

COMMUNITY & NEIGHBORHOOD SERVICES
HOME REPAIR PROGRAM REGULATIONS (effective 4-1-2025)

Section 1 **Intent of the Regulations and Mission of the Program**

- 1.1 These regulations are set forth to define the foundation of the program, inform the residents and contractors about the expectations of participating in the Home Repair Program, and offer guidance to City Staff who manage the Home Repair Program.

- 1.2 The Home Repair Program was developed by the City of Holland to financially assist with owner-occupied home repairs in order to encourage and maintain safe and habitable housing stock in the city as well as housing stability and affordability for individual homeowners. This is accomplished by:
 - A. Determining amount of financial assistance combined with owner resources to make home repair affordable for low to moderate income homeowners,
 - B. Offering technical assistance, enabling homeowners to recognize and prioritize home repairs and make decisions about the financing and management of those repairs, and
 - C. Assisting the homeowners to complete the repair on their own which facilitates capability and responsibility in future home maintenance and repair.

Section 2 **Eligibility Requirements**

To qualify for funding under the Home Repair Program an applicant must meet the following requirements.

- 2.1 Home ownership
The applicant must own and occupy a single-family home. The home must be affixed to a permanent foundation and the owner must submit a properly recorded Warranty Deed or Land Contract showing clear ownership by the applicant.

- 2.2 Taxes Paid
The City of Holland property taxes must be paid up to date. The owner must submit proof of payment for the current year and the previous year of taxes. Tax statements and or receipts from the City and possibly the County will be required.

- 2.3 Insurance
The home must be adequately insured. The owner must submit a certificate of insurance showing the home has adequate coverage and the policy is paid up to date.

- 2.4 Income
The total household income must be at or below 80% of median family income to qualify for the Home Repair Program. Applicants must submit appropriate income documentation as listed in Appendix A. Applicant must also fill out an income/asset checklist. Income guidelines will be adjusted automatically when adjusted by HUD.

- 2.5 Walk Away Policy
The City of Holland holds the authority to walk away from any project if it finds that the home and or homeowner are in violation of any of the instances listed below:

A. Code Compliance

Homeowners who are currently involved in court action with Community & Neighborhood Services or the City of Holland, or have outstanding code violations which are not being addressed by the program, are not eligible for assistance.

B. Housing Maintenance

If Program Staff determine that the current condition of the home is in such a state that contractors and building inspectors will not be able to safely access and successfully complete the repair project.

C. False Statements

If the applicant is untruthful during any part of the application process, including, but not limited to, income verification, number of occupants in the home, living arrangements in the home, such as roommates paying rent, owner occupancy, etc.

D. Appeal of Staff Decisions

If the homeowner feels that they have been denied assistance due to Staff’s decision under the Walk Away Policy, the homeowner may appeal this decision to the Neighborhood Improvement Committee at one of their regularly scheduled monthly meetings.

SECTION 3 Available Funding and Program Descriptions

3.1 Assistance Amounts

Households deemed eligible for the program per Section 2 will be assisted with approved home repair expenses based upon the following sliding scale and established maximum contribution levels:

Percent of the Area Median Family Income*	Program share of allowable expenses, up to maximum amount defined below
Less than 30%	90%
31% to 40%	85%
41% to 50%	80%
51% to 60%	70%
61% to 70%	60%
71% to 80%	50%

* Total household income as calculated per Appendix A divided by the current Median Family Income based on household size.

The maximum financial contribution from the program shall be:

Projects requiring the disturbance of painted surfaces in homes constructed before 1978	\$5,000
Projects that do not require the disturbance of painted surface and/or homes built in 1978 or later	\$10,000

Repairs must be determined to be necessary home repairs as outlined in Section 6.5. Common repairs that typically do not require disturbance of paint include:

- A. Furnace repair/replacement;
- B. Electrical Service and System upgrade to meet code;
- C. Water and Sewer line repair/replacement/hookup;
- D. Water Heater replacement;
- E. Supply and Drain line repair/replacement;

- F. Roof repair/replacement.
- G. General repair items that do not disturb existing painted surfaces as determined by staff i.e. chimney/foundations

Repairs that require paint disturbance include most work done to the exterior of the home, a garage or shed, including but not limited to: siding, porch repairs, windows and doors as well as repairs to the interior of the home, including, walls, ceilings, wall insulation and floors.

3.2 Lead Safe Work Practices

Each project requiring the disturbance of painted surfaces on homes built before 1978 must adhere to HUD's Lead Safe Work Practices, which require the use of workers trained in lead- safe work practices and clearance testing whenever painted surfaces are disturbed at a level that exceeds more than 20 square feet on exterior surfaces and 2 square feet in any one interior room or space. Eligible homeowners must document that all rehabilitation work was done according to HUD's Lead Safe Work Practices; as verified and tested for lead dust by a certified lead tester (See Section 4 for complete details).

