ReBUILD NC

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CDBG-DR Homeowner Recovery Program Manual

State of North Carolina

For CDBG-DR Funds
(Public Law 114-254, Public Law 115-31, Public Law 115-124, Public Law 116-20)

N★C DPS DEPARTMENT OF PUBLIC SAFETY PREVENT. PROTECT. PREPARE.

NCORR NORTH CAROLINA OFFICE OF RECOVERY AND RESILIENCY

Policy Revision History

Version	Date	Description
No. 1	11.2017	Initial Development of Policy.
No. 2	12.11.2017	Updated in Response to comments received from State.
No. 3	9.6.2017	Significant revisions include reformatting Program Summary Table; Corrected terminology/naming convention; Homeowner Grant Agreement and Covenant, removed promissory note and deed of trust; Ownership review; Income eligibility clarification (Reimbursement for Completed Repairs is capped at 120% AMI); Reimbursement verification and Xactimate language added; Adjustment to pre-storm value calculation; Clarification on change order process; Clarification on Green Building Standards and flood insurance requirements; Updates to mold, lead- based paint, and asbestos requirements; Removed section on Procurement of Contractor; Removed interim rental assistance for mobile homes; updated Appeals process; Edits to residential anti-displacement and URA sections, including *NCORR URA Standard Operating Procedures and Optional Relocation Policy;* Clarification on Buyout/Acquisition eligibility, program requirements, and income verification; Small Rental Repair Program maximum award and clarification regarding eligibility and owner occupancy; Edits to Multi- Family Rental Housing program; Edits to Housing Assistance Program.
No. 4	11.2.2018	Major Re-Write based on Policy Meeting with NCORR and DOC to consider Contractor Recommendations. Extension of Reimbursement Deadline to September 14, 2018.
	01.14.2019	In addition, the Housing Manual was revised to incorporate increased program caps for assistance and method of determining construction intent as approved in Substantial Amendment 3 to the Action Plan.
	02.08.2019	Added Ownership Affidavit as an option to applicants.
	04.04.2019	Revised determination of construction intent to be based upon pre-storm value. Added triple-wide manufactured homes as an eligible structure type for funding. Added stop work "Construction Notice" and receipt form to the Appendices. Modified the 3rd. level of appeals to include the DPS Secretary. Modified the applicant involuntary withdrawal process.
No. 5	04.03.2020	CCB # 23 05/16/19 Policy modified to remove overhead and profit (O&P) from the Damage Repair Verification (DRV) Estimate and the award calculation for applicant reimbursement effective January 24, 2019.
		CCB # 20 05/24/19 Updated policy to defined allowable "emergency repairs" that can be completed during "stop work" period and will not trigger an ineligibility determination. CCB # 22 05/24/19 Updated policy to provide Optional Elevation to homeowners outside of 100-year floodplain who sustained six inches of water as a result of Hurricane Matthew and are substantially damaged.

		CCB # 24 05/24/19 Established methodology to determine floor plans to be offered to applicants requiring reconstruction and the determination of Program award caps based on floor plan and square foot cost cap.
		Update for approval of new MID Counties. Update for Application deadline.
		Update for NCORR as Grantee (Section 0.1)
		Update for changed Method of Distribution CCB #25 07/26/19 Revised DOB Policy to follow 84 FR 28836 June 2019 Duplication of Benefits Notice and 84 FR 28848 (June 2019 Duplication of Benefits Implementation Notice (Treatment of SBA or Subsidized Loans as DOB)
		CCB #26 08/20/19Clarification of home-based business exclusively dedicated space as ineligible for assistance. CCG #27 08/20/19 Defined total heated square footage of property for determining eligible floor plans for reconstruction and total under roof square footage for determining award cap. CCB #28 08/20/19 Clarification of receipt review for Appeals of Reimbursement in determination of scope adjustment. CCB #29 08/20/19 Eliminated option to replace manufactured home with a modular home. Established that applicants electing to replace manufactured home with a stick-built home will need to provide financing for the difference in the higher cost of the stick-built home and the manufactured home replacement cap. CCB #30 08/20/19 Clarified timing of Emergency Repairs CCB #31 08/20/19 Eliminated Flood Insurance Requirement for applicants electing to accept Optional Elevation.
		Updated Name "Single Family Homeowner Recovery Program" to be consistent with Action Plan Clarification multiple areas: Eligibility requirement to have maintained flood insurance at time of the storm if the applicant had previously received disaster assistance for the property which required obtaining and maintaining flood insurance. Added or expanded language in following sections: Section 0.11 Compliance and Monitoring; Section 0.13 Complaints and Appeals; 1.3.2 Involuntary Withdrawal; 1.6 Fair Housing and Program Marketing Sections 1.1.3.1 and 1.1.3.2 Intake Notifications and added clarification. Section 2.0 Eligibility Review – Reorganized to reduce duplicative language. Section 6.1 Selection of General Contractor Pool, Section 6.4 General Contractor Responsibilities, Section 6.7 General Contractor Performance Review, Section 7.3 Progress Payments – modified to reflect Construction Standard Operating Procedures v 3.0. Appendix –eliminated appendices, updated text to include link to on-line forms or to refer to separate policy which will contain most recent forms. Also eliminated SBA Hardship Request forms as they are no longer needed.
		HRP CCB #32 09/27/19 Adjustment of the Elevation Program Cap HRP CCB #33 09/27/19 Clarification of the Rehabilitation Assistance Minimum ($1,000)

		HRP CCB #34 11/25/19 Manufactured Housing Unit (MHU) Replacement Minimum Build Standards and Standardized Sizes HRP CCB #35 11/25/19 Manufactured Housing Unit (MHU) Award Cap, Clarification of cost included in caps for MHU Replacements and Increase MHU Replacement Assistance Cap for Americans with Disabilities Act (ADA) Compliant Units. URA_TRA CCB #1 11/26/19 Clarification of Temporary Relocation Assistance (TRA) Eligibility Requirements. HRP CCB #36 02/06/2020 Clarification of Elevation Requirements HRP CCB #37 02/07/2020 Ownership Definition Clarification HRP CCB #34a 2/20/2020 Manufactured Housing Unit Replacement Minimum Build Standards and Standardized Sizes HRP CCB #38 2/20/2020 Remove Requirement for Proof of Homeowner's Insurance at Project Closeout HRP CCB #39 Verification of Homeowner Status of Ad Valorem Property Tax and Special Assessment 3/05/2020 HRP CCB #40 Verification of Homeowner Mortgage Status 03/05/2020 HRP CCB #41 Temporary Relocation Assistance Adjustments 03/05/2020 03/13/2020 Lead Based Paint – changed role responsible for including LBP Abatement to Risk Assessor. Replace 8 Step charts to new charts reflecting construction activities in Step 7 Broaden green building standard requirements Adjust reimbursement requirements to 80% AMI or demonstration of hardship Expand eligibility criteria to cover new applicant intake in 2020 and for Hurricane Florence HRP CCB # 42 03/05/2020 Elevation of MHU on Leased Land HRP CCB # 43 04/01/2020 Not Suitable for Rehabilitation HRP CCB #44 04/01/2020 Escrow Credit for Reconstruction and MHU Replacement HRP CCB #45 04/01/2020 Qualifying Event as Basis for Verification of Benefits HRP CCB #46 04/17/2020 Parties to the Construction Contract for Residential Construction HRP CCB #47 04/30/2020 Income Eligibility Threshold HRP CCB #48 06/04/2020 Award Cap Language Changes
No. 6	08.01.2022	Changes to storm tieback requirements for properties located in MID areas and language changes throughout to accommodate this change; reimbursement program references removed to reflect suspension of the reimbursement program; increased emphasis on process changes to support NCORR collecting program documentation; updates to the DOB verification policy to allow for payment plans in some situations; changes to program award caps and the "not suitable for rehabilitation" definition; clarifications to emergency repair requirement and the stop work process; changes to the PII policy to allow for sharing of information where NCORR is statutorily required to do so with certain governmental entities; reorganization, consolidation, and removal of redundant sections of the manual throughout; increased flexibility regarding the step-by-step recovery process.

No. 7	01.01.2023	Reinstatement of the reimbursement policy; Separation of the complaints policy into the citizen participation plan; Clarification on heirship property if the homeowner becomes deceased during the recovery process; Clarification on site-specific plans and the allowability of modular designs from a modular manufacturer; removal and consolidation of the definitions and acronym section to a separate guide; updates to promissory note policy; updates to construction team responsibilities and construction policy; removal and consolidation of the Personally Identifiable Information section to the overall NCORR PII Policy.
No. 8	06.26.2023	Application closure dates; exceptional case panel clarification; certification of zero income document clarification; reasonable accommodation clarification, particularly related to construction timelines; clarification on involuntary withdrawal; clarification on activity disruptions caused by applicants; additional clarification on ownership conditions including heirship and life estates; clarification on pre-construction review.

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0.0 Program Overview

The ReBuild NC Homeowner Recovery Program Manual establishes program policies for all components of the Homeowner Recovery Program (HRP) based on the State's Action Plans and subsequent amendments approved by the U.S. Department of Housing and Urban Development (HUD). The Action Plans and amendments can be found on the State's recovery website at https://rebuild.nc.gov/action-plans. This manual is designed to provide guidance to the state, its subrecipients, and vendors directly involved in the delivery of homeowner recovery assistance to storm survivors. In addition, this manual is intended to serve as a resource for affected North Carolina residents and other parties interested in understanding how the Program works from the application for assistance to program closeout.

The term "Homeowner Recovery Program" collectively refers to all forms of assistance that are available to eligible applicants as part of the ReBuild NC (also known as RBNC) Programs delivered directly to eligible homeowners, including:

- Rehabilitation,
- Reconstruction,
- Manufactured Home Unit (MHU) Repair and Replacement,
- Reimbursement,
- Temporary Relocation Assistance (TRA), and
- Flood Insurance Assistance (FIA)

Other programs included in the State's Action Plan – such as Strategic Buyout, Public Housing Restoration, Affordable Housing Development, and more are addressed in separate manuals.

The manual is organized into chapters that correspond to a step-by-step process that individual applications follow in the Program from application intake to project completion and closeout. An application may have some steps consolidated or some parts of later steps may be done before others in the interest of expedient and efficient recovery.

A list of helpful definitions and acronyms for this and other NCORR programs is collecting in a separate document and should be reviewed as needed.

0.1 Program Description

The Homeowner Recovery Program (HRP) is intended to assist eligible North Carolina residents whose primary residences were directly or indirectly impacted by Hurricane Matthew on October 8, 2016 and/or Hurricane Florence on September 14, 2018. HUD allocated $236,529,000 for Hurricane Matthew recovery and a subsequent allocation of $542,644,000 for Hurricane Florence recovery in Community Development Block Grant for Disaster Recovery (CDBG-DR) funding to North Carolina. The allocations were appropriated under HUD's Federal Register published on January 18, 2017 at 82 FR 5591, and on August 7, 2017 at 82 FR 36812. These funding notices incorporate a prior Federal Register Notice published on November 21, 2016 at 81 FR 83254 (prior notice), which set forth specific program requirements, waivers, and

alternative requirements. Federal Register Notices allocating Hurricane Florence funds are found at 85 FR 4681 and prior notices at 83 FR 5844 and 83 FR 40314. Where program requirements are different between events, those differences are noted. RBNC first closed applications for assistance in summer 2019. In 2020, applications were reopened with new requirements, including award amounts and thresholds, adjusted definitions, and new eligibility requirements. These changes are noted throughout. Some requirements also apply to Hurricane Florence recovery only, rather than the time the application was taken. Applications for assistance were closed on April 21, 2023.

In July 2022 and October 2022, HRP was further refined to simplify and streamline disaster assistance provided to homeowners and to adopt a long-range view of the recovery needs of homeowners and communities impacted, directly and indirectly, by Hurricanes Matthew and Florence. In accordance with HUD guidance that CDBG-DR funds may rehabilitate units not damaged by the disaster if the activity clearly addresses a disaster related impact and is located in a disaster-affected area (81 FR 83259 and 83 FR 5851), HRP assists properties in need of rehabilitation, reconstruction, or replacement in the most impacted and distressed (MID) areas regardless of the direct storm impact, as lingering challenges in suitable housing continue to stress housing availability in the MID areas. This MID designation includes the State-identified MID areas.

The objective of the Homeowner Recovery Program is to complete the necessary work to make a homeowner's primary residence up to a decent, safe, and sanitary (DSS) condition, improve resiliency and, where necessary, to reconstruct properties when repairs are not feasible.

Prior to July 1, 2019, The North Carolina Department of Commerce (NCDOC) participated in a Grantee relationship with HUD for the receipt of CDBG-DR funds. However, the North Carolina Office of Recovery and Resiliency (NCORR) was sub granted CDBG-DR funds and had been administering programs in the role of sub-grantee on behalf of NCDOC. Effective July 1, 2019, NCORR has assumed Grantee responsibilities and has entered into a Grantee relationship with HUD. Therefore, throughout this policy document references to the Grantee are now construed to refer to NCORR.

Subject to further details provided herein, along with standard operating procedures, the Homeowner Recovery Programs will be administered by NCORR and its contractors. At a general level, the program will be administered through NCORR-approved processes; including but not limited to strategic communications/outreach, application intake, eligibility review, income verification and calculation, duplication of benefits (DOB) determinations, environmental reviews and damage inspections, verification of benefits, grant award calculation, signing of the grant agreement, and CDBG-DR funds disbursement.

Should NCORR elect to enter into a sub-recipient agreement with one or multiple counties or municipalities for the direct implementation and administration of any or all components of the Homeowner Recovery Program, the subrecipient county or municipality shall be responsible for, in addition to direct program administration, compliance and adherence with these

program policies and all applicable CDBG-DR, state or local laws, rules and regulations, subject to monitoring and oversight by NCORR.

0.2 Meeting National Objectives

All of the state's CDBG-DR funded recovery activities must meet one of the three National Objectives as required under the authorizing statute of the CDBG Program:

- Benefit to low-and moderate-income (LMI) persons.
- Aid in the prevention or elimination of slums or blight (Slum and Blight).
- Meet a need having a particular urgency (Urgent Need).

