

City of Fort Worth
Neighborhood Services Department

Priority Repair Program Policies and Procedures

Funded by Community Development Block Grants

Revised October 2022

Contents

1. Introduction	3
2. How to Apply	3
3. Policies	3
Repair Eligibility	3
Repair Cost Maximums & Requirements.....	5
Time Limitations on Applications	6
Housing Unit Eligibility.....	6
Applicant Eligibility	7
Additional Limitations on Assistance.....	9
Limited Appeal Right.....	9
Process for Repairs Requiring a Lien.....	9
4. City Procedures	10
Verification of Income and Owner Occupancy Status.....	10
Environmental Review (Part 58) Required	12
Lien Procedures If No Existing Mortgage Lien Is on the Property	12
Lien Procedure If an Existing Mortgage Lien is on the Property	14
Program Administration	15
Director Review, Determinations & Waivers.....	16

1. Introduction

The City of Fort Worth's ("City") Priority Repair Program ("PRP") is designed to address urgent health and safety concerns and priority home repair needs for very low- and low-income single-family homeowners who are unable to make necessary repairs to their home. The program goals are to: (1) extend the life of housing units so that low-income families can remain safe and prosperous in their homes, and (2) maintain the stock of single-family homes in the City of Fort Worth. Funding for the PRP is provided by the U.S. Department of Housing and Urban Development ("HUD") through its Community Development Block Grant ("CDBG") program. The PRP is managed by the City's Neighborhood Services Department ("NSD"). All policies and procedures for the PRP must be implemented in accordance with the CDBG regulations at 24 CFR Part 570 et seq and applicable guidance from HUD, as well as all other applicable federal, state, and City laws, regulations, and ordinances.

The PRP program serves owner-occupied, single-family housing units. The housing units must be the applicant's homestead. Under the program, repairs are done without charge to the homeowner. However, if the total cost of the repairs exceeds \$20,000, the City will require that the homeowner execute all necessary documents to secure the City's interest in the homeowner retaining possession of the home for a minimum period of time through a lien on the property *[Please see Section 4: City Procedures below for more information regarding the lien process and homeowner requirements]*. The lien requirement is intended to prevent house "flipping" and to ensure that funds are available to homeowners who have urgent health and safety repair needs in their homes.

2. How to Apply

All interested persons are encouraged to read this document in full before applying as there are eligibility criteria for both the types of repairs that can be completed and household qualifications. Interested homeowners should contact the Home Improvement and Construction Division of Neighborhood Services at the information below for more information about the program and how to apply for assistance. Please note, that to receive repairs under the PRP, the house must be eligible, the repair must be eligible, and the applicant must be eligible. The eligibility criteria for each is discussed in more detail in this document.

Fort Worth Priority Repair Program, Fort Worth Neighborhood Services: (817) 392-7548
<https://www.fortworthtexas.gov/departments/neighborhoods/services/priorityrepair>

3. Policies

The purpose of this Priority Repair Policy ("Policy") is to (i) provide information to the public about available resources to address eligible repairs, (ii) provide guidance to staff in determining the eligibility of applicants and repairs under the PRP, (iii) maintain consistency, and (iv) provide the necessary discretion to the NSD Director ("Director") to further achieve the PRP's goals.

Repair Eligibility

Eligible Repairs: The following repairs are eligible for PRP services:

1. Sewer line breaks, with the following limitations:

- a. Visible raw sewage or “gray” water must be present or is imminently likely to be present.
 - b. Verification of (i) a break in the line rather than clogging, and (ii) the break must be located on the homeowner’s side of the sewer line. To verify whether the break is on the homeowner’s side of the sewer line, please contact the City’s Water Department at the Sewer Division (817-392-4477).
 - c. Repairs under concrete slabs may be eligible at the City’s sole discretion, if deemed feasible due the cost limitations of the program and extensive construction required for the repair.
2. Fresh water line breaks or leaks, with the following limitations:
 - a. Verification of (i) unreasonably high-water bills, (ii) a visible water leak, (iii) confirmation from the City Water Utility, and/or (iv) the meter spinning with all water shut off within the house.
3. Gas line breaks or leaks, with the following limitations
 - a. (i) Verification of the break or leak, which can be provided by the gas utility company;
4. Unsafe or inoperable heating units, or houses with no primary heating source, with the following limitations:
 - a. If a primary heat source is installed, unvented bathroom heaters will be removed and the applicable gas lines capped, at the City’s sole discretion.
5. Inoperable or unsafe water heaters.
6. Leaking roofs and significant exterior deterioration, with the following limitations:
 - a. Verification regarding homeowners or hazard insurance must be provided as follows: (i) If applicant has homeowners or hazard insurance, verification that the insurance company has denied the claim for repairs; (ii) If applicant does not have homeowners or hazard insurance, applicant must provide evidence that such insurance has been applied for and was denied, and applicant must sign an affidavit of no insurance.
7. Unsafe or inoperable air conditioning systems.
8. Rotten, unstable, or deteriorated subflooring, for the purpose of ensuring floor stabilization with the following limitations:
 - a. Areas to be addressed must represent (i) a health and safety issue in the form of a trip hazard resulting from unstable flooring in any major access/egress paths, (ii) unsanitary living conditions caused by deterioration of building materials such as holes in floors, or (iii) by other unsafe conditions as determined by program staff.
9. Electrical deficiencies that create urgent health and safety conditions, such as loss of power to the house. Such repairs will focus on the most critical portions of the house, such as kitchens and bathrooms. Such repairs might not include complete replacement or upgrade of the house’s electrical service or repair of all malfunctioning switches, depending on specific construction or system contingencies and the limitations of the PRP.
10. Pier and beam foundation issues that create urgent health and safety conditions, such as broken beams and settlement of piers or similar repairs that do not constitute a major house remodel.