3.3 Ineligible Repairs Include the Following:

- A. new construction
- B. pools
- C. hot tubs
- D. appliances
- E. pest management
- F. other improvements as determined ineligible by City of Holland Staff, and HUD Regulations

SECTION 4 Federal Requirements Regarding Rehab Projects Disturbing Paint

4.1 Access to the Comprehensive Federal Requirements:

The Federal Government which is the originating entity of the funds utilized to operate the City of Holland Home Repair Program has developed regulations that shall guide all rehabilitation projects that disturb painted surfaces above the minimal levels. This document is available to residents either by utilizing the internet link provided below or contacting the City of Holland Community and Neighborhood Services Department for a paper copy.

<http://www.hud.gov/offices/lead/enforcement/lshr.cfm>

4.2 Summary of Requirements for Rehabilitation Projects that disturb painted surfaces per 24 CFR35 Subpart J-Rehabilitation Assistance:

For properties receiving less than or equal to \$5,000.00 and were constructed before 1978 the following activities must be completed:

- Provision of pamphlet given to applicant
- Paint testing of surfaces to be disturbed, or presume Lead Based Paint is there
- Safe work practices in rehab by a Certified Lead Safe Worker
- Repair disturbed paint
- Have the work area cleared by a certified Lead Clearance Specialist
- Notice to occupants

SECTION 5 Home Repair Program Terms and Conditions

- 5.1 City staff will act as a consultant to homeowners in determining what repairs should be done by assisting the homeowners in prioritizing each needed repair. Using home repair check lists that are completed by homeowners, major systems such as electrical, plumbing, and mechanical and roof systems will be examined and priorities worked out. Repairs other than major systems will also be discussed and prioritized in the event dollars are available for eligible general property improvements.
- 5.2 No rehabilitation work may commence until the homeowner and the designated representative for the City of Holland sign a grant agreement, contract documents, mortgage papers, and the homeowner deposits their portion of the funds toward the rehabilitation project with the City.
- 5.3 The amount of money that the City of Holland contributes to the rehabilitation project shall be secured by a Mortgage. This mortgage will be signed prior to starting the home repair and will be recorded with the county register of deeds in favor of the City of Holland in an amount equal to the amount of dollar assistance provided by the City. Such lien shall remain in effect for a period of five (5) years. If the property is sold or otherwise transferred to other than the owner's surviving spouse, or other dependent family member residing in the home within the period prior to mortgage discharge, OR if the property is converted to a rental unit, during this five-year period, the full amount of the grant shall be paid back to the City less an amount calculated as follows: $(\text{Amount of original assistance}/60) \times (\text{remaining months until discharge}) = \text{payoff amount}$. The amount calculated shall be due and owing on such terms and conditions as the City of Holland shall subscribe. Future refinancing of the property or other utilization of the equity in the home must meet the requirements of the City of Holland's Subordination Policy.
- 5.4 **Subordination Policy**
When the City places a mortgage on a property, the city usually takes a subordinate lien position on the home behind the initial property purchase financing. When placing a mortgage on a property, the City Home Repair Program is only concerned about making the home repair affordable. The mortgage should not primarily be viewed as a means for the City to be reimbursed, but viewed more as a tool to ensure that the property owner remains committed to the neighborhood for the five-year period of the mortgage.
- On a regular basis, homeowners that participate in the Home Repair Program request the City to subordinate the Home Repair mortgage to allow refinancing for lower interest rates, to facilitate debt consolidation, to do additional home repair and for other financial reasons. Financial institutions will not grant the new financing unless they hold first position on the property to gain repayment in the case of default from non-payment of the house payments. Subordinating a mortgage removes the city from first lien position and restores the City to a subordinate position, as was the case during the original assistance.
- Considering the main focal point of the Home Repair Program is to facilitate pride that homeowner has in the complete ownership of their home, the City should not reduce the ability of the homeowner to refinance his/her home or to utilize any equity earned through his/her home. Therefore, it is the policy of the City of Holland Home Repair Program to agree to subordinate its position to all other liens placed on properties after Home Repair Program Assistance is granted.
- 5.5 **The City of Holland Funds Are Contingent upon Owner Funds:**
Applicants must provide their entire portion of the rehabilitation costs, as determined by program guidelines in Section 3, at the time of loan closing. Progress payments from an owner are not allowed. The owner may seek financing from a private bank loan, credit union, savings account,

borrowed money from family or friends, or other means as possible. At a minimum, 10% of the owner's funds must come from the owner in the form of cash, check or money order.

5.6 Bid Solicitation:

Homeowners are required to handle bidding by contacting contractors on their own and setting up appointments to receive estimates to complete the necessary improvements. Three or more bids are required. Gathering several quotes will encourage homeowners to be more involved in the process, allow them to consider differences in contractors and bids, and to seek the best bids in order to keep the cost down. All bids and subsequent work must be done in accordance with Section 7 of these regulations.