CDBG-DR requirements mandate that 70% of disbursed funds must be provided to LMI households. Therefore the primary objective of the Homeowner Recovery Programs is to meet the LMI national objective. Applicants that meet the LMI national objective must provide or verify documentation that their total household income does not exceed 80% of the area median income (AMI) as defined by HUD. Applicants with total household income over 80% of AMI may be eligible for activities that satisfy the Urgent Need National Objective.

0.3 Eligible Activities and Structure Types

Approved activities must also qualify as a CDBG-DR eligible activity and must be related to the recovery from Hurricane Matthew and/or Hurricane Florence. All housing recovery activities detailed in the Action Plans and this manual are eligible for CDBG-DR assistance pursuant to Sections 105(a)(2), 105(a)(16), 105(a)(18), 105(a)(20), 105(a)(24) and 105(a)(25) of the *Housing and Community Development Act of 1974*; 42 United States Code (U.S.C.) §5305(a)(4); 24 Code of Federal Regulations (CFR) § 570.200(h); and 24 CFR § 570.202.

These activities include, but are not necessarily limited to rehabilitation, reconstruction, reimbursement, and temporary relocation assistance. Activities ancillary, but necessary, to the rehabilitation, reconstruction, and reimbursement are also eligible. Such activities include, but are not limited to, temporary relocation assistance or engineering studies or designs related to reconstruction.

HRP must also serve residential property, not to include commercial or other non-residential property. Eligible structure types include:

- Single-family ("stick built") dwelling,
- Modular home, and
- Manufactured homes.

Duplexes, townhomes, housing cooperatives (co-ops), and condominiums may also be eligible for assistance. However, eligibility for these property types shall be assessed case by case. Applicants in such cases may need to provide additional documentation to establish eligibility for assistance.

Structure type will be verified during the property inspection and reported in the rehabilitation assessment. Modular homes are treated as stick-built dwellings for the purpose of determining program assistance options to the applicant.

Participating applicants with properties that house renters are eligible, provided the property is also owner-occupied. The Uniform Relocation and Real Property Acquisition Policies Act of 1970 (URA) requirements apply to those projects. NCORR has adopted a Uniform Relocation Act Policy to address these scenarios. Please refer to the NCORR Uniform Relocation Act (URA) Policy Manual.

0.4 Ineligible Structures and Activities

Ineligible notifications will be mailed to the physical or mailing address provided by the applicant. Structures and activities ineligible for assistance from the Homeowner Recovery Program include but are not limited to the following:

- Properties that are:
  - Second homes.
  - Foreclosed homes.
  - Detached structures (for example, a shed or detached garage).
  - Properties located in a floodway or properties that are not located in a floodway but require a “No-Rise Certification” based on local requirements.
  - Properties located in areas where federal assistance is not permitted.
  - Single family homes that have been converted for 100% exclusive business use and that is not the primary residence of the applicant(s).
  - Attached structures that would require fundamental alterations of shared structural elements (ex. foundation, roof, shared walls, etc.). An attached structure is one that is connected to another discrete property not participating in or not eligible for HRP funding.
- Forced mortgage payoffs.
- Small Business Administration (SBA) home/business loan payoffs.
- Compensation payments (for example, a payment for the estimate of storm damage received).
- Assistance for applicants who previously received federal flood disaster assistance, that required obtaining and maintaining flood insurance and did not maintain the required flood insurance.

- Assistance for applicants for Hurricane Florence recovery who were located in a floodplain, did not carry flood insurance, and earned a household income equal to or greater than 120% AMI at the time of application.
- Business entities, including but not limited to, limited liability companies, partnerships, and corporations.
- The portions of a residential structure that are exclusively dedicated to conducting a business are not eligible for assistance from the Program. However shared living spaces of the primary residence that are not exclusively dedicated to the business, including but not limited to kitchen and baths, are eligible for assistance.

In accordance with the HCD Act, funds may be used to meet a matching, share, or contribution requirement for any other Federal program when used to carry out an eligible CDBG-DR activity. This includes programs or activities administered by the Federal Emergency Management Agency (FEMA), among other Federal sources. CDBG-DR funds, however, may not be used for activities reimbursable by or for which funds are made available by FEMA or USACE.

0.5 CDBG-DR Eligible Counties

To be eligible, all homes in need of assistance must be located in one of the CDBG-DR eligible counties as shown below in the table below. The table indicates each impacted area by FEMA disaster declaration, by qualifying disaster (Matthew or Florence). If no specific storm is indicated, the area is considered to be impacted by both events.

Table 1: HRP Eligible Counties

Eligible County		
Alamance County (Florence Only)	Gates County (Matthew Only)	Pamlico County*
Alleghany County (Florence Only)	Granville County (Florence Only)	Pasquotank County (Matthew Only)
Ashe County (Florence Only)	Greene County	Pender County*
Anson County	Guilford County (Florence Only)	Perquimans County (Matthew Only)
Beaufort County†	Halifax County (Matthew Only)	Person County (Florence Only)
Bertie County	Harnett County†	Pitt County†
Bladen County*	Hertford County (Matthew Only)	Polk County (Florence Only)
Brunswick County*	Hoke County	Randolph County (Florence Only)
Cabarrus County (Florence Only)	Hyde County	Richmond County
Camden County (Matthew Only)	Johnston County†	Robeson County*
Carteret County*	Jones County*	Rowan County (Florence Only)
Chatham County	Lee County	Sampson County†
Chowan County (Matthew Only)	Lenoir County†	Scotland County*
Columbus County*	Madison County (Florence Only)	Stanly County (Florence Only)
Craven County*	Martin County (Matthew Only)	Tyrrell County
Cumberland County*	McDowell County (Florence Only)	Union County (Florence Only)

Eligible County		
Currituck County (Matthew Only)	Montgomery County	Wake County (Matthew Only)
Dare County†	Moore County	Warren County (Matthew Only)
Davidson County (Florence Only)	Nash County (Matthew Only)	Washington County (Matthew Only)
Duplin County*	New Hanover County*	Wayne County*
Durham County (Florence Only)	Northampton County (Matthew Only)	Wilson County
Edgecombe County*	Onslow County*	Yancey County (Florence Only)
Franklin County (Matthew Only)	Orange County (Florence Only)	

* Denotes a HUD-defined Most Impacted and Distressed (MID) area for Hurricane Matthew or Hurricane Florence.
† Denotes a State-identified most impacted county. State-identified MIDs do not count toward the 80% expenditure requirement set in the Federal Register Notice(s) for MID areas.

Properties located in a Most Impacted and Distressed (MID) area as determined by HUD or by the State do not need to provide evidence of storm damage to receive assistance. Properties located outside of a HUD or State-identified MID area must demonstrate damage from Hurricane Matthew and/or Hurricane Florence and be located in a FEMA designated disaster area to be eligible.

0.6 Method of Program Distribution

As of Version 5.0 of the Homeowner Recovery Manual, NCORR is the sole provider of Homeowner Recovery Program service. Previously, the method of program distribution depended on the county in which the applicant resides. While most affected counties had elected to participate in the state-centric model managed by NCORR, some elected to become subrecipients and administer all or a portion of housing assistance. Cumberland County, Edgecombe County, and Wayne County all participated in applicant intake, which has since been consolidated to NCORR's operation for processing applications. Robeson County advanced some applications through the entire recovery process but no longer administers any grant function.

0.7 Housing Summary Tables

The following tables summarize the basics of each assistance type for the Homeowner Recovery Program. Specific details on eligibility and steps in the recovery process are detailed in later sections of this manual.

Table 2: Assistance Summary

Assistance Type	Description	Award Limit
Reimbursement	Reimburse homeowners for out-of-pocket repair costs (i.e., repairs were not covered by other disaster assistance, but from homeowner's personal funds).	Up to $70,000

Assistance Type	Description	Award Limit
Rehabilitation	Repair homes in areas impacted by disaster or homes with demonstrated disaster damage. Repairs may include storm related damages, environmental remediation (lead-based paint and asbestos removal), code/ safety related items, accessibility, and all other necessary repairs. Additional funds may be provided for the elevation of the home.	Up to $20,000, with additional funds (as needed) for elevation, environmental remediation, accessibility requirements, and change orders.
Reconstruction	Reconstruct homes that are not feasible to repair. Additional funding may be provided for elevation.	Based on a reasonable dollar per square foot ($/SF) received from the procured contractor, with an additional allowance for elevation.
Manufactured Home Unit (MHU) Repair	Minor, necessary repairs to Manufactured Home Units (MHUs).	Up to $5,000 for a single-wide MHU, $10,000 for a double-wide or larger MHU. for applicants admitted to the program in 2020 or later.
Manufactured Home Unit (MHU) Replacement	Replace manufactured homes that are not feasible to repair or exceed the funding limit for repair work. Additional funding may be provided for elevation.	MHU repairs valued greater than $5,001 for a single-wide MHU or $10,001 for a double-wide or larger MHU for 2020 applicants or later. An additional allowance is available for elevation.
Temporary Relocation Assistance (TRA)	Temporary relocation assistance is provided when the homeowner's household cannot occupy their home due to program-related construction or environmental remediation activities.	Not to exceed a reasonable rate as set in the Optional Relocation Policy and Procedure, plus moving and storage costs.
Flood Insurance Assistance (FIA)	Assistance to cover up to two years of flood insurance premiums for LMI homeowners.	up to $2,000 and/or two years of assistance, funds permitting.

0.8 Program Policy Changes

Revisions to this document will be tracked in the Policy and Procedures Revision Table and will include notes and dates of the revisions. The dates of each publication are also tracked in this table. Substantive changes within this document that reflect a policy change will result in the issuance of a new version. Substantive changes that result in the publication of a new version of this manual will be indicated with a sequential upward movement in the primary version number.

Non-substantive changes, such as minor wording and editing, or clarification of existing policy, which do not affect the applicability of the current policy will be included in minor version updates denoted by a sequential number increase behind the primary version number. Such changes would result in a version number such as 2.1, 2.2, etc.

0.9 Compliance and Monitoring

QA/QC Specialist Teams review individual program files for consistency, completion, and eligibility. ReBuild NC also utilizes Compliance Specialists to ensure adherence to regulatory and

program policies and procedures. Compliance Specialists perform individual file reviews when necessary. Regular data quality reports are also reviewed by the Compliance Specialists to detect any data integrity issues. For activities previously administered by counties using the county-centric activity delivery model, the State preforms monitoring of activities and projects executed by the county in conformance to the Compliance Manual. Monitoring guidance for all CDBG-DR programs is found in the NCORR Compliance and Monitoring Manual.

0.10 Exceptional Case Panel

The NCORR Exceptional Case Panel (previously Exceptions Panel) is responsible for:

- Making case-by-case eligibility determinations as needed when NCORR Homeowner Recovery Program Policies do not clearly prescribe how to proceed with an applicant's file.
- Developing program clarifications and/or guidelines as implementation issues arise.
- Evaluating adjustments to the award outside of ordinary grant business.

The Exceptional Case Panel convenes regularly to review issues submitted by Program staff as they arise. Exceptional Case Panel recommendations are delivered to the Section Chief of the area impacted by the change and eventually approved or denied by the Director. The exceptional case panel does not replace the appeals process. Issues that result in changes to Program policy may result in an interim policy guidance memorandum or policy manual revision.

0.11 Complaints and Appeals

In accordance with Federal Register Notice 81 FR 83262 published on November 21, 2016, NCORR has implemented a policy to ensure that all complaints, appeals and grievances are addressed in a timely manner. NCORR responds to complaints and grievances in accordance with its *Citizen Participation Plan* available at https://www.rebuild.nc.gov/about/plans-policies-reports/action-plans.

0.11.1 Appeals

Applicants have the right to appeal any determination issued by the ReBuild NC Homeowner Recovery Program that affects the applicant's eligibility or assistance. The appeal processes are detailed in the NCORR Appeals Procedure. A copy of the appeal procedure will be provided to applicants as needed.

A written appeal must be submitted to the Program within 30 days of the applicant's notice of the eligibility or assistance determination using the Request for Appeal Form found on the Rebuild NC website. The appeal timeframe may be extended an additional 30 days at the discretion of the appeals team but may not be extended further without approval from the Housing Program Specialist Manager or more senior staff member.

The appeal must include an explanation of the reason for the appeal. Applicants are encouraged to provide supporting documents related to the appeal. The appeal may include more than one issue for consideration and should be submitted as one appeal. An applicant may only appeal once for any specific issue. Appeal determinations cannot be appealed to the Program further.

Appeals may be submitted at a ReBuild NC Center or by one of the following methods:

Mailing Address:

ReBuild NC Appeals Team
ATTN: Homeowner Recovery Program
North Carolina Office of Recovery and Resiliency
PO Box 110465
Durham, North Carolina 27709

Email Address: Appeals@rebuild.nc.gov

The appeal submitted by an applicant will be received by the Appeals Team. The Appeals Team will offer a consultation to the applicant, which will include a discussion regarding additional documents or information. Additional details are provided in the ReBuild NC Appeal Policy and associated procedures.

0.12 Record-Keeping Requirements

0.12.1 Records Management

In accordance with HUD regulations, NCORR follows the records retention rules as stated in 2 CFR §§ 200.334–200.338, which require financial records, supporting documents, statistical records and all other pertinent records be maintained for three years after closeout of the grant between HUD and NCORR. NCORR established requirements in its subrecipient and contractor agreements for compliance with all HUD cross-cutting requirements outlined in 2 CFR § 200 Appendix II, including record keeping requirements. Applicants are advised that additional information may be required for the Program to properly calculate an applicant's grant amount and determine eligibility, and that applicant should maintain all records, receipts, invoices and other documentation related to any repairs, construction or clean-up of the property for no less than five years from the date that they close out with the Program.

0.12.2 Access to Records

ReBuild NC complies with 24 CFR § 570.490 Recordkeeping requirements which permits HUD, the Inspector General, and the General Accounting Office to have access to books, accounts, records, reports, files, and other papers or property pertaining to the administration, receipt, and use of CDBG funds and necessary to facilitate such reviews and audits. Citizens shall be provided reasonable access to records regarding the past use of CDBG funds. Reasonable access

includes considerations for the privacy of personal records.

The availability of records is subject to the exemptions to public disclosure set forth in the Public Records Act, found at Chapter 132 of the North Carolina General Statutes. All public records requests must be made pursuant to that law.

0.12.3 Personally Identifiable Information ("PII")

The data collected from applicants to the Program may contain personal information. Unauthorized disclosure of such personal information may result in personal liability with civil and criminal penalties. Specific policy and guidance on the treatment of Personally Identifiable Information (PII) is collected in the NCORR Personally Identifiable Information Policy.