Non-Eligible Repairs: The following repairs are not eligible for PRP services:

1. Concrete slab foundation repairs that may lead to other major system instability or that would require repair work to other portions of the house caused by the foundation repairs
2. Repairs to pier and beam foundations that may lead to other major system instability or that would require repair work to other portions of the house caused by the foundation repairs.
3. Repairs to plumbing, mechanical, foundations, or other systems installed or repaired without

proper City permits.

4. Repairs to houses which contain excessive furniture and/or personal items so that safe access to the house or item/area to be repaired is impeded, or creates a barrier that unreasonably interferes with the completion of the repair. Contractors may decline work due to infeasibility and inaccessibility to item/area needing repair.
5. Systems covered by a homeowners or hazard insurance policy, or repairs which were previously paid for by an insurance company, but not completed by the applicant.
6. Repairs to houses which would cause or constitute non-compliance with HUD environmental review regulations or other HUD requirements.
7. Repairs to houses which would cause violations of the City of Fort Worth adopted Zoning Code, Building Code, or Fire Prevention Codes.
8. Replacement of a functioning water heater for the purpose of increasing hot water capacity.
9. Repair to sheetrock, ceilings, fixtures, etc., if the City, in its sole discretion, determines that such repairs are either cosmetic in nature or the unrepaired items do not represent a health or safety hazard to the occupants.
10. Repairs to roofs or additions not in compliance with City's Building Code or national building standards, such as unsafe or improper slopes, poor workmanship on roof additions, etc.
11. Repairs in excess of \$5,000 that will disturb painted surfaces that exceed the "de minimis" threshold, as defined by HUD.

Repair Cost Maximums & Requirements

1. Maximum cost of all aggregate repair(s) during any two-calendar-year period cannot exceed \$25,000.00 per household. The two-year period shall begin the date the applicant receives a warranty from the contractor for the first repair. After the expiration of the two years, applicants can reapply for additional eligible repairs.
2. If repairs will exceed \$5,000.00, repairs shall not disturb painted surfaces that exceed the "de minimis" threshold as defined by HUD.
3. If repairs will exceed \$20,000, City will require a homeowner to grant a lien in the amount of the repairs, to the extent allowed by Texas law, against the home in favor of the City. The amount of the lien will be case-specific. [Please see Section 4: City Procedures for more information on this requirement.]

Table 1: Chart of Cost of Repairs and Requirements

Total Cost of Repairs	Additional City Requirement	Lien Period
Up to \$5,000	None	N/A
Up to \$20,000	For repairs over \$5,000 repairs are subject to #2 above.	N/A
More than \$20,000 in any two-calendar-year period, even if in separate applications	A lien covering the amount of the repairs, to the extent allowed by Texas law, will be placed against the subject property ensuring that the applicant remains the occupying homeowner	5 years. Forgiven 20% each year with zero percent interest

Time Limitations on Applications

1. Applicants that receive less than \$10,000 annually in repairs may apply up to once per year.
2. Repairs that cost more than \$20,000.00 but not more than \$25,000.00 are eligible to apply for services once every two-calendar years from the date of the warranty was provided to the applicant for the first repair.
3. Applicants should endeavor to make all eligible repairs at one time, under one construction contract and not try to avoid a lien by refusing necessary repairs in order to keep repairs under \$20,000 in a two-year period. Liens will be required if repairs in a two-year period exceed \$20,000.
4. Replacements of major systems are eligible for a one-time service to any specific system within the reasonable and expected life of the system. For example, if the program replaces a complete HVAC system in a house, replacement will only be approved once for that housing unit in a ten-year period (ten years being the reasonable and typical life of an HVAC System). Applicants will still be able to reapply for additional services as needs arises so long as they do not involve the previously replaced system.
5. It is expected that program recipients will maintain major system repairs/replacements for the typical life of the system, as defined in the manufacturer's warranty.