5.7 Selection of Licensed Contractors to Complete the Work:

A list of qualified contractors will be maintained by the City in several trade areas where insurance, references, complaints, and licensing have been checked. This list is updated yearly using a publicly announced contractor recruitment process designed to promote contractual opportunities for all local businesses. This list is a valuable resource available to homeowners and satisfies the federal requirements to promote the use of minority and women owned business enterprises. Other contractors not on the list will be allowed to participate but will have to provide documentation as outlined in Section 8 of these regulations. This process of allowing other contractors will itself be another recruitment technique used to find qualified contractors and assure that every contractor has equal access to these opportunities. Use of debarred, suspended, or ineligible contractors during placement in ineligibility status under the provisions of 24 CFR Part 24 will not be allowed. City staff will be screening for such contractors during review of contractors selected.

5.8 Preparation of Contracts:

Funded work will involve contracts prepared by City staff to protect homeowners with general conditions. The contract packages will also provide further protection in the waiver of lien. Change orders are allowed, but they must be reviewed and approved by the City and the Homeowner prior to starting the work in question.

5.9 Owner/Contractor disputes:

In the event a dispute exists between the owner/participant and a contractor with respect to the rehabilitation work, the City shall take appropriate action in accordance with the provisions of the construction contract to assure that the owner/participant is satisfied before making payment to the contractor in the form of a two-party check. If the conflict cannot be resolved through normal negotiation and dispute settling techniques, the dispute will be referred to the Ottawa County Mediation Program, or the Neighborhood Improvement Committee at a regularly scheduled meeting. Review by the Committee will occur only if both owner and contractor submit forms explaining the situation and agree to abide by the decision of the Committee. If this conflict resolution process is not selected, the matter becomes a legal matter between the owner and contractor and will have to be settled in court. City Staff will issue an opinion and payment will not be made until a settlement is signed by both parties.

5.10 Owner Labor/Repair of Home:

Owner completed work will be contingent upon the skill/ability of the owner, and will only be approved when there is no painted surfaces involved. Two material estimates must be provided to the City, instead of the two normal written estimates. The owner will be reimbursed between half and ninety percent (based on their income level) of the amount of the actual invoices, as provided to the City for approved work items. Tools and labor will not be covered under this program. All work must be submitted in accordance with Section 7 of these regulations.

SECTION 6 Other Applicable Local, State, and Federal Regulations

6.1 Entitlement Regulations of 24 CFR Part 570:

All projects and activities conducted under this program shall be in strict compliance with all regulations outlined in U.S. Department of Housing and Urban Development - Community Development Block Grant Program - Entitlement Regulations as listed in 24 CFR Part 570. Compliance with all Local ordinances, State laws, and Federal laws is also required during the conduct of projects and activities under this program. Some of the regulations are listed below but this list is not meant to be all inclusive:

6.2 Environmental Reviews:

Projects shall be assessed to determine the effect the project will have on the environment and the effect the surrounding environment will have on the project. This includes review of historical significance of the building and the impact if repairs are planned for important architectural exterior features such as doors, windows and siding. Work shall not begin until properties older than 50 years with exterior impact have been cleared by the City in consultation with the Michigan Department of State - Bureau of History and the National Advisory Council on Historic Preservation. Impacts from noise and location near other hazardous conditions such as airport clear zones and chemical storage will be considered both program wide and on a project specific basis.

6.3 Allowable/Reasonable Cost:

Federal guidelines require that the City determine cost reasonableness of bids on repair work. To streamline the program and meet this requirement, three bids are required on each item to assure the cost is reasonable. When an owner desires to use a bid that is higher than another one, the owner may do so by paying the additional cost over and above the low bid. (An example might be a furnace replacement where City funds would cover a standard furnace but owner selects a model costing \$1,000.00 more. The owner can use his own additional funds to cover the amount above the lowest bidder).

6.4 Cost Principles

Cost of repairs under the program must be "necessary and appropriate" and be reasonable. These provisions will have been met by using the cost estimating and by gathering at least three quotes for each repair to be done. Each estimate must address why the requested repair is required. i.e. new furnace is needed due to a cracked heat exchanger, or new roof is needed due to curling and blistering of shingles. Management of finances shall be in conformance with CFR Part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards."

6.5 Necessary Repairs

The City of Holland has determined that a repair is only necessary if it meets any of the following criteria:

- A. The repair will replace or correct a failed component of the home as documented by contractor estimate why the repair is necessary or other written or photo documentation.
- B. The repair will replace or correct a component of the home which does not currently meet the City of Holland Housing Property Maintenance Code.