0.12.4 Applicant File Contents

Documentation for each application will be stored in the Program System of Record, Salesforce. The type of documents retained will vary based on the applicant's status and type of assistance received. Documents present in individual files may change over time as program documentation requirements change. Documents may include but are not limited to:

- Complete Application.
- Verification of Program Eligibility.
- Determination of National Objective.
- Estimated scopes of work.
- Award Calculations.
- Duplication of Benefits Review.
- Environmental Remediation and Clearance Documentation.
- Grant Agreement Documents.
- Construction Documents, if applicable.
- Proof of Payment of Grant Funds.
- Closeout Documents.
- Appeals, if applicable.
- Copies of miscellaneous program correspondence.

0.13 Applicant Power of Attorney (POA) and Communication Designees

The Program may receive inquiries regarding the status of applications from a number of people, including the applicant and/or their advocate as evidenced by a signed and dated Power of Attorney (POA) or Communication Designee Form. The communication designee form may be found on the ReBuild NC website.

A communication designee is a person designated by the applicant to obtain information about the status of an application but cannot sign or make decisions on such application. The POA can sign and make decisions on behalf of the applicant according to any limitations set in the POA

document. The POA may be limited in certain situations and the POA form may include an expiration date, clauses for death and divorce. The POA form cannot be used if expired or if any of the clauses have been fulfilled. Upon receipt of this type of inquiry, it is the Program's responsibility to ensure that a properly executed "Communication Designee" form or POA is on file for the applicant prior to sharing sensitive personally identifiable information to anyone other than the applicant(s). In absence of these forms, the applicant and the applicant's advocate will be informed that execution of one of these documents is necessary prior to the Program communicating with the advocate as needed.

Certain stakeholders do not require a communication designee form to receive programmatic updates or receive information about an application status. In these instances, the information shared should be limited to the context associated with the request. These stakeholders include elected officials and elected official staff, local government officials and local government staff, other state agency officials, contractors or vendors working with or for NCORR in the delivery of recovery programs, other verified property owners, other verified household occupants, lien holders on affected properties, and mortgagees or lenders with an interest.

In lieu of a communication designee form, a legal advocate may provide a letter of representation. The letter of representation establishes that the legal advocate is working with NCORR on the applicant's behalf. This document is equivalent to the communication designee form for the intent of applicant communication with the legal advocate. The letter of representation must make clear who the applicant is and who the point of contact for the legal advocate is. A "Communication Designee" Form as well as the letter of representation allows an applicant's legal counsel to file an Appeal Extension on their behalf.

1.0 Available Homeowner Recovery Program Assistance

To address the impacts from both Hurricane Matthew and Hurricane Florence on housing suitability, the Homeowner Recovery Program offers the following activities:

- Rehabilitation.
- Reconstruction.
- Mobile/Manufactured Home Unit (MHU) Repair or Replacement.
- Reimbursement.
- Temporary Relocation Assistance (TRA).
- Flood Insurance Assistance (FIA).

An applicant may apply for, and be eligible for, one or several of the Homeowner Recovery Program activities. Once an applicant applies for assistance, the applicant will be assessed for all eligible assistance. Receiving assistance from one activity does not preclude an applicant from receiving additional assistance from another activity if they are eligible and the additional assistance would not constitute a duplication of benefits. Applicants who applied for Hurricane Matthew CDBG-DR assistance may have re-applied for Hurricane Florence assistance during the re-opening of applications in 2020, if they were previously determined to be ineligible or otherwise were unable to participate.

Program Navigators or Case Managers will be responsible for informing applicants about the Program in general, as well as providing information on all available forms of assistance for which an applicant is eligible. ReBuild NC staff will guide applicants though the decision-making process and assist in obtaining all required documentation from application to closeout.

Participating in, and accepting any grant award from, the Homeowner Recovery Program is completely voluntary and up to the total discretion of the applicant. Homeowner Recovery Program participants may apply for and be eligible for the Strategic Buyout Program (SBP) and remain enrolled in both programs until they reach a decision on which program to participate in fully by executing a grant agreement with the program of their choosing. At that point, the application for assistance from the program they do not participate in shall be withdrawn. For more information on the Strategic Buyout Program, consult the Strategic Buyout Program Manual at https://www.rebuild.nc.gov/homeowners-and-landlords/strategic-buyout-program.

1.1 Application Intake

may contact at As of April 21, 2023, applications for assistance are no longer being accepted by the Homeowner Recovery Program. Information contained in this section is for reference only and is used as a record for how application intake was conducted during the open application period.

1.1.1 Program Application

A complete application must include all required documents as identified on the Program Application Form and Checklist. Applicants may have completed an online or in-person ("paper") application. The online application is equivalent to the paper application and applicants were encouraged to use the method that is most comfortable for them.

Owners who are not occupants are not required to sign any program forms or provide any income or other documentation. Applicants are responsible for resolving any dispute arising between owner-occupants and non-occupant owners. The date of application submittal is the date the applicant signed the completed application. Duplicate applications are not permitted, and the Program will withdraw a duplicate application for assistance if one is discovered.

1.1.2 Intake Documentation

At the intake meeting, Case Managers collected documents needed to determine eligibility, occupancy, and program benefits such as the following documents:

- Photo identification (driver license, passport, or state ID).
- Copy of the most recent IRS 1040 tax return or last three months of pay stubs or other income for all adults (18 and older) who live in the home.
- Copies of insurance payments and other assistance received (such as FEMA or non-exempt SBA benefits) for any Hurricane Matthew and Hurricane Florence damage and/or subsequent damage to the home (to include Hurricane Florence if damaged by both storms) if applicable.
- A mortgage statement, if applicable.
- Documentation of Legal Name, if applicable.

Whenever possible, ReBuild NC staff will gather documentation to verify eligibility rather than request documentation from the applicant. Some eligibility requirements are attested by the applicant when they sign the Homeowner Grant Agreement (HOGA) later in the process. If documentation gathered by ReBuild NC staff is inconclusive, additional documentation from the applicant may be requested. More information on eligibility requirements is included at Section 2.0 below.

1.1.3 Uniform Relocation Assistance (URA)

If a tenant occupied household or a property containing a rental unit is identified, the Case Manager or Navigator notifies the URA Manager to ensure that URA requirements are correctly followed. Refer to the URA Policy Manual for more information.

Owner occupant applicants for the Homeowner Recovery Program who inform the Program that they have tenants shall be required to provide information related to all tenants, including

but not limited to names, contact information and addresses. The tenants will be referred to a URA Specialist to ensure they receive assistance in accordance with URA requirements. Tenants must be responsive to attempts from the Program to reach them to receive URA benefits. The NCORR URA Policy Manual is found at https://www.rebuild.nc.gov/about-us/plans-policies-reports/policies-and-procedures.

1.2 Applicant Communications

The Program will ensure that all applicants have updated information regarding the status of their application and award. The Program will use various methods of communication including but not limited to the following:

- Phone calls.
- Written correspondence (e-mail, direct mailings, text messages).
- In-person meetings.
- Mobile-friendly website.

Applicants requiring special accommodations or who wish to inquire about accommodations at the ReBuild NC Centers should contact the call center (1-833-ASK-RBNC).

1.3 Applicant Responsibilities

1.3.1 Ongoing Records Production and Retention

Applicants are advised that additional information may be required for the Program to properly calculate the grant amount and that applicants should maintain all records, receipts, invoices and other documentation related to any repairs, construction or clean-up of the property. The Program reserves the right to request additional documentation and the applicant is obligated to be responsive to these requests and produce such documentation, when requested. This obligation continues after all repairs and replacements have been completed and all award funds have been distributed to the applicant.

1.3.2 Involuntary Program Withdrawal

Applicants applying to the Program for assistance have the responsibility to keep the Program informed of current contact information and to update their records if their income or other eligibility criteria change. In addition, applicants are responsible for actively participating in the process and providing access to their property for required inspections, lead-based paint testing, and construction progress inspections.

The Program will make every attempt to remain in contact and advise each applicant of any additional information that may be required to complete the Program. However, if applicants show a demonstrated pattern of disengagement, the Program will institute a due diligence period to establish contact with the non-responsive applicant. If these attempts fail, the

applicant is Involuntarily Withdrawn from the Program. The timeframes for Involuntary Withdrawal are specified in the first correspondence to the applicant. The ordinary timeframe for the due diligence period is 30 days, but longer periods of time may be provided by the Program in unusual circumstances. The applicant may appeal the Involuntary Withdrawal determination within 30 days of the determination by following the Appeals process.

Intimidation, threats, or coercion of Program staff or its contractors (including construction contractors) may result in the immediate Involuntary Withdrawal of the applicant. The Program will document any such interaction in the System of Record and may withdraw at any stage of program participation, including active construction. Applicants withdrawn during construction may be subject to the recapture of grant funds. Recapture of grant funds may include any Temporary Relocation Assistance (TRA) or other non-construction cost incurred by the Program specific to the project.

1.3.3 Ownership of the Property

To participate in the Program, the applicant must agree not to transfer the property or any interest in it, whether voluntarily or involuntarily, until the rehabilitation or reconstruction has been completed. This also includes voluntarily transferring ownership by giving lifetime rights to another family member or adult household member. The Program must be notified before any transfer of the property if that transfer occurs after construction completion and before project closeout. Ownership transfers related to homeowners that become deceased or are unable to care for themselves during the recovery process are exempt from this restriction. The Program may request additional documentation to support ownership transfers, if needed.

1.3.3.1 Heirship

In instances where the primary applicant becomes deceased during Program participation, the Program will continue to coordinate the recovery effort through the identified heir, estate, or other legal appointee identified to the Program. Documentation to support heirship includes but is not limited to receipt of the death certificate for the deceased applicant establishing the death occurred pre- or post-grant agreement execution or receipt of the court order or other documentation recognizing the estate representative or heir(s) as such. Additional supporting documentation may be provided in lieu of or in support of these documents.

If the primary applicant becomes deceased during pre-construction (Steps 1-6), the heir or executor must complete a new Homeowner Grant Agreement to proceed and submit documentation to support heirship. If an heir or executor do not agree to proceed, the application for assistance will be withdrawn.

If the primary applicant becomes deceased during construction (Step 7), the Program will proceed with construction if it has already begun until notified to stop construction by the heir, estate, or other legal appointee. Regardless of construction progress, the identified heir or executor will be required to complete a new Homeowner Grant Agreement and supply heirship documentation if the application is in Step 7. The requirement to occupy the property at the

time of the storm is waived for heirship property until the property is rehabilitated, reconstructed, or replaced, at which point the property owner must occupy the property in accordance with program requirements and the Homeowner Grant Agreement.

1.3.4 Stop Work

Upon applying to the Program, applicants were initially required to stop all ongoing repair work. This requirement will be referred to as the "stop work requirement." Applicants were afforded the opportunity to consult with the Program prior to making any additional contract decisions during the mandatory stop work period. Failure to comply with the stop work requirement could result in an applicant's ineligibility to the Program for full or partial funding.

Currently, applicants to the program must only perform work that would be considered an "exempt activity" according to environmental review requirements after they applied for program assistance. Exempt activities are described in 24 CFR § 58.34(a) and include "temporary or permanent improvements that do not alter environmental conditions and are limited to protection, repair, or restoration activities necessary only to control or arrest the effects from disasters or imminent threats to public safety including those resulting from physical deterioration" among other allowable items. General maintenance of a home is not considered a repair and does not violate the stop work requirement. If a subsequent disaster or other incident results in new damages to the structure, applicants should contact the program to discuss emergency repair options.

1.4 Limited English Proficiency (LEP)

LEP is a designation for persons that are unable to communicate effectively in English because their primary language is not English. NCORR is required to ensure meaningful access to agency services, programs and activities for persons who have LEP. From intake to closeout, program staff will ensure applicants who have difficulty speaking or reading English have the following services available to them in accordance with the NCORR Language Access Plan:

- Provision of an interpreter who translates to and from the person's primary language.
- Translation of vital program documents.

ReBuild NC staff will use the call center and other tools to communicate with LEP applicants.

1.5 Reasonable Accommodations

The Homeowner Recovery Program will be accessible to all persons with special needs and will operate in a manner that does not discriminate or limit access to program services and benefits to persons with disabilities. To ensure that the Program is operating in compliance with Section 504 requirements from intake to closeout, Program staff will coordinate with the Fair Housing and Equal Opportunity Officer (FHEO Officer) and Fair Housing Liaison to:

- Ensure that all facilities are readily accessible and usable by persons with disabilities.
- Provide written and verbal program services to applicants regardless of their disability or limited proficiency with the English language to include sign language, braille, interpreters, etc.
- Assist with home visits for applicants who are homebound or cannot access a ReBuild NC Center.
- When requested, ensure that the modifications to the applicant's home that are part of a Program scope of work appropriately address any identified hearing, visibility, or mobility limitations of the applicant and/or applicant's household members.
- If applicable, work with a designee who has the power of attorney or any non-profit organization that is representing an applicant with disabilities.

All services listed above can be provided upon verbal or written request from the applicant. No additional documentation is required by the homeowner.

Reasonable modifications, defined as changes to construction to accommodate an applicant's disability need, must be identified as early as possible in the construction process. Reasonable modifications identified after construction is substantially complete may not be able to be accommodated.

1.6 Fair Housing

The Fair Housing Act requires all grantees, sub-recipients, and/or developers funded in whole or in part with HUD financial assistance to certify that no person was excluded from participation in, denied the benefit of, or subjected to discrimination in any housing program or activity because of their age, race, color, creed, religion, familial status, national origin, sexual orientation, military status, sex, disability, or marital status. NCORR and contractors shall ensure that no applicant is treated in any way that does not comply with the federal *Fair Housing Act*, the Civil Rights requirements of Title I of the Housing and Community Development Act, and the North Carolina Fair Housing Act (Chapter 41A of the North Carolina General Statutes).

NCORR ReBuild NC Centers are readily accessible facilities where constituents may visit for information about ReBuild NC program offerings and meet with Case Managers and other center staff regarding questions related to their case as program applicants. In the continuous effort to provide premier public safety services for all North Carolinas, ReBuild NC Centers are conducive not only to the work environment for the staff but function as a safe and inviting space for the constituents and applicants being served. NCORR understands and recognizes that many applicants needing assistance will require assistance beyond closing the gap of unmet needs regarding the recovery of their homes. Mitigating disaster impact requires allowing

avenues of support for other social risk factors, particularly for the more socio-economically challenged and physically and mentally vulnerable members of the communities being served.