Housing Unit Eligibility

1. The housing unit must be owner-occupied by the person applying for PRP services. For repairs less than \$20,000, Ownership will be verified from the Tarrant Appraisal District ("TAD") records or the Tarrant County Real Property records (or the equivalent public records if the house is located in another county within the City's corporate boundaries). For repairs that exceed \$20,000 in any given two-year period, ownership will be verified through a title search by a local title company. Applicants may be required to provide additional documentation proving ownership of the house, remedy any title issues, or secure consent from any other owners of the house. For example, if title was obtained by heirship or probate, one spouse is not on the title in a community property house acquired during the marriage, or equitable title situations under Texas law such as purchasing the house under a contract for deed or homestead situations under Texas law. Applicant may be a co-owner of the house so long as applicant occupies the house as applicant's primary residence, and, if a lien is required, all other owners of the house will execute all required documents to allow the lien to be placed on the property.
2. The house must be located within the City's corporate boundaries.
3. The house must have a value of not more than 80% of the area median home price of the City of Fort Worth, as shown by the most recently published appraisal district value in the county where the house is located. Area median house price for the City will be updated regularly by Program staff using the Greater Fort Worth Association of Realtors' (GFWAR) published housing report posted to their website, the latest housing report published will be used until a new report is produced by GFWAR.
 - a. For example, using the March 2022 Housing Report (<https://www.gfwar.org/news/march-2022-housing-report>) produced by GFWAR, the median home price of Fort Worth is \$335,000, thus 80% of median home price is \$268,000. Other documentation showing the value of the house, such as a recent appraisal or Broker's Price Opinion, or other objective means of establishing value, may be considered in City's sole discretion. However, in the

event the Director determines, in his/her sole discretion, that the repairs are necessary to address imminent health and safety concerns for the occupants and that the house's overall condition is such that the value is less than 80% of the median home price, the house shall be eligible for repairs under the PRP.

4. When a lien is required to participate in the program, the house must be clear of any liens other than a mortgage lien. If any other liens exist, the lien must be removed prior to receiving PRP services.
5. Housing units meeting one or more of the following criteria will be ineligible for PRP services:
 - a. Vacant or unoccupied housing units;
 - b. Housing units with inactive utility accounts (i.e., water, electricity, gas);
 - c. Houses located in a floodplain unless applicant can show evidence of current flood insurance for the housing unit;
 - d. Rental (long-term or short term) housing units;
 - e. Multifamily housing units (as defined by the City Zoning Ordinance) regardless of ownership type (e.g., condo units are not eligible);
 - f. Duplex housing units (unless both sides of the duplex have separate owners);
 - g. Detached garages and sheds;
 - h. Detached structures converted to a living space (garage apartments, etc.);
 - i. Housing units with extensive unrepaired flood or fire damage, damage due to vandalism, and/or other extensive, unrepaired damage;
 - j. Housing units determined to be substandard or uninhabitable by the City's Code Compliance Department;
 - k. Housing units where the primary purpose (based on space allocation) is operation of a business enterprise in a manner than violates City ordinances;
 - l. Housing units in violation of the City Zoning Ordinance;
 - m. Housing units for which a foreclosure action has been commenced by a lending institution, a judgement creditor, or a taxing entity; and
 - n. Housing units which are infeasible to repair within the PRP's cost limitations or otherwise as determined by the City in its sole discretion.

Applicant Eligibility

Applicants must meet the following criteria in order to qualify for PRP services:

1. Applicants must own their home. Applicants may be required to provide additional documentation proving ownership of the house, remedy any title issues, or secure consent from any other owners of the house. Information from the appraisal district will be reviewed to verify ownership.
2. Total anticipated annual household income of all persons over 18 residing in the house must be at or below 60% of Area Median Income ("AMI"), as established annually by HUD.
3. The household's gross annual income for the purpose of determining PRP eligibility will be calculated consistent with HUD Regulations at 24 CFR Part 5, which define sources of income to be included or excluded from the calculation. Income of all household residents age 18 or over will be included in the total annual gross household income, unless a household member 18 or over is verified to be a full-time student.
4. Documentation of all income for the 60 days preceding the application must be provided by

the applicant and all adult household members. Income documentation requirements are further described in the section of this Policy titled Verification of Income and Owner Occupancy Status.

