as they become available (tax, etc.) or direct mailing, if approved by the municipality
- Municipal email blasts
- Program marketing will be distributed to local community organizations and major employers including religious organizations, civic groups, senior group, ethnic organizations, etc.
- Free local cable TV advertising (when available)
- Periodic Press releases
- Program group presentations to community organizations or at the Municipal Building to prospective homeowners and even to local contractors
- Paid newspaper advertisements (last resort) when deemed necessary and appropriate
- The order of method used will be analyzed to implement the most effective combination of strategies. Extensive marketing efforts are essential for all successful housing rehabilitation programs to meet their productivity objectives.

Available rental units assisted via the HIP will be affirmatively marketed in accordance with the Borough of Raritan Affordable Housing Affirmative Marketing Plan.

X. MAINTENANCE OF RECORDS AND CLIENT FILES

A. Programmatic Recording

The Program files will include:

- The policies and procedures manual, which will also be updated when applicable.
- An applicant pool will be maintained by the Program staff to track intake of the people interested in the program and the corresponding outgoing application invites.
- A rehabilitation log will be maintained by the Program staff that depicts the status of all applications in progress.

B. Participant Record Keeping

The Program will be responsible for ensuring that individual files for each unit are established, maintained and then submitted to the municipality upon completion. Each completed file will contain a minimum of the following:

- Checklist
- Application form
- Tenant Application form (Rental Units Only) including rental lease
- Proof of ownership
- Income verification (for all households)
- Proof of currency of property tax and water/sewer accounts
- Proof of homeowner extended coverage/hazard insurance (Declaration Page)
- Proof that the municipal lien plus the total of other liens does not exceed the market value of the unit.
- Certification of Eligible Household or Notice of Ineligible Household (whichever is applicable)
- Homeowner/Program Agreement
- Certificate of Substandard
- Work Specifications/Cost Estimate aka Work Write-Up

- Bid Notice
- Contractor bids
- Bid Tabulation
- Construction Agreement
- Mortgage and Mortgage Note, and for rental properties, Deed Restriction
- Notice of Right of Rescission
- Homeowner Confirmation of Receipt of EPA Lead Information Pamphlet
- Contractor Confirmation of Receipt of Lead Paint Notice
- Copies of all required permits
- Change orders, if any
- Work progress and final inspection reports
- Copies of contractor payment documentation
- Photographs (Before and After)
- Close-out documents
- Certification of Approval

C. State Reporting

For each unit the following information must be retained to be reported annually:

- Street Address
- Block/Lot/Unit Number
- Owner/Renter
- Income: Low/Mod
- Final Inspection Date
- Funds expended on Hard Costs

- Funds Recaptured
- Major Systems Repaired
- Unit Below Code & Raised to Code
- Effective date of affordability controls
- Length of Affordability Controls (yrs.)
- Date Affordability Controls removed
- Reason for removal of Affordability Controls

The Program Administrator will provide each completed unit's data for annual monitoring.

D. Financial Recordkeeping

Financial recordkeeping is the responsibility of the Municipal Housing Liaison, with assistance from the Administrative Agent, as may be requested from time to time.

XI. HOUSING ADVISORY COMMITTEE AND APPEALS PROCESS

The Program staff is skilled in effectively achieving resolution of homeowner/contractor disputes, in a fair and documented manner.

If a homeowner refuses to pay the contractor and work has been done to work specification and to the satisfaction of the Program, it may authorize payment to the contractor directly. However, the Program will make a reasonable attempt to resolve the differences before taking this step.

However, on the rare occasion if a homeowner or contractor decides to dispute a Program staff decision, the Program will refer the matter to the Municipality for further resolution. It is recommended the Municipality forms a Housing Advisory Committee to mediate and resolve the differences. Homeowners or contractors involved in a dispute will be instructed to submit their concerns in writing. The homeowner or contractor may request a hearing conducted by the Housing Advisory Committee. All Housing Advisory Committee decisions are final. The Housing Advisory Committee formation may occur when the first need arises.

XII. CONCLUSION

If the procedures described in this manual are followed, the Borough of Raritan's Home Improvement Program should operate smoothly and effectively. Where it is found that a new procedure will eliminate a recurring problem, that procedure may be incorporated into the program operation. In addition, this manual may be periodically revised to reflect changes in local, state and federal policies and regulations relative to the Home Improvement Program.

Appendix A on next page

APPENDIX A - LIST OF PROGRAM FORMS

- Application Transmittal Letter
- Program Information Handout
- Application for Assistance- Homeowner
- Application for Assistance- Landlord (Investor)
- Application for Assistance- Tenant
- Eligibility Release Form
- Checklist
- Special Needs Waiver (Eligibility Requirements)
- Special Needs Waiver (Exceed Program Limit)
- Certification of Eligible Household
- Eligibility Determination Form
- Notification of Eligibility
- Notification of Ineligibility
- Homeowner/Program Agreement
- Certificate of Substandard
- Certificate of Substandard – Emergency Situation
- Letter: forward work write-up and contractor list to homeowner
- Work Write-Up Review form
- Request for Rehabilitation Bid
- Affidavit of Contractor
- Subcontractor Bid Sheet
- Bid Tabulation/Contractor Selection
- Construction Agreement
- Mortgage
- Mortgage Note – single family, multi family, investor versions
- Notice of Right of Rescission
- COAH Deed Restriction (when applicable)
- Homeowner Confirmation of Receipt of EPA Lead Information Pamphlet
- Contractor Confirmation of Receipt of Lead Paint Notice
- Notice to Proceed
- Contractor's Request for Final Inspection
- Change Order Authorization
- Certificate and Release
- Closeout Statement