NCORR ReBuild NC Center locations are strategically chosen to provide a balance of programmatic delivery and applicant support. Center locations may change over time to reflect ongoing recovery needs in the impacted area. At all times, NCORR shall ensure that all individuals have access to the ReBuild NC program and is not excluded from nor denied the benefit of participating in the ReBuild NC Housing Programs or activities. Changes to center location and availability will be publicly announced and available on the ReBuild NC website.

1.6.1 Vulnerability Assessment

ReBuild NC collects information about applicant households to better understand their recovery needs. Information collected includes whether the household is home to an elderly individual (aged 62 years or older), whether the household has an occupant with a disability, whether there are children in the household, whether there are emergency health or safety concerns, and other unique conditions in an application such as how long the application has been in process. These factors combine, along with the low- and moderate- income (LMI) goal for NCORR, to form a vulnerability assessment that is used to help organize assistance centered on the needs of more vulnerable households. This vulnerability assessment has been examined from the lens of fair housing requirements to ensure that it does not disparately impact individuals and households protected by the *Fair Housing Act*.

2.0 Eligibility Review

Program staff will review applicant information to determine eligibility for the ReBuild NC Homeowner Recovery Program. Any further required documentation will be gathered independently by the program or requested from the applicant.

2.1 General Applicant Eligibility Criteria

To be eligible for any of the programs, an applicant must meet the following criteria:

- The applicant must have owned and occupied the property as the applicant's primary residence at the time of Hurricane Matthew (October 8, 2016) or Hurricane Florence (September 14, 2018).
- The applicant must be lawfully present in the United States. No applicant will be eligible for program assistance if the applicant is a non-citizen who is prohibited from receiving federal public benefits under the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA).
- The applicant must have an annual household income of equal to or less than 150% area median income (AMI) for their county of residence or demonstrate a hardship as defined below:
    - A recent increase in family size that would make the household income less than 150% AMI according to the new family size.
    - A family member living in the home with a disability or impairment that requires ongoing medical care and/or retrofits to the structure such as accessible ramps or lifts.
    - Recent unemployment or change in employment that reduces the total household income to below 150% AMI.
    - Annual payments made toward student loan(s), SBA disaster assistance loan(s), and/or medical debt(s) that when combined are greater than 30% of the yearly adjusted gross income earned by the household.
    - Some other circumstance evaluated by the Exceptional Case Panel (Section 0.10).

Ownership and occupancy requirements are differently applied to property transferred due to the death of the applicant. That includes an applicant's ownership when they applied with heir property (See Section 1.3.3 and subsections).

2.2 General Property Eligibility Criteria

The property must be an eligible structure type as noted in Section 0.3 above and be located in one of the disaster-declared counties (see Table 1).

Additional eligibility criteria for each of the programs is listed in the individual sections below.

2.3 Homeowner Rehabilitation and Reconstruction

Homeowner Rehabilitation and Reconstruction activities provide assistance to rehabilitate or reconstruct the property. Depending upon the anticipated scope of work, owners of stick-built or modular homes that meet program eligibility requirements can receive funding for Rehabilitation or Reconstruction.

2.3.1 Eligibility Requirements for Rehabilitation and Reconstruction

To be eligible for Rehabilitation or Reconstruction assistance, the following requirements must be met in addition to those listed in Section 2.0:

- The home must have been covered by flood insurance at the time of the storm if the home previously received federal disaster assistance funds that required the maintenance of flood insurance;
- The property must have been covered by flood insurance, if located in a FEMA-designated 100-year floodplain, and the applicant's household income is equal to or exceeds 120% AMI at the time of application if seeking assistance for Hurricane Florence recovery;
- Applicant must have ownership or legal authority to enter into a funding agreement; and
- Applicant must allow access to the property for all program-related staff, inspectors, or contractors.

To be eligible for Program assistance, the property owner must be current on their property taxes and special assessments on their property or provide evidence that delinquent payments or liens will not prevent the permitting authority from issuing construction permits.

The Program will verify the status of property taxes via on-line databases. If property taxes cannot be obtained via on-line databases, then the program will request proof of paid property taxes from the applicant. In addition, applicants are required to confirm that they have no knowledge of liens on the property that would prevent the Program from obtaining a construction permit. If applications are identified as having delinquent taxes or other lien on the property which potentially prohibits the Program from obtaining a permit, the Program notifies the applicant and allows 90 days for the homeowner to become current or to provide documentation from the permitting authority that the issue does not prevent permitting for the project. These applications are placed on hold and are not processed until the issue is resolved. If the issue is not resolved, the application for assistance may be withdrawn.

If there is a mortgage on the property, the property owner must be current with mortgage payments or be able to provide documentation that they are in a formal payment plan with their mortgage holder. Loan forbearance or deferment plans are not considered payment plans. Acceptable documentation of mortgage includes but is not limited to:

- A copy of the most recent mortgage statement;
- A copy of the formal payment plan if applicable; or
- A recent letter from their mortgage company indicating the status.

In addition, applicants must confirm that they have not received notice of Default or Foreclosure on the property. The Program may re-verify mortgage status at grant signing if a substantial amount of time has passed since first determining the mortgage was current.

The Program allows applicants who are not current on their mortgage statement and are not in a formal payment plan 90 days from the Program notification to become current or provide documentation of a payment plan. Those applications are placed on hold and are not processed until the issue is resolved. If the issue is not resolved, the application for assistance may be withdrawn.

2.3.2 Ineligible Structures for Rehabilitation or Reconstruction

Structures ineligible for assistance include the following:

- Second homes;
- Foreclosed or seized homes;
- Property not covered by flood insurance at the time of the storm if previously funded with federal funds requiring the maintenance of flood insurance;
- Property located in a FEMA-designated 100-year floodplain that did not maintain flood insurance and had a household income equal to or more than 120% AMI at the time of application and are receiving CDBG-DR funds to recover from Hurricane Florence;
- Seasonal, short-term and vacation rental properties;
- Homes that require a “No-Rise Certification” based on local requirements;
- Portion of an applicant’s home used exclusively for non-residential purposes;
- Housing units located where federal assistance is not permitted by federal regulation, including floodways, or within runway clear zones of either a civil of military airport;
- Homes located on contaminated sites;
- Recreational Vehicles and camper trailers used as a residence;
- Houseboats used as a residence;

- Garage, carports, sheds, and outbuildings not attached to the main dwelling unit. Improvements must be physically attached to the house and be permanent in nature.

2.3.3 Required Ownership Documentation

To be eligible for assistance, at least one applicant must have owned the property at the time of Hurricane Matthew (October 8, 2016) or the time of Hurricane Florence (September 14, 2018), through the end of the period of participation in any of the Program activities. If the owner of the property has died, the property may qualify for assistance if the person or persons who inherit the property meet program requirements for ownership through heirship. More information on heirship is in Section 1.3.3.1.

The Program verifies ownership through acceptance of a deed or property parcel information obtained by the programs as a matter of public record or provided by the local municipality to support that the applicant is the owner of the property, a tax bill in the applicant's name, a mortgage statement in the applicant's name for the subject property, FEMA, SBA, Flood Insurance, or other claim indicating the applicant is the owner of the property, and a DMV title when the property type is an MHU. The Program may also accept a statement from a legal advocate that supports ownership of the property by the applicant. In all instances, ReBuild NC shall attempt to verify property ownership independently and if ownership of the property is unclear, shall attempt to verify ownership with documentation provided by the applicant. At their discretion, local municipalities may require additional ownership support in order to issue a permit and for construction to proceed. In these instances, the local requirement may prevail. Ownership determinations made using current, up to date third party sources such as municipal records prevail if there is a conflict between owner provided documentation and those records.

Ownership by limited liability corporations is reviewed by the Program and may be eligible on a case-by-case basis. NCORR has the right to waive the requirement of ownership documentation in the applicant's name if it can be proven that the applicant occupied the home at the time of the disaster, was making house payments to purchase the house, and has acquired title prior to assistance. In some instances a contract for deed may be allowable.

Special ownership conditions, such as a trust, a life estate, and heirship are reviewed by the program and a determination of eligibility is made on a case-by-case basis. A life estate is an eligible ownership type to represent the property, unless the current owner objects to program participation. The applicant is required to attest by signing the Homeowner Grant Agreement that no other party has the right to claim ownership or everyone who has the right to claim ownership has agreed to participate in the program or could not be located.

2.3.4 Required Primary Residency and Occupancy Documentation

The property receiving assistance must have been occupied as the applicant or co-applicant's primary residence at the time of the disaster. Primary residency is attested by the applicant when the applicant signs the Homeowner Grant Agreement (HOGA). If there is conflicting information about the primary residency of the applicant or co-applicant, more support may be requested by the Program to determine primary residency.

2.3.4.1 Special Circumstances Related to Occupancy

The following exceptions apply under special circumstances related to occupancy:

- Active-duty military personnel who own property in an eligible county or zip code but are currently assigned to duty away from their home or were assigned to duty away from their home at the time of the storm are eligible to apply.
- Applicants incapacitated due to illness who own a property in an eligible county or zip code and are currently incapacitated or were incapacitated at the time of the storm are eligible to apply. If the applicant is currently incapacitated, an authorized legal representative or next of kin must make application for the benefit of the applicant.
- Applicants with property in an eligible county or zip code who were incarcerated at the time of the storm but are no longer incarcerated are eligible to apply for the Program. If the applicant is incarcerated at the time of application, the applicant must give someone power of attorney on his or her behalf.
- Applicants who were in a nursing home at the time of the storm but are no longer in a nursing home are eligible to apply for the Program. If the applicant is in a nursing home at the time of application, the applicant must give someone power of attorney on his or her behalf. A co-applicant or the recipient of the power of attorney must occupy the property.
- Applicants who inherit property from a deceased primary applicant during the recovery process.

Regardless of the special circumstances, all eligible applicants must be able to comply with the terms of the Homeowner Grant Agreement (HOGA).

2.3.5 Documentation Required to Verify Damage (Outside of the Most Impacted and Distressed Areas)

Properties located outside of a HUD or State-identified MID area must demonstrate that the property was storm damaged. Outside of the MID areas, the property must have sustained damage because of the October 8, 2016 (Matthew) and/or September 14, 2018 (Florence) disaster. Records or documentation to demonstrate damages include:

- National Damage Insurance Program, NFIP report or similar documentation;

- Insurance adjuster's estimate or insurance claim inspector report and/or letter of denial;
- Impacted unit of local government inspector's report;
- FEMA letter indicating assistance was approved;
- SBA letter or inspection report describing damage;
- Demolition or other recovery work permit;
- Photographs that physically demonstrate and describe/show the damage to the home with a date stamp or verified date after the qualifying disaster;
- Inspection or engineer's report at the time of the disaster from a licensed contractor; or
- Other acceptable sources that can provide reports or evidence of damage, such as local/state governments, private non-profit relief assistance, homeowners associations and program damage assessments.

2.3.6 Prioritization of Applicants and Income Requirements

LMI households receive significant prioritization within the prioritization framework of the Program. All elements of a file being otherwise equal, the LMI applicant will advance before other applications for assistance. The ReBuild NC Centers were also positioned to maximize LMI participation.

2.3.7 Maximum Award Amount

The maximum award amount for the Rehabilitation activity is $20,000. At times, reconstruction may be more appropriate based on the facts and circumstances of the damaged property even if the repair is estimated to be less than $20,000. Reconstruction awards are based upon actual reconstruction bids. The Program has established a reasonable $/SF cost which caps the award amount. Floor plans will be made available for selection by homeowners as described in Section 5.3.1 below.

Funding above the rehabilitation or reconstruction cap may be provided for additional costs related to elevation, hazardous material and environmental remediation, and accessibility as required. Applicants wishing to rehabilitate rather than reconstruct may be assessed on a case-by-case basis for rehabilitation in excess of the $20,000 cap.

2.3.8 Minimum Award Amount

The minimum assistance amount is $1,000. A homeowner may have a calculated ECR and DRV greater than $1,000, but due to duplication of benefits or non-scope items the total award may be less than $1,000. In these instances, the homeowner is ineligible for assistance.

2.4 Manufactured Housing Unit (MHU) Repair and Replacement

The MHU Repair/Replacement activities provide assistance to applicants who owned and occupied their manufactured home at the time of Hurricane Matthew or Hurricane Florence. For the purposes of the Program, a manufactured or mobile home is defined as a dwelling unit composed of one or more components substantially assembled on-frame with axles and wheels in a manufacturing plant and constructed in accordance with the standards established in the U.S. Department of Housing and Urban Development's building code for manufactured housing. This term does not include modular homes that are constructed off-frame and meet state and local building code requirements, which are addressed by the rehabilitation or reconstruction program.

Depending upon the estimated costs of repair, owners of single- or double-wide manufactured or mobile homes can receive funding for repair or replacement. Due to the fact that it is not cost effective to repair manufactured homes that require significant repairs, repairs to manufactured homes will only be provided in limited circumstances. Outside of the limited circumstances that manufactured home repairs will be eligible, the Program may provide either the replacement and/or relocation of an existing manufactured home as provided below.

General eligibility of MHU Repair and Replacement activities is identical to the Rehabilitation and Reconstruction activity. Where the manual is silent, it is presumed that the MHU requirement is identical to the Rehabilitation or Reconstruction requirements.

2.4.1 Eligibility Requirements for MHU Repair/Replacement

To be eligible for the MHU Repair/Replacement activity, the following requirements must be met the following eligibility criteria in addition to those listed for Rehabilitation or Reconstruction:

- For applications made prior to June 2020, the manufactured home must have less than or equal to $5,000 in repairs based on an ECR report to be eligible for repair. Manufactured homes with an ECR greater than $5,000 and those that were manufactured prior to June 15, 1976 must be replaced.
- For applications made after June 2020, double-wide or larger manufactured homes must have less than or equal to $10,000 in estimated repairs based on the ECR to be eligible for repair. Double-wide or larger manufactured homes with an ECR greater than $10,000 and those manufactured prior to June 15, 1976 must be replaced.

Single-wide repair thresholds are the same for both application periods.