6.6 Constitutional Prohibition:

Repair funds may not be used for rehabilitation of property to be used for religious purposes or which will otherwise promote religious interests. Under special circumstances projects like this are possible subject to the restrictions outlined in 24 CFR 570.200(J).

- 6.7 Civil Rights and Fair Housing:
The City of Holland has certified to HUD that it will conduct and administer programs to affirmatively further fair housing and comply with Title VI of the Civil Rights Act of 1964 (Pub. L. 88-352, 42 U.S.C. 2000d et seq.) and Title VIII of the Civil Rights Act of 1968 (Pub. L. 90-284, U.S.C. 3601 et seq.). Accordingly, the City will not discriminate upon any basis prohibited in the law under Executive Order 11063 as amended by Executive Order 12259 and Section 109 of the Act and take every opportunity to administer the program to affirmatively further fair housing.
- 6.8 Interest of Federal and Local Officials:
Participants shall not permit any member, or delegate to the Congress of the United States, and no resident commissioner to share in any proceeds of the assistance or in any benefit arising from the same. Participants shall not pay any bonus, commission, or fee for the purpose of obtaining the local public agency's approval of the assistance, or any other approval or concurrence required to complete the rehabilitation work, financed in whole or in part with the rehabilitation assistance. Participants shall not allow any member of the governing body of the local public agency, who exercises any functions or responsibilities in connection with the administration of the project or program, and no other officer or employee of the Agency who exercises such functions or responsibilities, to have any interest in any contract entered into by the applicant, for the performance of work financed in whole or in part with the proceeds of rehabilitation assistance.
- 6.9 Cancellation of Assistance:
Participants agree to return the assistance proceeds with no right, interest or claim in the proceeds, if the assistance is canceled before the rehabilitation is started. Participants must agree that assistance proceeds will be returned if it was obtained through the use of fraudulent/false information presented in the original application. The City reserves the right to pursue further penalties if such fraudulent action is uncovered.
- 6.10 Emergency Purchases:
The City Manager or his or her designee may make or authorize Community Development staff to make emergency purchases when there exists a threat to health, welfare, or safety to an approved grant applicant, under emergency conditions as defined in written documentation to be included in the project case file; provided, that such purchases shall be made as competitively as is practical under the circumstances. Written documentation regarding the basis for selection of the particular vendor must be included in the project case file.
- 6.11 Conflict of Interest:
Per Federal Regulations, public officials cannot benefit from assistance or contracts awarded. Likewise, participants who stand to benefit from awards in contracts (kickbacks and other types of illegal arrangements) except as outlined in these regulations will be strictly prohibited.

SECTION 7 Contractor Bid Submission and Work Standards

- 7.1 Submitting Bids
- A. Each contractor will be given a bid estimation form from the homeowner stating exactly the work that is to be completed. All estimates must be specific, thorough and include all of the work listed on the bid estimation form. Vague estimates or failure to include all of the work on the bid estimation form may result in the bid being rejected and not considered.
 - B. Contractor may add options or alternates as additional expenses.
 - C. All bids shall include brand of product and specifications being used.
 - D. All bids submitted must clearly identify the total cost to complete the job.

E. Only contractors who have signed a memorandum of understanding acknowledging the bid submission process and work standards listed below will be eligible to submit bids for City funded projects.

7.2 Work Standards

The City of Holland has established the following standards to ensure that all home repair projects that receive financial assistance from the City of Holland meet the following goals:

- A. Have a high level of workmanship and material quality.
- B. Result in an aesthetically pleasing product.
- C. Preserve historic and unique characteristics of the home.
- D. Make the home more energy efficient.
- E. Protect the City's and Homeowner's investment.

All repair projects must be installed per manufacturer's installation instructions and comply with all local, state and federal codes.

7.2.1 Historic and/or Unique Home Improvement Opportunities

If a homeowner would like to either maintain or revert back to historically appropriate material per the homes original design, the City will allow this. If the home is in the Historic District, the rules of that District apply and supersede the rules listed herein.

7.3 Standards for Window Replacements

When replacing windows, the contractor must replace the window with a similar style and functionality. This means that if the window was a double hung before, then it must be a double hung again, or if the window had certain grid patterns before, then the grid patterns must be preserved in the new window. Alternative window designs, including documented historic representations, may be submitted as an option for review, or may be required by the City.

7.3.1 All new windows must meet or exceed the following specifications:

- A. Energy Star Rated
- B. Welded Frame and Sash for Vinyl and Aluminum Windows
- C. Specify Half or Full Screens
- D. D. Specify Grid Patterns

7.3.2 All window replacements must include the following associated components:

- A. Wrap exterior of window trim with aluminum casing, unless there is an agreed upon alternative.
- B. New stops will be installed on the inside, unless there is an agreed upon alternative.
- C. Where there is a 1/8" or greater opening, utilize low expanding foam insulation to prevent air infiltration around the window, unless there is an agreed upon alternative.
- D. Caulk both interior and exterior of the windows.
- E. All windows must open, close and lock as designed.
- F. Insulate Weight Channels

7.4 Standards for Exterior Door Replacement

No plain or flat flush steel doors will be permitted when visible from the street.