5. Household size is determined at the time of the application intake interview. Any change in household size during the application process must be documented with records that demonstrate whether and when a person has left or joined the applicant's household, such as copies of leases, recently updated driver licenses, utility bills, bank statements, or other documents showing residency. Misrepresentation of the number of household members may result in denial of the application.
6. Applicants must be current on their property taxes with the county Tax Assessor/Collector. If the homeowner is on a payment plans or deferral authorized by the Tax Assessor/Collector or other applicable authority, appropriate documentation must be submitted for review and determination that the plan meets this requirement, which determination shall be in City's sole discretion.
7. Eligible homeowners must have United States residency status consistent with the requirements and guidelines of the CDBG program and the HUD Office of Community Planning and Development ("CPD").
8. If necessary, due to funding limitations, contractor capacity, or City administrative capacity, completion of PRP repairs will be prioritized based on urgency of need and vulnerability of applicant's household, assessed using the chart below. In the case of a tie in prioritization scoring, assistance will be provided to applicants with the most urgent health/safety repair issue, and then to the most elderly/disabled applicants.

Table 2: Prioritization Points Criteria and Point Awards

Prioritization Points Criteria	Max Points
Elderly (62-69 years) +1 (70-79 years) +2 (80+ years) +3	3
Severely disabled household member (based on Census Bureau definition) +2	2
Children under the age of 6 +2	2
Income Level (50 - 60% AMI) +1 (40 - 49% AMI) +2 (below 40% AMI) +3	3
No previous PRP services +2	2
PRP services within last 4 years (subtract number of services, 1 point each) – no more than 2-point reduction total	(0)
Special circumstances/other good cause as determined by the Director (up to 2 points)	2
Total Points	14

9. The following applicants will be ineligible for PRP services:
10. Applicants who cannot or will not provide all necessary documentation as required by this Policy, or applicants who falsify any documents, income information, household size information, etc.;
11. Applicants who exhibit threatening or abusive behavior or language toward City staff or toward contractors assigned to perform repairs;
12. Applicants who refuse to execute the necessary documents for the program, including application materials, lien materials, and other documents required by the City.
13. In the event a lien is required, applicants who are unable to obtain the consent and signature of each owner of the home.

Additional Limitations on Assistance

1. Repairs may be limited or applicants may be deemed ineligible if liability issues are created as a result of repairs. For example, excess personal belongings in the house that block contractor or inspector access, working conditions or environments that create significant liability for the City, or work that endangers the life of a contractor or inspector will be deemed ineligible for assistance or denial of PRP services.
2. Repeated ignored phone calls or email by City staff or contractors to schedule work, absence of the homeowner at the time of scheduled appointments for inspections or repair work, and similar barriers to access may result in delay or denial of PRP services.
3. The City retains sole discretion to approve or deny service based on this Policy, including but not limited to the limitations of construction or mechanical system feasibility, abusive or threatening behavior by the applicant, HUD requirements, building code requirements, funding limitations, financial feasibility, and cost reasonableness.

Limited Appeal Right

An applicant that disagrees with City staff's interpretation of this policy may ask for a policy review and determination by the Director. The Director will issue a policy review and determination within one week of the request. There are no further administrative appeals by either applicants or staff.

Process for Repairs Requiring a Lien

1. When a lien is required under this policy, applicants will be required to execute the following documents:
 - a. Loan Application
 - i. All owners of the home and their spouse, if any, must sign a written application for extension of credit at least 5 days before signing the mechanic's lien contract.
 - b. Mechanic's Lien Contract
 - i. All owners of the home must execute a mechanic's lien contract prior to the construction contract. This contract will be filed in the Tarrant County Real Property Records before any materials are delivered or any work is performed. This contract must be executed at the lender's office, the City of Fort Worth's Neighborhood Services Department, located at 908 Monroe Street. Applicants will receive specific instructions once their application is accepted.
 - c. Construction Contract
 - i. Prior to work commencing, the applicant must sign a contract for construction services containing a work plan of construction services and an estimated cost of construction. This contract must be executed at the lender's office, the City of Fort Worth's Neighborhood Services Department, located at 908 Monroe Street. Applicants will receive specific instructions once their application is accepted.
 - d. Note and Deed of Trust
 - i. Upon acceptance of the proposed construction contract, the City will place a lien through a deed of trust against the property for the full value of the City's

contribution to the project and require the signing of a note, as stated in the contract, executed by all parties.