2.4.2 Ineligible Structures for MHU Repair/Replacement

Structures ineligible for assistance include the following:

- Manufactured homes with an ECR less than $1,000.

- Manufactured homes with a serial number different than that on the title documentation submitted to the Program and/or on inspection report photos.
- Manufactured homes constructed prior to the enforcement of the Manufactured Home Construction and Safety Standards, effective June 15, 1976, are not eligible for rehabilitation and must be replaced.
- RVs or Campers.

2.4.3 Required Ownership Documentation for MHU Repair/Replacement

Applicants applying for assistance for a manufactured home must establish ownership of the manufactured home as of October 8, 2016 or September 14, 2018. Ownership of the manufactured home can be established by providing any of the following, dated before the appropriate qualifying event referenced above:

- A Certificate of Title from the Department of Motor Vehicles.
- Tax Assessor records showing land with a manufactured home assessment in the name of an applicant.
- Title from the county land records showing manufactured home ownership.
- The bill of sale or similar executed by the applicant, as transferee, and the previous owner or dealer as transferor.
- Property tax bill listing immobilized manufactured home.
- Manufactured home loan mortgage statement.

The Program shall attempt to verify ownership independently, including ownership of the land where the MHU is located. The serial number of the manufactured home must match the serial number on the ownership documentation above and be confirmed by photograph by the inspector during the property inspection. If the inspector is unable to photograph the serial number, the Applicant will be required to complete the MHU VIN Certification form at the time of award.

At their discretion, local municipalities may require additional ownership support in order to issue a permit and for construction to proceed. In these instances, the local requirement may prevail.

2.4.4 Maximum Award Amount

The maximum award amounts for the MHU Repair/Replacement activities are:

- Up to $5,000 for repair of manufactured homes for the first round of applications (until June 2020).

- Up to $5,000 for repair of single-wide manufactured homes or up to $10,000 for the repair of double-wide or larger manufactured homes for the second round of applications (after June 2020).

If these thresholds are exceeded, the Program will fund the complete replacement of the MHU. This award includes permitting, site preparation, demolition and removal of the existing unit, delivery and installation of the new unit, and utility reconnection. Environmental remediation, elevation, and accessibility features are included if needed and accessible units are available when required. The replacement unit is of comparable size to the original damaged unit.

2.5 Reimbursement

Applicants may be eligible for reimbursement of the cost of eligible repairs paid for with the applicant's private funds. In accordance with HUD guidance for pre-award cost issued on September 15, 2015 (CPD-15-07) and subsequent waivers from HUD related to the extension of the reimbursement timeline, applicants impacted by Hurricane Matthew may be eligible for reimbursement of eligible work completed up to the earliest of two dates: (1) the date of their Program application; or (2) September 14, 2018. Applicants impacted by Hurricane Florence may be eligible for reimbursement of eligible work completed up to the earliest of two dates: (1) the date of their Program application; or (2) September 14, 2020. The applicant must stop work on permanent repairs to the damaged property on or before the date of application for program assistance No applicant will be eligible for any reimbursement unless and until the damaged property passes all environmental reviews.

Prior to receiving any reimbursement assistance, an applicant must execute, under the penalty of perjury, a certification that all repairs subject to the reimbursement award were made within the time frame described above, were directly caused by Hurricane Matthew or Hurricane Florence, and paid for with the applicant's private funds. See Reimbursement Certification on the ReBuild NC website (https://www.rebuild.nc.gov/homeowners-and-landlords/homeowner-recovery-program).

2.5.1 Eligible Applicants

To be eligible for reimbursement, applicants first must meet all the eligibility requirements of the Program. In addition to the eligibility requirements of the Program, applicants must:

- Earn a household income less than or equal to 80% area median income or experience a hardship;
- Have performed repairs to be reimbursed prior to the date of application to the Rehabilitation, Reconstruction, or MHU Repair/Replacement Program or September 14, 2018 (Hurricane Matthew) or September 14, 2020 (Hurricane Florence), whichever is earliest.

- Certify, under penalty of perjury, that the repairs were completed before the application date or the applicable date above based on the disaster, whichever is earliest.
- Certify, under penalty of perjury, that permanent repairs on the damaged residence were stopped on or before the date of applying to the Program for assistance.
- Clear all environmental reviews and receive clearance as required by the Program and HUD regulations.
- Complete elevation of the home if required by the Program and HUD requirements.

2.5.2 Eligible Reimbursement Expenses

Reimbursement is limited to only those repairs made to the primary residential structure and determined to be eligible by the Program, as captured on a damage inspection and included in the Damage Repair Verification (DRV), minus any duplication of benefits. Eligible repairs will be based on Xactimate, a standardized pricing tool commonly used by the construction industry, which will be used to assess the damaged property. The eligible reimbursement amount may be less than the actual price paid by the applicant. Receipts will not be accepted as verification of completed work and/or justification to increase any line item in the repair estimate.

The Program recognizes that there may be circumstances when the applicant disagrees with the scope of the estimate and may file an appeal. If an applicant files an appeal they may submit supporting documentation such as receipts, contracts or photos for consideration in the appeal. The receipts will be reviewed to verify if the scope of work used in Xactimate is accurate. However, the Xactimate pricing and standard grade materials list may not be appealed unless there are extenuating circumstances such as the property is on the National Register of Historic Places. All reimbursable repairs must have been reasonable and necessary for the property to pass an inspection.

Based upon the damages to the applicant’s home, the following rehabilitation or repair items may be eligible for reimbursement:

- Plumbing, electrical systems, heating, ventilating, and air conditioning systems;
- Fuel systems for cooking, septic systems, water wells;
- Windows, doors, roofs, interior floors;
- ENERGY STAR compliant stoves and refrigerators;
- Repairs to allow access to the structure;
- Elimination of health and safety hazards;
- Structural components of the damaged property;

- Blocking, leveling, and anchoring of a manufactured home and re-setting or reconnecting its sewer, water, electrical and fuel lines/tanks;
- Tool and equipment rental;
- Any allowance eligible for a repair and any allowance set forth below.

This list is not meant to be exhaustive, but illustrative of eligible items that may be necessary and reasonable to return the damaged property to a decent, safe, and sanitary condition.

In some instances, such as for elevation, MHU replacement, or other items not able to be assessed during the damage repair verification, the Program may request receipts and proof of payment to substantiate that work was performed and calculate the amount of the reimbursement.

2.5.3 Ineligible Reimbursement

The following types of repairs and expenses are not eligible for reimbursement. This is not an all-inclusive list.

- Permanent repairs made after the date of application to the Program or the applicable dates listed in Part 2.5.1, whichever is earliest.
- Personal property (e.g., furniture, vehicles, food, clothing, etc.).
- Repairs made to non-residential structures that are not attached to the damaged property (e.g., pools, sheds, detached garages, carports, etc.).
- Playground equipment, satellite dishes and security systems.

The Program does not reimburse applicants who have already begun to repair their home when the Program will replace or reconstruct the home based on the result of the damage inspection. However, applicants in these situations may reduce their duplication of benefits based on the work performed to repair that is captured on the damage repair verification.

2.5.4 Reimbursement Options

Applicants may be eligible for reimbursement when either all the repair work to the damaged property has been completed or when some repairs have been completed and some repairs remain incomplete.

2.5.4.1 Reimbursement Only

Applicants who have completed all repairs or reconstruction, including elevation, if required, are eligible for reimbursement upon confirmation by the Program that the work has been completed and the costs for repairs are reasonable and that damaged property is in a decent, safe, and sanitary condition. Completion of work includes all environmental testing and

remediation as required by HUD if necessary. The applicant will be required to execute a Program-approved reimbursement grant agreement prior to receiving any reimbursement.

2.5.4.2 Reimbursement and Rehabilitation

Applicants with prospective repairs remaining to be completed may be eligible for reimbursement for completed repairs, only if the applicant signs a Reimbursement and Rehabilitation Grant Agreement allowing the Program to bring the property up to a decent, safe, and sanitary condition.

In some instances the damage inspection determined that a modest scope of work remains to be complete before the property is rehabilitated. In those instances, the Program may offer reimbursement only so long as the property condition is satisfactory to the applicant. This option is voluntary and the applicant may still elect to receive rehabilitation in lieu of a reimbursement only award.

2.5.5 Prioritization of Applicants and Income Requirements for Reimbursement

The reimbursement option intends to serve primarily LMI households. Applicants seeking assistance that earn between 81 – 120% AMI may be eligible for reimbursement if the Program determines that the homeowner faces a hardship.

2.5.6 Maximum Award Amount

The maximum award amount for reimbursement is $70,000.

2.6 Temporary Relocation Assistance (TRA)

Applicants voluntarily participating in the program may be eligible to receive assistance to temporarily relocate during construction activities. The implementation of TRA is included in the NCORR Optional Relocation Procedures.

Tenants located in Program-assisted housing units are protected by the Uniform Relocation Act (URA) and will be relocated, if required, in accordance with the NCORR Uniform Relocation Act Policy.

2.6.1 Program Eligibility

To be eligible for TRA, applicants first must meet all the eligibility requirements of the Homeowner Recovery Program. In addition to the eligibility requirements for their structure type, the owner-occupant must be approved for and be eligible for assistance for the Homeowner Recovery Program as evidenced by a fully executed grant agreement for Rehabilitation, Reconstruction, MHU Repair or Replacement, and the owner-occupant must be required by the Program to temporarily relocate to complete the rehabilitation, elevation, reconstruction, replacement, or environmental remediation, as evidenced by a notice to vacate. Applicants requiring additional time to vacate may request a time extension consistent with NCORR Optional Relocation Procedure.

Eligible expenses include moving expenses and storage costs related to the rehabilitation, reconstruction, or replacement. Participants may also have their hotel stay coordinated and compensated by the Program or may receive a stipend to assist with costs incurred during their temporary displacement.

Funding limits for individual items, such as limits on hotel stays and monthly expenses, are set in the *NCORR Optional Relocation Procedure*. All TRA assistance must be determined to be necessary and reasonable. All anticipated expenses must be approved in writing in advance of the applicant incurring the expense if they are seeking reimbursement for moving or storage expenses.

In specific scenarios, an applicant may be moved into temporary relocation in advance of construction. These scenarios include unsafe or uninhabitable dwellings.

2.6.2 Prioritization of TRA Applicants and Income Requirements

Households at 120% AMI or below are eligible for TRA assistance. Applicants with income above 120% AMI may be eligible in cases of hardship.

2.6.3 Program Cap for Assistance

The maximum amount of TRA to be provided is a reasonable rate for a hotel stay or up to 150% area median income, depending on the assistance provided. These limits are found in the Optional Relocation Procedure. The TRA cap is in addition to program caps for rehabilitation, reconstruction, elevation, MHU repair, or MHU replacement.

2.7 Flood Insurance Assistance (FIA)

The FIA program provides assistance to cover flood insurance premiums for a maximum of 2 years. This program is limited to LMI applicants whose property is located in the 100-year floodplain or those that flooded during Hurricane Matthew or Hurricane Florence. Applicants who live in the 100-year floodplain and receive any assistance under the Homeowner Recovery Program are required to maintain flood insurance on the property for the life of the property. Depending upon the type of assistance and the insurability of the property, applicants who are required to obtain and maintain flood insurance may be required to show proof of insurance at both the time assistance is provided and upon completion of the project.

2.7.1 Program Eligibility

To be eligible for FIA, applicants first must meet all Program eligibility requirements pertaining to the Rehabilitation, Reconstruction, or MHU Repair/Replacement assistance activities, whichever is applicable. In addition to the eligibility requirements for Program:

- The owner-occupant must qualify as LMI;

- The property must be located in the 100-year floodplain or received flood damage and is insurable;
- If an applicant does not occupy the home as their primary residence for the term of the insurance premium, they will be required to repay the Program a pro-rated portion of the FIA award. Applicants who relocate to another primary residence during the term of the FIA are required to notify NCORR and repay an amount calculated based on the remaining portion of the insurance policy.
- In accordance with their Rehabilitation, Reconstruction, or MHU Repair/Replacement Program Grant Agreement, applicants must agree to maintain flood insurance for the life of the property and notify subsequent owners of this requirement; and

For all property located in a 100-year floodplain receiving assistance, applicants that are required to maintain flood insurance as a condition of receiving prior federal assistance must provide the Program with proof of flood insurance as a prerequisite of signing the grant agreement and again at the completion of the project. Reconstruction projects will not be required to show proof of insurance as a prerequisite of signing the grant agreement but will be required to provide proof of insurance at completion.

2.7.2 Prioritization of FIA Applicants and Income Requirements

FIA assistance is limited to LMI households.

2.7.3 Eligible Expenses

To receive FIA, applicants have three options:

- If the applicant has already obtained flood insurance for the property, the applicant can provide the Program with a copy of the flood insurance premium invoice and flood insurance policy currently in effect for review by the Program. In order to be reimbursed, the policy must be current and provide sufficient coverage for the property address.
- Applicants who do not currently have flood insurance can obtain a quote from their insurance agent which meets program requirements. In these cases, the premium will be paid directly to the insurance agent.
- The Program may arrange participation in NFIP Direct with an independent licensed insurer and provide flood insurance directly to the applicant, with their consent.

2.7.4 Program Cap

The maximum amount of FIA is $2,000 for flood insurance for a period of up to two years. This assistance must at least equal the lesser of the grant award or the maximum amount available

for the structure under the National Flood Insurance Program. Applicants with flood insurance premiums exceeding the program cap will be responsible for paying the difference.

2.8 Income Verification Procedures

To verify income eligibility for applicants of all HRPs, the Program will use the IRS Form 1040 method similar to the *Technical Guide for Determining Income and Allowances for the HOME Program* (third edition, January 2005). The IRS Form 1040 method of calculating income is often referred to as the Adjusted Gross Income or AGI method.

2.8.1 Definition of 1040 Method

Citizens of the United States and resident aliens, except those with gross incomes that fall below a certain level, are required to file an income tax return with the Internal Revenue Service (IRS) each year. The tax return is officially referred to as IRS Form 1040. The definition of adjusted gross income (AGI) is based on this form, also commonly referred to as "the long form."

AGI is listed on the 1040 tax form and is the dollar figure used to determine an applicant's household income eligibility for participation in NCORR's CDBG-DR Programs.