7.4.1 All new doors must meet or exceed the following specifications:

- A. Energy Star Rated
- B. Include a window
- C. Attached to a new frame, unless it is agreed upon that the existing frame is a viable option
- D. Has a single cylinder dead bolt lock set

- 7.4.2 All door replacements must include the following associated components:
- A. Properly weatherize the door, the jamb and the casing (brick mold).
 - B. The door must be painted with 2 layers of gloss or high gloss exterior paint with a color chosen by the home owner. The homeowner may choose to do the painting themselves, but no payment will be issued until the door is painted.
 - C. Fasten and shim the frame at all hinge and strike points.
 - D. Where there is a 1/8" or greater opening, utilize low expanding foam insulation to prevent air infiltration around the door, unless there is an agreed upon alternative.
 - E. E. Caulk both interior and exterior of the doors.
 - F. All doors must open, close and lock as designed.
- 7.5 Standards for Siding Replacement
When replacing siding, the new siding must be compatible with the house and the surrounding neighborhood.
- 7.5.1 All new vinyl siding must meet or exceed the following specifications:
- A. Have a thickness of .042 or greater
 - B. Include defined siding elements, such as contrasting colors, skirt boards, belt lines, frieze boards, corner boards, and on gables.
- 7.5.2 All siding replacements must include the following associated components:
- A. A minimum of a ¼" thick fanfold backer board. The seams on the backer board shall be taped with the appropriate material
 - B. Properly align corners of the siding
 - C. Readjust window trim so the trim is flush with or built out from the siding
 - D. Bring J Channels down the side of the windows so the vertical J Channel extends past the horizontal J Channel
- 7.6 Standards for Insulation Projects
Drill and plug holes may not be visible from the street. All insulation projects that utilize drilling holes in the inside of the house must be patched and sanded. Owner is responsible for painting to match.
- 7.6.1 All new insulation must meet or exceed the following specifications:
- A. Insulation with flame spread greater than 25 must be covered.
 - B. A minimum R Value of 42 shall be used in the Attic.
 - C. All exterior wall cavities must be filled, including the area above and below the doors and windows.
 - D. All box sills must be insulated.
 - E. All attic accesses must be treated (insulate the cold side of the door; weather-strip opening as necessary, build up side walls, etc.)
- 7.6.2 All insulation projects must include the following associated components:
- A. No insulation shall cover up eave vents or other ventilation to or from the attic.
- 7.7 Standards for New Roofs
The City will only fund complete tear offs (no new layers of shingles) and we will require all bids to show an option to re-deck the whole house.
- 7.7.1 All new roofs must meet or exceed the following specifications:
- A. All asphalt shingles must be a minimum 30-year Dimensional Shingle.

- B. Use EPDM .60 mil or higher quality product on all flat or low slope roofs. No torchdown or modified roofing will be allowed.

7.7.2 All new roofs must include the following associated components:

- A. All roof penetrations must receive new boots.
- B. All existing vents will be replaced.
- C. Ice and Water Shield shall be installed on all valleys and around roof penetrations.
- D. When removing multiple layers of shingles where there will be gaps larger than one inch along side walls, color matching flashing or like material must be installed.
- E. Satellite Dish repositioning is the responsibility of the homeowner; the contractor shall note this on the estimates.
- F. Include cost for any necessary chimney repairs or provide replacement option.
- G. If existing chimney is staying, new flashing must be installed around the chimney.
- H. Install new drip edge underneath ice and water shield.
- I. The roof must include ventilation per code.

7.8 Standards for Electrical, Plumbing, and Mechanical Projects

All electrical, plumbing and/or mechanical projects must meet or exceed the following specifications:

- A. Must be installed per Federal, State, and Local codes
- B. Where appropriate, you must use Energy Star rated equipment/materials

7.9 Standards for flatwork projects (driveways, etc.)

All flatwork projects must be done in conjunction with another project (for example, you had to tear out your existing driveway to replace the sewer line and now you need to have your driveway redone). All flatwork projects must meet the following specifications:

- A. Must meet all local codes.
- B. Must use a six sack limestone mix.
- C. Must have a 4" nominal thickness.