2. The lien will be in full force for five (5) years following the date the contractor issues the warranty for the first repair.
3. The loan shall be forgiven in full at the end of a five- year period, so long as the applicant maintains the home as their owner-occupied homestead. Each year, on the anniversary of the lien, the City will forgive 20% of the initial value of the loan, with full release of the lien occurring on the fifth anniversary of the lien.
4. If the home is sold, transferred, or otherwise no longer owner-occupied by the applicant during the 5-year period, the City will require repayment of the outstanding balance of the debt at that time. In the event that the repairs cost less than the initial value, the City and homeowner will revise the deed of trust and promissory note to reflect the lower amount. In the event the repairs exceed the initial value, the City and the homeowner will revise the deed of trust and promissory note to reflect the correct amount. A change in ownership due to death of the applicant shall not automatically require repayment. So long as the heirs or devisees of the applicant occupy the home as their homestead, repayment of the loan shall not be required.
5. During the term of the forgivable loan, the homeowner agrees to notify the City, in writing, within ten (10) calendar days of a change in the ownership or notice of foreclosure of the property.
6. If the property is sold, transferred or assigned, other than through inheritance referenced in the above paragraph, the amount of the remaining balance of the forgivable loan due and payable to the City shall be satisfied.
7. Any and all other documents reasonably required by the City.

4. City Procedures

Verification of Income and Owner Occupancy Status

1. To verify income and household size in accordance with HUD requirements, the applicant/homeowner and all persons over 18 years of age living in the household must provide current Texas Driver License or Texas DPS identification verifying that they live at the house, as well as full documentation of all sources of income for the past 60 days. If any adult household member states that they are not receiving income, that person must provide a signed verifiable income certification form in a format approved by HUD CPD. Additional documentation may be requested to verify lack of income such as letters from the Texas Workforce Commission verifying ineligibility for unemployment insurance payments, copies of bank statements, income tax returns, etc.
2. Applicants will have 10 business days from the date of application (which is the date of intake appointment) to provide any missing documentation. Applicants with incomplete files may receive a letter of denial of services if all documents are not received in a timely manner.
3. Family members or others assisting an applicant with completing the application will be asked to provide identification to verify their relationship to applicant. Case workers or translators must provide documentation of their authority to assist the applicant.
4. Documents required for HUD verification purposes may include, but not be limited to the following:

- a. Verification of wages, salaries, or tips (pay stubs, etc.);
 - b. Verification of child support (printouts from the Office of the Attorney General or local child support office, copies of divorce decrees, copies of bank statements, etc.);
 - c. Letters concerning Social Security or disability payments received by all household members;
 - d. Letters or other documentation of income from pensions, annuities, or other retirement income;
 - e. Bank statements for checking and savings accounts for 2 prior months to verify total income received and show interest income on savings, etc.;
 - f. Brokerage or other statements showing all investments, retirement accounts, etc., for 2 prior months;
 - g. Utility bills showing proof of active utility service (water, gas, electric);
 - h. Verification that property taxes on the house are current, on a payment plan, or deferred with the County Tax Assessor;
 - i. Proof of enrollment for household members claiming full-time student status;
 - j. Verification of mortgage statements showing whether applicant has homeowners or hazard insurance on the house, or other documentation regarding homeowners or hazard insurance; and
 - k. Income tax returns for most recent year, for self-employed or other income.
5. All income documentation procedures will be consistent with HUD CPD guidance as provided in the HUD publication *Technical Guide for Determining Income and Allowances for the HOME Program*, available online at <http://www.hudexchange.info>.

Table 3: Acceptable Documents for Income Verification and Documentation of Expenses

Types of Information	Acceptable Verification Documents	Acceptable Third-Party Verification Documents
Wages and salaries including base and overtime rates, bonuses and incentive payments.	Pay stubs, earning statements or W-2 form identifying employee and showing amount earned and period of time covered by employment	Signed and dated form or letter from employer specifying amount to be earned per pay period and length of pay period.
Tips/gratuities and self-employment	Notarized statement from applicant or form 1040/1040A showing amount earned	None
Income maintenance, AFDC, welfare, Social Security	Copy of check issued by agency or Award letter signed by agency	Signed and dated verification form signed showing amount and period received
Unemployment/Worker's Compensation	Copy of check issued by agency or Award letter signed by agency	Signed and dated verification form signed showing amount and period received
Child Support Payments	Copy of payment records furnished by court or Attorney General's office, signed and dated, showing amount received or divorce decree showing amount of support or copy of uncashed check	Written statement from paying parent
Interest/dividends	Passbook showing interest received and period covered or income tax return, or dividend statement from bond holder or stock company	Dated and signed verification form completed by savings institution showing amount and period received.
Assets	Passbooks/letters completed by bank or real estate tax assessment or appraisal of real property or statement signed by applicant specifying assets	None

Environmental Review (Part 58) Required

All applications for the Priority Repair Program are subject to environmental review as required by 24 CFR 58 (also known as Part 58) and must receive a review by a responsible entity (City of Fort Worth) to determine if the project may be classified as:

1. Exempt activity under 24 CFR 58.34 (Exempt activities)
2. Categorical exclusion under 24 CFR 58.35 (Categorical exclusion)
3. Emergency under 24 CFR 58.33 (Emergency)

If an application is determined not to meet the requirements for classification as Exempt Activity, Categorical exclusion, or Emergency, then the application must be rejected. The City will not accept an application that does not meet one of the above three categories nor will the City conduct any repair work requiring an Environmental Assessment (24 CFR 58).