Determining CDBG income is similar to the method used by HUD's HOME Program. However, CDBG Programs use the IRS definition of annual income in different ways than HOME income determinations:

- CDBG does not require use of the long form. Other documentation with the Adjusted Gross Income may be allowable, such as a state tax return or 1040.
- CDBG allows tax returns as proof of income.
- Documentation for CDBG income qualification can be up to 12 months old.

Note: NCORR requires a 12-month re-certification of income as accepted by CDBG rather than 6 months as required by the HOME program.

2.8.2 Verifying Income

NCORR will allow several forms of documentation to verify the adjusted gross income (AGI), including the use the most current form of the IRS 1040, such as the 1040-SR or 1040-A, a North Carolina State Income Tax Return (Commonly known as the D-400 or similar), an IRS Tax Return Transcript, and other documents that include a calculation of AGI. The HUD Income Limits for the year when the income is calculated shall be used in the income calculation. These income limits will remain in effect until HUD issues Income Limits for the subsequent year. If an applicant has already completed an income determination prior to the new HUD income limits being published, then the income determination will stand under the income year that the determination is made. If it has been 12 months since income determination was made but

there has not been an executed Homeowner Grant Agreement, then the income will have to be re-verified.

If an applicant is still in the process of providing documentation for an income determination but documentation is not complete and no income determination has been made at the time the income limits change, then the applicant will be qualified under the new HUD limits.

Income-verification adjustments may occur at any time because of life-changing events such as the loss of a job or death in the family.

Upon submission of the prior-year IRS 1040 Tax Return, each household will be required to certify that its current annual income is substantially similar to that reflected on the document. For the purposes of this policy, the household's income must still be within 20 percent of income reported on the 1040 tax form. If the applicant's income has changed by more than 20 percent from the last tax filing, the Program will follow the same process to determine household income as stated below for persons lacking 1040 documentation.

The Program does not accept a certification of zero income if there is a single member of the household or if the certification of zero income is the only documentation of income provided. This form is not required by the program but remains acceptable if there are multiple adult occupants of the household and some adult occupants do not earn an income and wish to certify such.

2.8.3 Household Size

In determining the size of a household for the purposes of reporting income as part of this Program, HUD considers all persons who live in the same house, but are not tenants, to be household members. Household members may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share the same house. To determine income eligibility, income must be provided for each person in the household who is 18 years of age or older. If there is doubt about which incomes to include in the annual household income, IRS guidance shall prevail.

2.8.3.1 Non-household Members

Some households may include persons who are not considered members of the household for the purposes of determining household size. The following persons should not be counted as household members when determining household size and should not be included when reporting annual household income:

- Tenants.
- Foster children.
- Foster aides.
- Live-in aides and children of live-in aides.

- Unborn children (not considered in household size for income eligibility calculation but may be considered for bedroom count).
- Children being pursued for legal custody or adoption who are not currently living in the household.

A child who lives in the house at least 50 percent of the time and is named in a shared-custody agreement can be counted in the household. Applicants have the option to include permanently absent family members who can be classified as household dependents, such as children attending college or a family member in a nursing home. The head of household has the choice of either counting that person as a member of the household and including their income or determining that the person is no longer a member of the household.

2.8.4 Household Income Calculation Method

In all cases where the applicant provides or can produce a 1040 tax return, the Salesforce income calculator module is used to determine household income. This module mirrors the HUD 1040 income calculator method. Adjusted Gross Income (AGI) is listed on the 1040 tax form and is the dollar figure used to determine an applicant's household income.

If there is not a 1040 tax form for one or all household members and all efforts are exhausted to obtain the tax return, NCORR will alternatively use the Income Certification Form along with an acceptable proof of income. Other documentation is required from all persons living in the household who are 18 or older when a tax return or other IRS document does not include them.

The Program may assist an applicant in gathering information to determine household income, including the use of third-party tools or data sharing agreements to verify income.

The following types of documentation are examples of acceptable income documentation:

- Current and consecutive paycheck stubs for 3 months. The number of paychecks required to substantiate 3 months varies based on the pay schedule. For example, an adult paid biweekly will need to provide six pay statements.
- Pension or retirement income statement showing current monthly or yearly gross amount.
- Social security statement or 1099.
- Disability income statement.
- Unemployment benefit statement or letter of termination from most recent employer.
- Proof of benefits from other means-tested programs, such as the Supplemental Nutrition Assistance Program (SNAP).

3.0 Duplication of Benefit Check

In accordance with the Robert T. Stafford Disaster Relief and Emergency Assistance Act, (42 U.S.C. §5121 - 5207), applicants must disclose all financial assistance awarded and/or received in response to their storm-related damage, including the following sources:

- FEMA
- NFIP and ICC
- SBA
- Private insurance
- Private or nonprofit organizations or donations
- *Disaster Recovery Act* (DRA) funding
- Other state, local, or federal programs

More specifically, the following are sources of funding assistance provided for structural damage, loss repair, relocation and other disaster assistance that are considered a duplication of benefit and, under federal law, must be accounted for before any other federal assistance is provided.

3.1 Qualifying Event

The Homeowner Recovery Program is funded by two separate allocations; A CDBG-DR allocation for Hurricane Matthew Recovery (Public Laws 114-245 and 115-31) and a CDBG-DR allocation for Hurricane Florence Recovery (Public Laws 115-254 and 116-20). In accordance with 42 U.S.C. §5155, NCORR has instituted a policy by which "no person, business concern, or other entity will receive such assistance with respect to any part of such loss as to which he has received financial assistance under any other program or from insurance or any other source." The qualifying event is the disaster for which the Program ties the applicant's loss to (i.e. the tieback) and the source of duplicative assistance is reviewed in that context. For applicants that did not receive funds for either event, the program will consider the designation of MID counties and each county's storm declaration.

Applicants applying for assistance in the 2020 reopening of applications will apply for funding for recovery from a single qualifying event, as indicated in their application materials submitted to the program. Assistance received to recover from Hurricane Matthew is compared to the CDBG-DR award to recover from Hurricane Matthew, as outlined below. Assistance received to recover from Hurricane Florence is compared to the CDBG-DR award to recover from Hurricane Florence, as outlined below. Assistance received to recover from a different qualifying event than the one which the applicant has been established to be recovering from is considered non-duplicative and is not included in the DOB calculation.

The Program determines the qualifying event for which the applicant can demonstrate tieback to. Applicants may need to provide additional documentation to determine which storm is the qualifying event for their application for assistance. In some instances, the tieback is not able to be documented to the disaster for which the applicant applied for assistance.

NCORR has been provided specific waivers on the use of grant funds for activities located in MID areas for Hurricanes Matthew and Florence, the determination on which grant funds to use for each individual activity funded in the MID area is an administrative decision made by NCORR staff and not solely based on the qualifying event tieback.

3.2 FEMA Individual Assistance (IA)

FEMA IA will be determined and verified for the qualifying event by the Program through the FEMA NEMIS database. If the Program is unable to verify the FEMA IA amount through the FEMA NEMIS database, it will use the payment amount disclosed by the applicant at the time of application. If an applicant can provide documentation demonstrating that the FEMA IA amount provided by the FEMA NEMIS database includes amounts not paid to cover structural loss, the Program will use the documentation provided by the applicant to adjust the FEMA IA payout amount. The documentation provided by the applicant must come from FEMA.

3.3 FEMA National Flood Insurance Program (NFIP) and Increased Cost of Compliance (ICC)

The Program will collect NFIP flood insurance and ICC payment information from the applicant through the application process for the qualifying event. In addition, the Program will work directly with NFIP to verify the information provided by the applicant

Exception: Insurance proceeds taken by a mortgage company as a forced mortgage payoff or other situation demonstrated by the applicant wherein they did not have access to the funds for recovery will not be counted as a duplication of benefits, as long as documentation from the mortgage company shows that the payoff was involuntary. The applicant will need to provide supporting documentation demonstrating that the mortgage payment was involuntary, and the Program will attempt to verify this information with the applicant's mortgage company. *Voluntary* mortgage payoff using insurance proceeds is a duplication of benefits that will be counted against an applicant's award.

3.4 Small Business Administration (SBA) and Other Subsidized Loans

On June 20, 2019, HUD published two FR notices: 84 FR 28836 (June 2019 Duplication of Benefits Notice, here after referred to as the "DOB Notice") and 84 FR 28848 (June 2019 Duplication of Benefits Implementation Notice, here after referred to as the "DOB Implementation Notice"). The following policies will apply to the Homeowner Recovery Program which includes Reconstruction, Rehabilitation, and MHU Replacement. Section V.B Subsidized Loans of 84 FR 28836–June 20, 2019, provided guidance on the treatment of subsidized loans in Duplication of Benefits analysis as follows: "The full amount of a subsidized loan available to the applicant for the same purpose as CDBG-DR assistance is assistance that must be included in the DOB calculation unless one of the exceptions in section V.B.2 applies including the exception in V.b.2 (iii) authorized in the DRRA amendments to section 312 of the *Stafford Act* (which applies to disasters occurring between January 1, 2016 and December 31, 2021, until the amendment sunsets October 5, 2023). A subsidized loan is available when it is accepted, meaning that the borrower has signed a note or other loan document that allows the lender to advance loan proceeds." The Program shall comply with all parts of the Federal Register Notice on the treatment of declined, canceled, and active loans with disbursed and undisbursed funds as set in the DOB Notice.

3.4.1 Declined SBA Loans

Declined SBA loans are loan amounts that were offered by a lender in response to a loan application for a qualifying event, but were turned down by the applicant, meaning the applicant never signed loan documents to receive the loan proceeds. NCORR will not treat declined loans as DOB. The Program will request documentation for the declined loan only if the information received from the third party (SBA, FEMA, etc.) indicates that the applicant received an offer for the subsidized loan and the program is unable to determine from that available information that the applicant declined the loan. The applicant will complete the Subsidized Loan Affidavit. The Program will submit the Subsidized Loan Affidavit to SBA (or another lender) and will re-verify DOB at project completion.

3.4.2 Canceled Loans

Canceled loans are loans (or portions of loans) that were initially accepted for a qualifying event, but for a variety of reasons, the loan commitment terms have expired, the loan has been withdrawn, all or a portion of the loan was not disbursed and is no longer available to the applicant or cancelation was requested by the borrower. The following documentation will be required to demonstrate that any undisbursed portion of an accepted subsidized loan is cancelled and no longer available to the applicant:

- A written communication from the lender confirming that the loan has been canceled and undisbursed amounts are no longer available to the applicant, OR

- A legally binding agreement between the Program and the applicant indicating that the applicant agrees not to take actions to reinstate the loan or draw any amounts in the future.

In the case where the applicant has canceled the loan but has not yet passed the period of availability, the applicant will be required to sign the Subsidized Loan Affidavit. In signing this affidavit, the applicant certifies that they will not take action to reinstate the loan or draw more funds; and that they understand that they are subject to a DOB analysis once the period of availability has passed which could affect their award amount. Further, the affidavit contains the following language: "Warning: Any person who knowingly makes a false claim or statement to HUD may be subject to civil or criminal penalties under 18. U.S. C. 287, 1001 and 31 U.S.C. 3729."

Without one of the documents listed above, any approved but undisbursed portion of a subsidized loan must be included in the DOB calculation of the total assistance unless another exception applies.

For canceled SBA loans, the Program will send the Affidavit of Declined or Canceled Subsidized Loan to SBA as notification that the applicant has agreed to not take any actions to reinstate the canceled loan or draw down any additional undisbursed loan amounts. In cases of canceled loans where partial disbursements were made prior to the cancellation of the loan, the disbursed funds will be treated in accordance with Part 3.4.3 below. As with declined loans, awards with canceled subsidized loans will have DOB re-verified at project close-out.

3.4.3 Active Loans with Disbursed and Undisbursed Funds

A subsidized loan is not a prohibited duplication of benefits under section 312(b)(4)(C) of the Stafford Act, as amended by section 1210 of the DRRA, provided that all Federal assistance is used towards a loss suffered as a result of a major disaster or emergency (qualifying event). As part of the DOB analysis, the Program will exclude disbursed loan amounts in the award calculation, provided the funds were:

- Used properly for the same purpose;
- Provided for a different purpose; or
- Provided for the same purpose as the Program's activities, but used for a different, allowable use as described in Section 3.7 Non-duplicative Assistance.

Applicants with open, subsidized loans will not be required to cancel the loan but will be required to sign a notarized Subsidized Loan Affidavit form. Completion of this notarized affidavit requires the applicant to certify that they will not draw down more funds without the prior approval of the ReBuild NC Program, and that they understand that funds drawn will be subject to a DOB analysis that may affect the award amount. Further, the Affidavit of Subsidized

Loan will be submitted to the SBA or other lender which states that the applicant has agreed to request permission to draw more funds from the ReBuild Program before proceeding.

The Program will revise previously calculated awards for applicants with undisbursed subsidized loan assistance from SBA or other sources to provide additional CDBG-DR assistance. The amount of any additional Program assistance will be based on a revised DOB analysis that excludes accepted but undisbursed loan amounts from the total assistance, as per sections 3.4.1 and 3.4.2 above, when calculating the maximum CDBG-DR awards. The Program will, on a case by case basis evaluate loans remaining open for non-duplicative activities. In cases where the undisbursed loan amount is for potentially duplicative activities, the Program will notify the lender (SBA or other) and will obtain a written agreement from the applicant that the applicant will not make additional draws from the subsidized loan without the Program's approval. Applicable Program funding caps remain in effect for any award amount changes performed under this guidance. The Program will re-verify all DOB at project close-out.

3.4.4 Reimbursement of Subsidized Loans

The Homeowner Recovery Program does not provide reimbursement of subsidized loans to applicants participating in the Program. Subsidized loan amounts that satisfactorily meet the exception criteria outlined in parts 3.4.1 through 3.4.3. above will not be considered a duplication and will therefore not need to be contributed to an escrow payment or otherwise paid by the applicant to execute the Homeowner Recovery Program approved scope of work. If subsidized loans contribute to a DOB calculation that includes other forms of assistance (such as FEMA IA, homeowner's insurance, NFIP claims, etc.) a reimbursement may be paid in excess of those other assistances received but not to include the subsidized loan amount.

3.4.5 Implementation of New DOB Guidance

The Program will recalculate awards which have been completed prior to the implementation of new DOB policy and will issue new award letters as appropriate, subject to all Program caps. The Program will contact applicants with SBA loans and seek information on whether federal assistance was used for a disaster-related loss. Funds used for a disaster-related loss will not be considered duplicative.