SECTION 8 Contractor Qualification

8.1 It is the intent of the City of Holland Home Repair Program to give all qualified contractors an opportunity to bid on all possible home repair projects funded by the City of Holland. To this extent the City of Holland has established the following qualifying criteria to determine whether or not a contractor is qualified to participate in our Home Repair Program:

- A. Must be a licensed Contractor through the State of Michigan in their respective trade.
- B. For all work done under this Contract, all General and subcontractors are required to carry full Workers' Compensation Insurance, also Comprehensive Public Liability Insurance Coverage, protecting the owner for a minimum of the total cost of completing the rehabilitation improvements, and sufficient coverage in the event of any property damage arising out of their work. Evidence of this insurance must be furnished, if requested.
- C. Provide three references reflecting the quality of their work.
- D. Have no substantiated and unresolved complaints against their work from any resident participating in the Home Repair Program.
- E. Have no history of chronic failure to obtain permits or poor quality of work.
- F. Is not currently in arrears with the City of Holland for permit fees, taxes, and/or other penalties and fines.
- G. Only contractors who have signed a memorandum of understanding acknowledging the bid submission process and work standards listed above will be eligible to submit bids for City funded projects.

APPENDIX A

GROSS INCOME MEANS ALL INCOME EARNED BY ALL HOUSEHOLD MEMBERS. IT SHALL INCLUDE THE PART 5 INCOME INCLUSIONS AS STATED IN THE CODE OF FEDERAL REGULATIONS. (listed below)

General Category Statement from 24 CFR 5.609 paragraph (b) (April 1, 1998)

1. Income from wages, salaries, tips, etc.: The full amount, before any payroll deductions, of wages, and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services.
2. Business Income: Net income from 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. 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 will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family.
3. Interest & Dividend Income: Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation is permitted only as authorized in number 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 shall include the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD.
4. Retirement & Insurance Income: 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 payment (except as provided in number 14 of Income Exclusions).
5. Unemployment & Disability Income: Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay (except as provided in number 3 of 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 shall consist of: the amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; plus 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. Alimony, Child Support, & Gift Income: Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling.
8. Armed Forces Income: All regular pay, special day and allowances of a member of the Armed Forces (except as provided in number 7 of Income Exclusions).

GROSS INCOME DOES NOT INCLUDE THE PART 5 INCOME EXCLUSIONS AS STATED IN THE CODE OF FEDERAL REGULATIONS (listed below)

General Category Statement from 24 CFR 5.609 paragraph (c) (April 1, 1998)

1. Income of Children: Income from employment of children (including foster children) under the age of 18 years.
2. Foster Care Payments: Payments received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the tenant family, who are unable to live alone).
3. Inheritance and Insurance Income: 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 as provided in number 5 of Income Inclusions).
4. Medical Expense Reimbursements: 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 Live-in Aides: Income of a live-in aide (as defined in 24 CFR 5.403).
6. Student Financial Aid: The full amount of student financial assistance paid directly to the student or to the educational institution.
7. "Hostile Fire" Pay: the special pay to a family member serving in the Armed Forces who is exposed to hostile fire.

8. Self-Sufficiency Program Income:
 - Amounts received under training programs funded by HUD.
 - 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).
 - Amounts received by a participant in other publicly assisted programs that are specifically for, or in reimbursement of, out-of-pocket expenses incurred (special equipment, clothing, transportation, childcare, etc.) and that are made solely to allow participation in a specific program.
 - Amounts received under a resident service stipend (as defined in 24 CFR 5.609(c) (8) (IV)).
 - 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 by this provision must be received under employment training programs with clearly defined goals and objectives, and are excluded only for the period during which the family member participates in the employment-training program.
9. Gifts: Temporary, nonrecurring, or sporadic income (including gifts).
10. Reparation Payments: Reparation payments paid by a foreign government pursuant to claims under the laws of that government by persons who were persecuted during the Nazi era.
11. Income from Full-time Students: Earnings in excess of \$480 for each full-time student 18 years old or older (excluding the head of household or spouse).
12. Adoption Assistance Payments: Adoption assistance payments in excess of \$480 per adopted child.
13. Family Support Act Income: For public housing only, the earnings and benefits to any family member resulting from the participation in a program providing employment training and supportive services in accordance with the Family Support Act of 1988, section 22 of the 1937 Act (43 U.S.C. 1437t), or any comparable federal, state or local law during the exclusion period.
14. Social Security & SSI Income: Deferred periodic amounts from SSI and Social Security benefits that are received in a lump sum amount or in prospective monthly amounts.
15. Property Tax Refunds: 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.
16. Home Care Assistance: Amounts paid by a state agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep this developmentally disabled family member at home.
17. Other Federal Exclusions: Amounts specifically excluded by any other federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under any program to which the exclusions of 24 CFR 5.609(c) apply, including:
 - The value of the allotment made under the Food Stamp Act of 1977;
 - Payments received under the Domestic Volunteer Service Act of 1973 (employment through VISTA, Retired Senior Volunteer Program, Foster Grandparents Program, youthful offender incarceration alternatives, senior companions);
 - Payments received under the Alaskan Native Claims Settlement Act;
 - Payments from the disposal of funds of the Grand River Band of Ottawa Indians;
 - Payments from certain sub marginal U.S. land held in trust for certain Indian tribes;
 - Payments, rebates or credits received under Federal Low-Income Home Energy Assistance Programs (includes any winter differentials given to the elderly);
 - Payments received under the Main Indian Claims Settlement Act of 1980 (Pub. L. 96-420, 9z Stat. 1785);
 - The first \$2,000 of per capita shares received from judgments awarded by the Indian Claims Commission or the Court of Claims or from funds the Secretary of Interior holds in trust for an Indian tribe;
 - 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, or veterans benefits;
 - Payments received under Title V of the Older Americans Act (Green Thumb, Senior Aides, Older American Community Service Employment Program);
 - Payments received after January 1, 1989, from the Agent Orange Settlement Fund or any other fund established pursuant to the settlement in the In Re Agent Orange product liability litigation;
 - Earned income tax credit;