All Priority Repair Program environmental review documentation will be kept on file within the Neighborhood Services Department.

Lien Procedures If No Existing Mortgage Lien Is on the Property

1. Application
 - a. All owners (both spouses) must sign a written application for extension of credit at least 5 days before signing mechanic's lien contract. Tex. Const. art. XVI, § 50(a)(5)(B).
 - b. A title search will be conducted by NSD and paid for using CDBG funds.
 - c. Any person required to sign the application must sign in front of a PRP staff person and present a valid form of ID. If a person is not able to sign in front of a PRP staff person, he or she must have their signature notarized.
2. Pre-Closing
 - a. Lender must deliver finalized loan documents at least 1 business day prior to closing unless bona fide emergency or good cause. Prop. Code § 53.257(a).
 - b. If corrections are made, the 1-day inspection period begins after the corrected documents are delivered to the owner.
 - c. Lender must provide to owner Lender's Disclosure Statement before the date of closing and keep signed and dated copy. Prop. Code §§ 53.255(b), 53.257(b).
 - d. Lender's Disclosure Statement – same wording as Contractor's Disclosure Statement.
 - e. Contractor must deliver to owner the Contractor's Disclosure Statement before the construction contract is executed and the list of subcontractors and suppliers. Prop. Code § 53.255 and § 53.256.
 - f. The list must contain the notice printed in § 53.256(b), and if the waiver is used, it must contain the notice in § 53.256(d).
 - g. If there is a change in the list, contractor must provide an updated list to owner within 15 days of the change. Prop. Code § 53.256(a)(2).
3. Closing on Mechanics Lien Contract
 - a. Mechanics' Lien Contract for work and materials may not be signed by Owner or Spouse for at least 5 days since the written application. Tex. Const. art. XVI, § 50(a)(5)(B).

- b. Mechanics' Lien Contract for work and materials must expressly provide for 3 day right of rescission. Tex. Const. art. XVI, § 50(a)(5)(C).
 - c. Mechanics' Lien Contract for work and materials executed only at title company, attorney's office, or lender's office. Tex. Const. art. XVI, § 50(a)(5)(D).
 - d. This may be done in NSD's office as the office for the Lender.
 - e. The mechanics' lien contract should be signed before the contract to build.
 - f. If the property is the owner's homestead (below applies to mechanics' lien contract):
 - g. The contract must be written. Prop. Code § 53.254(a).
 - h. The contract must be executed before any material is furnished or labor performed. Prop Code § 53.254(b).
 - i. Nothing will occur until after the 3-day rescission has lapsed, an election form signed, the mechanic's note is signed, and the contract is filed in the deed records. We will also have out closing on the loan documents prior to construction commencing or materials delivered.
 - j. The contract must be executed by both spouses. Prop. Code § 53.254(c).
 - k. All owners and their spouses.
 - l. The contract must contain 2 specific notices (provided by § 27.007 and § 41.007(a)) in at least 10-point bold type printed next to the signature line.
 - m. The contract must be filed with the county clerk before any material is furnished or labor performed. Prop. Code § 53.254(e).
 - n. Certificate of closing signed.
 - o. FTC anti-holder-in-due-course notice is provided to owner by contractor.
 - p. Construction contract for a lump sum is executed.
4. Pre-Construction
- a. Before commencement of construction, contractor must provide to owner a list of subcontractors and suppliers unless waived by the owner. Prop. Code § 53.256(a)(1).
 - b. The list must contain the notice printed in § 53.256(b), and if the waiver is used, it must contain the notice in § 53.256(d).
 - c. If there is a change in the list, contractor must provide an updated list to owner within 15 days of the change. Prop. Code § 53.256(a)(2).
5. Construction
- a. Affidavit of commencement is executed.
 - b. Affidavit of commencement may be filed by owner and contractor (jointly executed). Prop. Code § 53.124(c).
 - c. Execute and record within 30 days after loan documents filed and construction commenced or materials delivered.
 - d. If the contract price exceeds \$5,000, the contractor must put the owner's funds in a separate construction account. Prop. Code § 162.006.
6. Post Construction
- a. Before payment, contractor must provide to owner a signed Affidavit of Completion and Indemnity showing that all bills have been paid or listing any outstanding bills to be paid, and the owner executes the affidavit of acceptance.
 - b. Owner may file an Affidavit of Completion with the county clerk. Prop. Code § 53.106.
 - c. Contractor endorses the mechanic's lien note to City and assigns the lien with a transfer of lien that is filed in the Real Property Records.
 - d. City renews and extends the mechanic's lien note by having the owner execute a note payable to the City. A deed of trust is executed in favor of the City and filed in the Real

Property Records.