3.5 Private Insurance

All property or casualty insurance, including flood and settlement amounts for loss to dwellings related to the qualifying event, are deducted from the applicant's funding assistance award if their use is unsubstantiated by the applicant. NCORR may verify insurance received through third-party sources, such as directly from an insurance provider, if possible. Private insurance payments for contents or other non-duplicative expenses are not deducted from the applicant's award. Insurance proceeds are initially determined by the Program through applicant-provided information. Applicants must also authorize the Program to contact third-party private insurance providers to verify information provided by the applicants.

Exception: Insurance proceeds taken by a mortgage company as a forced mortgage payoff will not be counted as a duplication of benefits, as long as the applicant provides adequate documentation. The applicant will need to provide supporting documentation demonstrating that the mortgage payment was involuntary, and the Program will attempt to verify this information with the applicant's mortgage company. *Voluntary* mortgage payoff using insurance proceeds is a duplication of benefits that will be counted against an applicant's award.

3.6 Other Assistance

Assistance received for the same purpose of a Homeowner Recovery Program grant for the qualifying event, such as funding provided by a non-profit entity to assist applicants with rebuilding their home, must be reported by applicants through the application process and must be accounted for and verified by the Program. In addition, support documentation related to other duplicative funding sources must be provided by the applicant and verified and applied as a duplication of benefits by the Program.

3.7 Non-duplicative Assistance

Funds that were received from other sources may not always be determined to be a duplication of benefit. If the Program cannot make this determination with the documentation available, the applicant may be asked to provide documentation to support this determination.

Examples of non-duplicative assistance are as follows:

- Funds received for the qualifying event but used for a different eligible purpose.
    - For example, temporary housing assistance or sheltering immediately after the storm would not be duplicative of temporary relocation assistance received at a future date for relocation resulting from rehabilitation or reconstruction activities (TRA).
- Funds received for a disaster declaration other than the qualifying event.
    - For example, homeowner's insurance received for recovery from Hurricane Matthew when the applicant has applied for assistance for recovery from Hurricane Florence.
- Funds not available to the applicant.
    - For example, when insurance funds received must be used for a forced mortgage payoff based on the terms of the mortgage.
- Funds received from a private loan and not guaranteed by SBA.
    - If such funds are related to the repair of the property, the lending institution may require that the loans are satisfied at the time the grant agreement is signed.

- Funds received from SBA or other subsidized loan that meet the exception criteria in Parts 3.4.1 through 3.4.3. above.
- Assets or line of credit available to the applicant.
    - For example, checking or savings accounts and stocks are not duplicative.
- Funds received for repair that have already been used to repair the home.
    - For example, repairs completed using funds received that have been verified in the DRV calculation.

3.8 Duplication of Benefits Verification

To comply with the federal prohibition against the duplication of disaster benefits, the Program will:

- Determine an applicant's unmet need before awarding assistance. An applicant must have an unmet need before any award is offered; and
- Verify all sources of disaster assistance received by the applicant by conducting third-party verification, where applicable; and
- Ensure beneficiaries sign a subrogation agreement to repay duplicative assistance if they later receive other disaster assistance for the same purpose.

To meet HUD requirements and verify all potentially duplicative funding, the Program will obtain the best available duplication of benefits information before providing assistance to an applicant. During intake, applicants will be asked to provide all documentation related to other sources of funding for the qualifying event and the amounts of assistance provided. During this process, applicants are also required to sign the *CDBG-DR Consent to Release* form, which allows the Program to conduct third-party verification of applicant-provided information and documentation.

Once applicant-provided information is collected, all duplication of benefits will be verified as outlined in the approved Verification of Benefits (VOB) Standard Operating Procedures. All duplication of benefits documentation will be uploaded into the Program's system of record (Salesforce). Verified duplication of benefits amounts will then be used in the applicant's award calculation.

3.9 Contribution of DOB Funds

3.9.1 Escrow Funds

If it is determined that an applicant received duplicative assistance for their Homeowner Recovery Program scope of work that has not been accounted for, the applicant must provide NCORR with escrowed funds to be used toward the approved project. The funds must be

provided at or prior to the signing of the grant agreement in the form of a cashier's check or money order for the entire escrow amount and will be deposited into an account managed by the State. As the applicant's home is serviced through the Program, the escrowed funds will be used to pay the construction contractor before any Program funds are paid. When the funds in the State account have been fully disbursed, the grant amount will then be disbursed.

An applicant may also be required to deposit funds in a State account if the cost of their rehabilitation, reconstruction, or replacement project exceeds the applicable Program caps. The same deposit and drawdown procedures outlined above apply to funds escrowed due to Program caps.

3.9.1.1 Escrow Credit

Once the amount of escrow required from the applicant has been determined, the applicant may pay the escrow directly. Applicants participating in the Reconstruction track of the Homeowner Recovery Program may be eligible to change the selection of their reconstructed floor plan to a smaller structure in exchange for a credit to the escrow requirement from the applicant based on the resultant reduction in project cost. This change does not permit a reimbursement to the applicant for the difference credited back to escrow. The alternate selection must remain satisfactory to house the applicant and is entirely voluntary. Program staff will provide a selection of suitable alternatives to the Reconstruction Program participant from which to choose, if the applicant wishes to receive an escrow credit.

For reconstructions, the amount of the escrow credit is equivalent to the dollar per square foot cap multiplied by the difference in square footage from the floor plan that best fits the applicant's pre-existing square footage and household composition (number of bed and baths) compared to the final floor plan selection.

3.9.2 Subsidized Loans

In lieu of providing an escrow payment, the Program may offer a subsidized loan for the DOB amount due from the applicant. These subsidized loans (sometimes referred to as a promissory notes) are forgivable based on the terms included in the note. These conditions and other terms of each note are included in the promissory note executed by the applicant. Subsidized loans must be applied to recovery costs and must be provided only to individuals that have used their unaccounted-for funds for a disaster recovery purpose. For more information on these loans, see Section 5.9.

3.10 Subsequent Damages to Applicant Homes

HUD's guidance issued at 76 FR 71060 (November 16, 2011) and refined at 84 FR 28844 (June 20, 2019) recognizes that long-term recovery can be a lengthy process and an applicant's disaster-recovery needs can change at different points of time and after impacts from a subsequent disaster. A change in an applicant's circumstances, such as additional damages resulting from another hurricane or storm event, can affect an applicant's unmet need and

award calculations. Based on this guidance, it is possible to provide applicants with additional assistance for a later disaster or event damages if the following conditions can be met:

- The applicant can demonstrate tieback to the qualifying event (i.e. Hurricane Matthew or Florence);
- The applicant can demonstrate subsequent damages related to a later event; and
- The subsequent damage and re-evaluation of unmet needs occurs before the initial need for which the assistance was granted has been fully met (e.g., before the property was fully repaired).
    - For example, current participants in CDBG-DR programs subject to another disaster during the recovery period.

Note that this condition does not apply to applicants recovering from both Hurricane Matthew or Hurricane Florence, which are funded under separate CDBG-DR allocations and to which an applicant specifically requests funding related to one of those two disasters. Instead, this applies when an applicant is currently seeking CDBG-DR assistance and are in the middle of a CDBG-DR funded recovery effort when their unmet recovery needs change. An example of the application of Program policies regarding subsequent damages and duplication of benefits analysis follows below.

3.11 DOB Examples

3.11.1 Hurricane Matthew Applicant, Impacted by Hurricane Matthew Only

In this scenario, the applicant applied for and received assistance for only one qualifying disaster.

Step #	Description	Amount
1	Identify Applicant's Total Need Calculated at a Point in Time	
	Estimated cost of repair (ECR)	**$60,000**
2	Identify Total Assistance Available	
	Insurance for loss of contents from Hurricane Matthew	$5,000
	Insurance for damage to the home from Hurricane Matthew	$25,000
	FEMA Assistance received for Hurricane Matthew	$15,000
	Total Assistance	**$45,000**
3	Identify the Amount to Exclude as Non-Duplicative Assistance (Amounts used for a different purpose, or same purpose, different allowable use)	
	Insurance for loss of contents from Hurricane Matthew (not covered by CDBG-DR programs, i.e. different purpose)	$5,000
	Substantiated through a damage repair verification (DRV) inspection (same purpose, different allowable use)	$25,000

Step #	Description	Amount
	Total Non-Duplicative Exclusions	**$30,000**
4	Identify total DOB Amount (Total Assistance Minus Non-Duplicative Exclusions)	
	Total DOB Amount	**$15,000**
5	Calculate Maximum Award	
	Maximum Award	**$45,000**
6	Program Cap (if applicable)	
	Program Cap	**$70,000**
7	Final Award (Program Cap = Final Award if Maximum Award is equal to or greater than the Program Cap)	
	Final Award	**$45,000**

3.11.2 Hurricane Florence Applicant, Impacted by Hurricane Matthew and Florence

In this scenario, the applicant applied for assistance for Hurricane Florence and is eligible to be funded by the Hurricane Florence CDBG-DR program. Assistance received from Hurricane Matthew is not considered duplicative, as it is for a different loss for a different qualifying event for which the applicant is not seeking assistance.

Step #	Description	Amount
1	Identify Applicant's Total Need Calculated at a Point in Time	
	Estimated cost of repair (ECR)	**$20,000**
2	Identify Total Assistance Available	
	Insurance for loss of contents from Hurricane Matthew	$5,000
	Insurance for damage to the home from Hurricane Matthew	$25,000
	FEMA Assistance received for Hurricane Florence	$15,000
	Total Assistance	**$45,000**
3	Identify the Amount to Exclude as Non-Duplicative Assistance (Amounts used for a different purpose, or same purpose, different allowable use)	
	Insurance for loss of contents from Hurricane Matthew (different qualifying event and excluded as funds for a different purpose)	$5,000
	Insurance for damage to the home from Hurricane Matthew (different qualifying event, therefore different purpose)	$25,000

Step #	Description	Amount
	Substantiated through a damage repair verification (DRV) inspection after Florence (different allowable use)	$10,000
	Total Non-Duplicative Exclusions	**$40,000**
4	Identify total DOB Amount (Total Assistance Minus Non-Duplicative Exclusions)	
	Total DOB	**$5,000**
5	Calculate Maximum Award (Estimated Cost of Repair Minus Total DOB Amount)	
	Maximum Award	**$15,000**
6	Program Cap (if applicable)	
	Program Cap	**$20,000**
7	Final Award (Program Cap = Final Award if Maximum Award is equal to or greater than the Program Cap)	
	Final Award	**$15,000**

3.11.3 Hurricane Florence Applicant, Impacted by a future disaster

In this example, the applicant applied for Hurricane Florence assistance and was actively recovering in the CDBG-DR program when the disaster struck. The unmet need changes after the disaster, and if funds were received to recover post disaster those would also potentially duplicate Hurricane Florence funds.

Step #	Description	Amount
1	Identify Applicant's Total Need Calculated at a Point in Time	
	Estimated cost of repair (ECR)	**$20,000**
2	Identify Total Assistance Available	
	Insurance for loss of contents from Hurricane Florence	$5,000
	Insurance for damage to the home from Hurricane Florence	$25,000
	FEMA Assistance received for Hurricane Florence	$15,000
	Total Assistance	**$45,000**
3	Identify the Amount to Exclude as Non-Duplicative Assistance (Amounts used for a different purpose, or same purpose, different allowable use)	
	Insurance for loss of contents from Hurricane Florence (different purpose)	$5,000
	Substantiated through a damage repair verification (DRV) inspection after Florence (different allowable use)	$35,000
	Total Non-Duplicative Exclusions	**$40,000**

Step #	Description	Amount
4	Identify total DOB Amount (Total Assistance Minus Non-Duplicative Exclusions)	
	Total DOB	**$5,000**
5	Calculate Maximum Award (Estimated Cost of Repair Minus Total DOB Amount)	
	Maximum Award	**$15,000**
6	Program Cap (if applicable)	
	Program Cap	**$20,000**
7	**Demonstrated Additional Unmet Need**: A new damage inspection reveals $5,000 in new damage to repair.	
	Additional Unmet Need	**$5,000**
	Calculate Revised Maximum Award (Maximum Award Plus Additional Unmet Need)	
	Revised Award	**$20,000**
8	Program Cap (if applicable)	
	Program Cap	**$20,000**
	Final Award (Program Cap = Final Award if Revised Maximum Award is equal to or greater than the Program Cap**)**	
	Final Award The new Final Award includes the necessary repair amount after the new disaster	**$20,000**

3.12 Grant Agreements

All applicants receiving assistance will be required to sign a grant agreement that includes language prohibiting the receipt of duplicative assistance. The grant agreement contains a subrogation clause that gives the Program the right to collect any duplicative payments that are received after an award is made. As part of this agreement, applicants must agree they will report receiving benefits by emailing or calling within one month of receipt of additional proceeds and/or benefits. If the applicant fails to report additional insurance proceeds or other disaster benefits, NCORR may require immediate repayment in full of the entire grant amount provided by NCORR.

Recipients of assistance must report any home damage-related assistance they receive for one year after the award of Program funds or at program closeout, whichever is sooner.

3.13 Subrogation Agreement

All duplicative funding received must be remitted to or accounted for, regardless of when the applicant received it. If applicants receive additional funding for the same purpose as the Homeowner Recovery Program award (permanent repair to property), even after an award is

executed, the applicant is required to report the additional funding to the Program. By accepting the award, applicants agree that they will report any duplicative funds to the Program whenever received. Upon receipt of a report that benefits have been received that were not reported in the grant calculation, the Program will recalculate the applicant's award and provide instructions as to whether such funds must be used in construction prior to additional funding by the Program, whether the applicant's award will be reduced by such amount, or whether the applicant must remit such amounts to the Program.

3.14 DOB Due Diligence and Monitoring

NCORR may re-review duplication of benefits received by the applicant at project closeout. NCORR is required to monitor DOB for a period of time after project completion, in accordance with the subrogation agreement. The applicant must repay any assistance later received for the same purpose as those awarded through CDBG-DR funds. For more information, refer to HUD's *Duplication of Benefits Policy Guidance* at 81 FR 83254 (November 21, 2016), 76 FR 71060 (November 16, 2011), and 84 FR 28836 (June 20, 2019).