- The value of any child care provided or reimbursed under the Child Care and Development Block Grant Act of 1990; and
- 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).

Gross Income Shall Be Computed Without Deduction for the Following:

1. Funds paid into a tax shelter retirement account
2. Losses attributable to a farming syndicate as described in Section 464 of the Internal Revenue Code.
3. Losses attributable to any type of corporation or partnership engaged in the exploring for, or exploiting of, oil and gas resources.
4. Losses attributed to any type of corporation or partnership engaged in equipment leasing.
5. Losses attributable to any type of corporation or partnership engaged in holding, producing, or distributing motion picture films or video tapes.
6. Child support payments made by an applicant's child or children.
7. Alimony, separate maintenance, or similar periodic payments that an applicant is required to make to a spouse or former spouse.

Special Computations

If any member of the household during the period ending 6 months prior to the date of the application has taken a leave of absence, a voluntary reduction in compensation or hours normally worked, or has resigned from employment, then for purposes of computing gross income, the income foregone by act shall be imputed to such family. Any such act for a non-temporary medical or a permanent retirement reason shall not be covered by this provision.

Gross Income from Rental Properties

Income from rental properties shall be included in computing gross income. Verification of rental property income must be provided by the previous two year's tax return, provided that property produced rental income during the course of the entire year. For properties not producing income during the course of the entire year, income and expenses shall be determined as allowable by IRS to arrive at the net rental income.

A loss from rental properties cannot be deducted from income generated from other sources. A negative rental income will be considered zero income.

Gross Income for Self-Employment

Self-employed persons must submit IRS tax returns (including any appreciation schedules) for the previous two years from both the business and individual returns. Gross income shall be determined on an annual basis by averaging the yearly incomes.

If an individual (or family) operates a business at a loss, this loss may not be deducted from the income generated from other sources. A negative income will be considered zero income.

Home Repair Program Income Limits

As of April 1, 2025

	1 person	2 people	3 people	4 people	5 people	6 people	7 people	8 people
ELI	23,250	26,600	29,900	33,200	37,650	43,150	48,650	54,150
VLI	38,750	44,250	49,800	55,300	59,750	64,150	68,600	73,000
LI	61,950	70,800	79,650	88,500	95,600	102,700	109,750	116,850

ELI= 30% of median income, extremely low income

VLI= 50% of median income, very low income

LI= 80 % of median income, low income

APPENDIX B

General Conditions

As required by the City of Holland, as Lender of CDBG funds, the Borrower shall incorporate certain "general conditions" into the Contract(s) for the completion of the improvements. These are as follows:

- A. Material, Labor and Appliances. Unless otherwise stipulated, the Contractor shall provide and pay for all materials, labor, tools and equipment necessary to the completion of the improvements. The Owner will permit the Contractor, at no cost, to use existing utilities such as lights, heat, power and water necessary to the completion of the improvements to the Property.
- B. Contractors as Borrowers. Owners (or members of their family) may complete their own property improvements provided the knowledge of the correct method is demonstrated. However, all costs incurred must be adequately substantiated before any payments will be made. Copies of all related invoices, receipts and allied documentation must be presented and verified prior to a request for payment made. (All costs include material charges only.)
- C. Insurance. All General and subcontractors on all work done under this Contract are required to carry full Workers' Compensation Insurance, also Comprehensive Public Liability Insurance Coverage, protecting the owner for a minimum of the total cost of completing the rehabilitation improvements, and sufficient coverage in the event of any property damage arising out of their work. Evidence of this insurance must be furnished, if requested.
- D. Codes, Permits and Regulations. The Contractor shall obtain and pay for all permits and licenses and shall give all notices, pay all fees and comply with all laws, ordinances, rules and regulations of the City of Holland, related to the completion of the improvements. If work of the Contractor is performed in violation of these laws, ordinances, rules and regulations, the Contractor will bear all costs arising therefrom.
- E. Protection of Work and Property. The Contractor will continuously maintain adequate protection for all his/her work from damage and shall protect any adjacent property from injury arising in connection with this contract. The Contractor shall make good any damages or injury. It shall be the responsibility of the Contractor to remove from the premises any and all debris or refuse resulting from the completion of the improvements.
- F. Assignment of Contract. The Contractor may not assign the Contract for the completion of the improvements to the property without the prior written consent of the owner(s) and the City of Holland as Lender of the funds. Any request for approval of an assignment of the contract must be directed to the City of Holland, Department of Community Development, and Located at 270 River Avenue, Holland, Michigan 49423.
- G. Responsibility of Contractor and Subcontractors. The Contractor shall be responsible for satisfactory completion of the rehabilitation improvements in accordance with approved specification (and or drawings, if applicable). The Contractor (or subcontractors, if appropriate) shall provide without additional charge, all incidental items required for the completion of the rehabilitation improvements.
- H. Nondiscrimination. The Contractor must comply with all pertinent federal and local laws and regulations pertaining to equal employment opportunity as set forth in 24 CFR 92.350 and the Michigan Civil Rights Acts.
- I. Lead Clearance Testing. If a lead test is required, the contractor will pay for any tests after the first test. This will only occur if the first lead test fails.
- J. Guarantees and Warranties. Neither final payment or any progress payment shall become due until the Contractor has furnished the Borrower, with all manufacturer's and supplier's written guarantees concerning materials and equipment furnished under this contract, if requested. The labor and materials shall be

warranted for at least a period of five years. This warranty does not apply if it is documented that the home owner neglected routine maintenance.

- K. Liens and Inspection. Final payment on the contract amount will be made only after inspection by the City and acceptance of all the work performed. Contractor must furnish the City of Holland, a sworn statement, satisfactory releases of liens or claims for liens by the Contractor or Subcontractor(s) (if any), laborers, and material suppliers. The City of Holland must be permitted to examine and inspect all rehabilitation work, at anytime with reasonable notice.
- L. Time Limits. Time being the essence of this Agreement, the Contractor must commence work within 20 calendar days after signing of the Contract by all parties concerned and the issuance of a "Proceed to Work Order" by Owner and satisfactorily complete work with 60 calendar days from date of the "Proceed to Work Order", or by the specified contract completion date.
- M. Progress Payments. For Contractors performing multiple specifications, up to three progress payments can be received. The third progress payment must be the final payment to the contractor and be accompanied by waivers from the accepted contractor and other involved parties as well as guarantees for mechanical devices and other paperwork for closeout.
- N. Form of Payment of Contract. Payments will be made to the Contractor. Checks (initial, periodic, and final) will be in lump sum amounts after the requirements of Paragraph 10 above have been satisfied. Normally, final payment will be disbursed within twenty (20) calendar days after the City of Holland receives the Contractor invoices and satisfactory release of liens or claims for liens by subcontractor (if any), laborers and material suppliers for completed work or installed materials.
- O. Lead Based Paint. Pursuant to 24 CFR 92.355, the use of any type or form of lead based paint either interior grade or exterior grade shall be specifically prohibited under the Contract.
- P. Termination. If the Contractor fails to furnish materials to execute the work in accordance with the provision of the Contract, or fails to proceed with or complete the work within the time specified in the Contract, or if the provisions of this Contract are otherwise violated by the Contractor, then in any case, upon ten (10) calendar days written notice to the Contractor, the Owner(s) and the City of Holland shall have the right to declare the Contractor in default of his/her obligation under this Contract. Any notice of a default shall contain the reasons for the Owner(s) and City's decision to declare the Contractor in default. If such default continues for an unreasonable length of time, the City, with the approval of the Owner, may terminate the Contractor's right to proceed under this Contract.
- Q. Conflict Resolution. The City of Holland, through its Community Development Office shall within a reasonable time, make decisions on all claims of the Owner and/or Contractor and/or all matters relating to the quality and progress of the work or interpretation of the contract documents.
- R. Contractor License Requirement. All Contractors are obligated to furnish a copy of their State of Michigan Contractor License to the permit Section of the Community Development Office of the City of Holland prior to the start-up of any work under this Agreement.
- S. This Contract is intended to govern the rights of the Owner and Contractor between themselves, and all references to the City of Holland as a Lender in these General Conditions to the Contract are made to satisfy obligations of the Owner to the City of Holland based on the Grant Agreement entered into by and between City and Owner(s). Parties to the Contract(s) for the rehabilitation improvements acknowledge and agree that the incorporation of the "General Conditions" into the Contract constitute an inducement to the City of Holland, to make the loan, but these general conditions shall not be construed to make the City a party to the Contract, or construed to bind or obligate the City, except as set forth in its agreements with the Owner(s).