7. Lien Release

- a. The lien will be released by the City when all obligations of the loan are fulfilled.

Lien Procedure If an Existing Mortgage Lien is on the Property

1. Application

- a. All owners (both spouses) must sign a written application for extension of credit at least 5 days before signing mechanic's lien contract. Tex. Const. art. XVI, § 50(a)(5)(B).
- b. A title search will be conducted by NSD and paid for using CDBG funds.
- c. Any person required to sign the application must sign in front of a PRP staff person and present a valid form of ID. If a person is not able to sign in front of a PRP staff person, he or she must have their signature notarized.
- d. A notice will be provided to applicants that if they have a senior mortgage that requires consent before adding subordinate debt, that this lien could be a default under the senior loan documents that could result in foreclosure unless consent is obtained by the applicant.

2. Pre-Closing

- a. Lender must deliver finalized loan documents at least 1 business day prior to closing unless bona fide emergency or good cause. Prop. Code § 53.257(a).
- b. If corrections are made, the 1-day inspection period begins after the corrected documents are delivered to the owner.
- c. Lender must provide to owner Lender's Disclosure Statement before the date of closing and keep signed and dated copy. Prop. Code §§ 53.255(b), 53.257(b).
- d. Lender's Disclosure Statement – same wording as Contractor's Disclosure Statement.
- e. Contractor must deliver to owner the Contractor's Disclosure Statement before the construction contract is executed and the list of subcontractors and suppliers. Prop. Code § 53.255 and § 53.256.
- f. The list must contain the notice printed in § 53.256(b), and if the waiver is used, it must contain the notice in § 53.256(d).
- g. If there is a change in the list, contractor must provide an updated list to owner within 15 days of the change. Prop. Code § 53.256(a)(2).

3. Closing on Mechanics Lien Contract

- a. Mechanics' Lien Contract for work and materials may not be signed by Owner or Spouse for at least 5 days since the written application. Tex. Const. art. XVI, § 50(a)(5)(B).
- b. This is all owners and spouses.
- c. Mechanics' Lien Contract for work and materials must expressly provide for 3 day right of rescission. Tex. Const. art. XVI, § 50(a)(5)(C).
- d. Mechanics' Lien Contract for work and materials executed only at title company, attorney's office, or lender's office. Tex. Const. art. XVI, § 50(a)(5)(D).
- e. This may be done in NSD's office as the office for the Lender.
- f. The mechanics' lien contract should be signed before the contract to build.
- g. If the property is the owner's homestead (below applies to mechanics' lien contract):
- h. The contract must be written. Prop. Code § 53.254(a).
- i. The contract must be executed before any material is furnished or labor performed. Prop. Code § 53.254(b).

- j. Nothing will occur until after the 3-day rescission has lapsed, an election form signed, the mechanic's note is signed, and the contract is filed in the deed records. We will also have out closing on the loan documents prior to construction commencing or materials delivered.
 - k. The contract must be executed by both spouses. Prop. Code § 53.254(c).
 - l. All owners and their spouses.
 - m. The contract must contain 2 specific notices (provided by § 27.007 and § 41.007(a)) in at least 10-point bold type printed next to the signature line.
 - n. The contract must be filed with the county clerk before any material is furnished or labor performed. Prop. Code § 53.254(e).
- 4. Certificate of closing signed.
 - a. FTC anti-holder-in-due-course notice is provided to owner.
 - b. Contractor endorses the mechanic's lien note to City and assigns the lien with a transfer of lien that is filed in the Real Property Records.
 - c. City renews and extends the mechanic's lien note by having the owner execute a note payable to the City. A deed of trust is executed in favor of the City and filed in the Real Property Records.
 - d. City must give a truth in lending disclosure and right of rescission form to applicant.
 - e. Construction contract is executed.
- 5. Construction
 - a. Affidavit of commencement is executed.
 - b. Affidavit of commencement may be filed by owner and contractor (jointly executed). Prop. Code § 53.124(c).
 - c. Execute and record within 30 days after loan documents filed and construction commenced or materials delivered.
 - d. If the contract price exceeds \$5,000, the contractor must put the owner's funds in a separate construction account. Prop. Code § 162.006.
- 6. Post Construction
 - a. Before payment, contractor must provide to owner a signed Affidavit of Completion and Indemnity showing that all bills have been paid or listing any outstanding bills to be paid, and the owner executes the affidavit of acceptance.
 - b. Owner may file an Affidavit of Completion with the county clerk. Prop. Code § 53.106.
- 7. Lien Release
 - a. The lien will be released by the City when all obligations of the loan are fulfilled.

Program Administration

- 1. The administrative procedures for this Policy are designed to achieve the primary purpose of the PRP which is providing services to the most vulnerable applicants with the most urgent repair needs. These administrative procedures are also designed to consider the high demand for PRP services, the limited funding available for the services, and staff capacity to administer the PRP. To the extent feasible, and within the constraints of HUD guidelines and applicable City policies, administrative procedures for the PRP will be consistent with standard practices for similar programs that provide services to low income households such as Community Action Partners, or other similar programs provided by state or local government entities or non-profits. The administrative procedures in this Policy may be revised by the Director from time to time to

incorporate industry standards and best practices in order to increase administrative efficiency to better meet the needs of eligible households and to fulfill the purposes of the PRP.

2. Only complete applications will be included in the regular prioritization process. Failure to provide all HUD-required documentation may result in denial of PRP services. Applicants will be given 2 weeks to provide full documentation. Denial letters may be sent to applicants not providing full information by the end of this two-week period.
3. Appointments will be scheduled with applicants to complete the full application and provide the applicant an opportunity to ask any questions about the PRP services. Repeated failure by an applicant to keep appointments may result in denial of PRP services.
4. On-site inspections to verify eligibility of the repair will be scheduled for Program repairs. Scheduling of on-site inspections will correspond with priority level of the applicant to the greatest extent feasible. If the on-site inspection or subsequent contractor inspection determines that the estimated cost of repairs will exceed Program limits, the repair will be determined ineligible and a denial letter will be sent to the applicant.
5. Repairs will be completed as soon as feasible within the following constraints:
 - a. HUD regulations;
 - b. Environmental review requirements;
 - c. Availability of funding;
 - d. Contractor availability;
 - e. Weather conditions; and
 - f. Applicant's cooperation in providing required documentation to establish eligibility and access to the house.
6. Applicants must be present for NSD inspections, and for City-required building inspections performed by the City's Planning and Development Department. Failure to provide access for inspections may result in temporary or permanent denial of PRP services and/or possible voiding of contractor warranty. Applicants will be asked to provide additional and alternate contact information so that, if necessary, attempts can be made to follow up with the applicant to schedule necessary inspections. Staff will document 3 attempts to contact the applicant, but if there is no response after the third attempt, a denial letter may be sent to the applicant.
7. Applicants must be present for the contractor's visit to perform the work. Applicants may only reschedule the contractor appointments for the repair work once, unless the applicant can provide verification that an additional rescheduling request is necessary due to health or other urgent issue beyond applicant's control. Additional or multiple requests for rescheduling of contractor work may result in denial of PRP services.
8. To ensure the ongoing effectiveness of the PRP, the Director may modify, amend or add additional administrative procedures to the ones set out in this Policy, within the above listed limitations and based on the primary purposes and goals of the PRP.

Director Review, Determinations & Waivers

Review of Eligibility or Policy Interpretation

In the event that this Policy does not address a particular specialized or unique construction or repair situation or an eligibility issue, City Council authorizes the Director, in his or her sole discretion, to make a determination using the underlying purpose and principles of the PRP and all applicable state and federal laws and regulations.

In the Director's review of particular cases, the following guidance will be followed:

- Is the repair imminently necessary for health or safety reasons?
- Will the house significantly decline in condition or habitability if the repair is not made?
- Is there another objective method of valuing the house or repair for the purposes of establishing value or eligibility?
- Are there special circumstances or other good causes, determined by the Director, to make the repairs?

In no event will a repair be authorized that is not eligible under HUD requirements, the CDBG program, or state or local law.

Lien/Deed to Secure Debt Waivers

The City Council authorizes the Director, in his or her sole discretion, to waive the requirement for a lien against an applicant's property in limited circumstances. In the event that one or more of the following criteria are met, the Director may waive the requirement for lien:

1. An unforeseen increase in required repairs that causes the repair amount to exceed the lien threshold due to:
2. Inflation of materials or labor between the time of the construction estimate and actual construction;
3. A particularly difficult repair that was expected to be less costly;
4. An unexpected cost overrun due to circumstances outside the applicant's control;
5. An unexpected permitting requirement by the City;
6. A repair that exceeded an original cost estimate;
7. A change in requirements in policy, ordinance, or code adopted by the City of Fort Worth or the State of Texas.
8. A repair that is caused by a federal/state/local disaster that is subject to a disaster declaration.

In no event shall the lien requirement be waived, except as authorized by this Policy, as approved by the City Council.