4.0 Inspections and Environmental Review

4.1 Inspections for Rehabilitation Assessment

The application will be assigned to an initial site inspection of the applicant's home, as well as a lead-based paint and asbestos containing material assessment. These inspections may be scheduled and conducted at any point in the applicant process and the application itself does not need to be in Step 4 in the system of record for this work to begin. Inspectors shall follow a standard operating procedure to ensure accurate and consistent inspections.

4.2 Damage Repair Verification (DRV) and Estimated Cost of Repairs (ECR)

As a result of the initial damage inspection, the damage inspector will produce the Damage Repair Verification (DRV), which verifies and estimates the amount of repairs previously completed to the home, and the Estimated Cost of Repair (ECR) for the amount of repairs necessary to bring the home to program standards.

All property improvements identified in the DRV and ECR address code violations, include Green Building Energy Requirements, eliminate housing deficiencies that are not in conformance with decent, safe, and sanitary dwellings, and promote mitigation and resiliency. It is important to note that assessors do not evaluate structural damages to a home but do identify and record the potential or presence of such damages. The Program will arrange for a licensed, structural engineer to evaluate any indications of structural damage observed or suspected by either the applicant or the damage assessor. Damage Repair Verifications are conducted in accordance with program SOPs. The product of the damage inspector is a documented line-item-by-line-item estimate of the repairs completed as well as those needed as observed during the site visit to the applicant's home. The calculation quantifies materials and labor necessary for repairs.

The DRV and ECR are based upon Standard Grade materials within the cost estimates. The DRV and ECR costs are based on construction industry software (Xactimate), which collects costs for materials, labor, and equipment in the area in order to arrive at an accurate estimate of repairs.

4.2.1 General DRV and ECR Requirements

General DRV and ECR requirements are as follows:

- All improvements must be physically attached to the property and permanent in nature. Site work is eligible only if the applicant's home also receives rehabilitation or reconstruction services, and if the improvement will correct a threat to health and safety.

- All threats to health and safety must be completed before general improvements. These include lead-based paint and asbestos remediation, building code and decent, safe, and sanitary dwelling violations, as well as any site work needed to stabilize the property, control erosion, correct drainage problems, and protect the home from future flooding.
- Exterior work includes roofing, foundations, paint or siding, non-public sidewalks, site grading (to control flooding), utility connections (from property line to the adjacent street), elevation of mechanical and electric systems, septic systems, well water systems, doors, locks, skirting, leveling, and bracing.
- Interior work includes electrical repairs or rewiring, plumbing, replacement of flooring where it poses a hazard, doors, locks, painting, abatement of lead-based paint and/or asbestos, replacement of inoperable built-in appliances and the installation of damage vents in basements and crawl spaces.
- Incorporating Green Building Requirements (GBR) to include weatherization, and other energy conservation measures such as insulation, caulking, weather stripping, ENERGY STAR appliances, and repair and replacement of windows, doors, and heating systems.
- Modification of project scopes to aid the mobility of the elderly and physically disabled such as installing accessible showers, lever hardware, and ramps; retrofitting toilets to achieve adequate height; moving power points and light switches; widening doorways; and lowering sinks in kitchens and bathrooms.
- The inspection of lead-based paint hazards complies with the Lead Safe Housing Rule (LSHR) (24 CFR § 35, subparts B-R). Where such hazards are detected, the homeowner(s) will be notified, and appropriate steps will be taken to mitigate dangers from lead-based paint.
- All structures must be inspected for asbestos-containing material as determined by the HRP.

4.2.2 Ineligible DRV and ECR Items

In general, the following items will not be included in the DRV or ECR:

- Repair or replacement of detached structures such as carports, sheds, garages, swimming pools, decks, or fences (detached garage repairs or demolition will only be included when required by local codes).
- Any repairs in excess of mid-grade materials. Repairs using materials greater than mid-grade are calculated at the cost of the mid-grade material.
- Public sidewalks, driveways, roads, and streets (unless addressing access, health, or safety).

A complete list is found in the Program Damage Assessment Standard Operating Procedures.

4.3 Asbestos and Lead-Based Paint Inspections

All structures must be inspected for asbestos-containing material as determined by the HRP. The inspection of lead-based paint hazards complies with the Lead Safe Housing Rule (LSHR) (24 CFR § 35, subparts B-R). Where such hazards are detected, the homeowner(s) will be notified, and appropriate steps will be taken to mitigate dangers from lead-based paint. Certified inspectors will conduct an asbestos inspection (ABS) for all properties and a lead-based paint inspection (LBP) for all structures built prior to 1978.

For each of the ABS and LBP inspections, the assessor will produce a separated ECR for the scope and estimated cost of repairs necessary to remediate the asbestos or lead-based paint hazards discovered.

4.3.1 Lead-based Paint

4.3.1.1 Lead-safe Certification

At intake, all households in occupancy (owner and tenant occupied) of a CDBG-DR-assisted home shall receive a copy of *Protect your Family from Lead booklet*. The *Lead-Safe Certified Guide to Renovate Right* brochure will be provided by the general contractor 90 days prior to the start of construction. Additional copies will be made available at the centers upon request. The brochure is also available on-line at https://www.epa.gov/sites/production/files/documents/renovaterightbrochure.pdf.

4.3.1.2 Lead-based Paint Risk Assessment

A lead-based paint risk assessment will be conducted on all homes constructed prior to 1978. Prior to estimating the cost of the repairs, the Program will make every attempt to confirm a property's date of construction. Documentation of identified sources used to determine the age of structure will be maintained with the project file.

The risk assessment will be performed by a certified risk assessor. Once complete, a copy of the completed risk assessment must be provided to all occupants residing in the structure within 15 days. In addition, a notice to occupants of hazard reduction activity (with information specified in 24 CFR § 35.125(b)) must be provided within 15 calendar days after the hazard reduction work has been completed. For non-abatement projects covered by the EPA's RRP Rule and not HUD's LSHR, if dust clearance sampling is performed instead of cleaning verification, the renovation firm must provide a copy of the dust sampling report to the person who contracted for the renovation sooner than 30 days after the renovation has been completed.

At the initial site inspection, if the property is determined with a high level of certainty to require reconstruction (e.g., it is destroyed or structurally unsafe to enter, or existing conditions are such that the building cannot be rehabilitated), a lead-based paint Risk Assessment will not

be conducted unless the determination of reconstruction is changed to rehabilitation. Best management practices are to be utilized during reconstruction.

4.3.1.3 Homes with Lead-Based Paint

If the Risk Assessment identifies the presence of lead-based paint, the Risk Assessor shall ensure that the remediation and clearance of lead-based hazards are properly incorporated into the scope of work for the property.

All firms performing, offering, or claiming to perform renovations, repairs, or rehabilitation for compensation on properties constructed pre-January 1, 1978 must comply with the EPA's Renovation, Repair, and Painting rule and the EPA's Lead Pre-Renovation Education rule. This means that all general contractors performing rehabilitation on Homeowner Recovery Program properties that are pre-1978 housing must be an EPA-certified firm or procure a North Carolina state-certified abatement firm to conduct the abatement work. A copy of the general contractor and/or lead-based paint abatement firm's lead-based paint certifications and certifications of their lead abatement supervisor and workers will be uploaded to the applicant's file.

In accordance with 25 CFR § 35.930(c), a residential property receiving an average of more than $5,000 and up to $25,000 per unit in federal rehabilitation assistance will include a scope of work to perform interim controls of all presumed lead-based paint hazards, implement safe work practices during rehabilitation work, and repair any paint that is disturbed and is known or presumed to be lead-based paint. In accordance with 24 CFR § 35.1330(d)(f)(1) and (2), soil-lead hazards and abatement interim controls will be utilized to control soil-lead hazards.

In accordance with 24 CFR § 35.930(d), for residential properties receiving $25,000 or more in federal rehabilitation assistance (which includes reimbursement), the Risk Assessor will develop a scope of work that includes the abatement of all lead-based paint hazards identified from the lead risk assessment. All lead-based paint hazard abatement work will comply with HUD and EPA regulations. If the findings of the lead-based paint survey include material removal and disposal, this scope of work will be incorporated into a separate ECR and made available for the applicant and general contractor. All lead-based paint surveys, licenses, and certifications must be uploaded to the applicant's file.

As all rehabilitation projects managed by the Program are funded with federal assistance, clearance examination is required for all structures that have not been determined to be free of lead-based paint (24 CFR § 35.1340). At the conclusion of all rehabilitation activities, including (if required) lead-based paint hazard abatement, the general contractor must request a clearance examination from the construction team. The construction team will be responsible for obtaining clearance. A copy of the lead hazard reduction or abatement report and a clearance letter or abatement report obtained from the third-party risk assessor must be provided to all occupants residing in the structure within 15 days.

4.3.2 Asbestos-containing Materials (ACM)

4.3.2.1 Asbestos Survey and Testing

In order to comply with North Carolina requirements, an asbestos survey is performed for all structures by a certified asbestos inspector. A copy of the asbestos inspector's certification must be attached to the asbestos survey and must have been current at the time of inspection.

4.3.2.1.1 Demolition and ACM

In accordance with federal and state laws and regulations, when demolition (as defined in NESHAP, 40 CFR § 61.141) is required, a qualified asbestos inspector must perform a comprehensive building asbestos survey that is based on a thorough inspection to identify the location and condition of asbestos-containing materials which may be disturbed during the demolition of all or part of the structure. If the findings of the asbestos survey include asbestos-containing material removal and disposal, this scope of work will be incorporated into a separate ECR and made available for the applicant and general contractor. All asbestos surveys, licenses, and certifications must be uploaded to the applicant's file.

NCORR is responsible for ensuring the procurement of a North Carolina state-certified asbestos supervisor(s) and providing notification to the State Health Hazards Control Unit (HHCU) before all demolition (as defined in NESHAP 40 CFR § 61.141) work is commenced. This notification is in addition to any other demolition permits that may be issued by other local municipal or county offices. The notification must be postmarked or received by the HHCU at least 10 working days prior to the commencement of the demolition activity. A demolition notification is required, even if no asbestos was identified by the facility/building inspection.

4.3.2.1.2 Renovation and Rehabilitation and ACM

For all renovation and rehabilitation projects, the Program will provide a qualified asbestos inspector to conduct an asbestos survey. If the findings of the asbestos testing identify asbestos-containing material for removal and disposal, this scope of work will be incorporated into the ECR and made available for the applicant and general contractor. In addition, the general contractor must contract with a NC-accredited asbestos professional to rehabilitate the home following guidelines set forth from the HHCU. A copy of the firm's license and worker certifications must be provided to the Program by the general contractor prior to commencing work on the home. All asbestos testing results, licenses, and certifications must be uploaded to the applicant's file.

4.3.2.2 Asbestos Removal and Disposal

Asbestos-containing materials that are friable, or that will be disturbed or removed by the renovation or demolition must be removed and disposed of in accordance with federal and state regulations by firms and individuals properly licensed for the work. If asbestos-containing materials should become apparent once construction begins or additional construction scope is required, procedures aligned with state and local—as well as HUD and EPA—abatement procedures will be followed. Costs for additional assessment and/or removal will be reimbursable as a change order to the general contractor. All asbestos abatement will be done

in accordance with EPA rules and regulations and the general contractor will be required to provide the Program with a copy of the disposal manifest for all asbestos-containing materials removed from the site as a condition precedent to final payment. A copy of the manifest will be uploaded to the applicant's file.

4.3.3 Mold Assessment and Remediation

4.3.3.1 Mold Assessment and Testing

Mold assessment and/or testing of the existing structure are not performed on reconstruction projects.

All rehabilitation or repair projects require a visual assessment for mold by the damage assessor. If a visual inspection reveals the presence of mold, additional testing is not necessary unless recommended by the damage assessor. If necessary, the Program will provide a qualified professional mold remediation firm or individual to perform testing for mold. Testing services will only be provided to homeowners who have been approved for participation in the Rehabilitation, Reconstruction, or MHU Repair Programs.

4.3.3.2 Mold Remediation

Currently, no governing standards establish acceptable levels of mold spores in the indoor air or on surfaces. Mold is present everywhere in the environment. For all projects, identified moisture sources should be eliminated prior to further remediation. Post-remediation dehumidification may be necessary to completely dry the remaining structural framing materials prior to construction. In cases where this occurs, the damage assessor will incorporate this into the Damage Assessment and damage inspection ECR. Mold will be required to be remediated by a general contractor when it is or was identified either at time of the initial inspection or during the general contractor's walk-through or construction. Materials harboring mold will be cleaned or replaced.

4.4 Emergency Repairs

Emergency repairs are warranted and allowable in the case of emergencies, disasters, or imminent threats to health and safety which warrant the taking of an action with significant environmental impact per 24 CFR §58.33(a). In accordance with HUD Guidance issued on December 11, 2012, Environmental Review Processing During Emergencies and Following Disasters under 24 CFR § 58, "Emergency Repairs" conducted in accordance with the exemption for improvement related to disasters" found at 24 CFR § 58.34 (a) (10) may not disqualify an applicant from participating in the program if they occurred after the applicant's date of application to the program. In general, emergency repairs are temporary or permanent improvements that do not alter environmental conditions and are limited to protection, repair, and restoration activities necessary only to control or arrest the effects from disasters or imminent threats to public safety including those resulting from physical deterioration. In order to meet the definition of emergency repairs, the following three (3) conditions must be met:

1. Emergency repairs "do not alter environmental conditions" including any of the following:
    i. Affect significant elements of properties listed on or eligible for listing on the National Register of Historic Places;
    ii. Replace, either through rebuilding or major rehabilitation of structures within a floodplain;
    iii. Involve inappropriate occupancy of a known hazardous site or site contiguous to a known hazardous site;
    iv. Involve work that could adversely impact the habitat of an endangered species; and
    v. Alter a buildings footprint.
2. Emergency repairs are "limited to protection, repair, or restoration activities necessary to control or arrest the effects." The activity does not include new additions, relocation, enlargements, demolition, or changes to the primary use of density of occupancy; and includes work that:
    i. Provides temporary protection from further damage to a building or that makes permanent repairs to a building or structure;
    ii. Is for the restoration of essential community services and related utilities and facilities to their condition prior to the disaster without significant change in size or capacity.
3. Emergency repairs are necessary "only to control or arrest the effects from a state or federally declared public disaster or imminent threats to the public safety including those resulting from physical deterioration."

Applicants who are identified as undertaking "emergency repairs" post application or prior to the initiation of construction activities, will be asked to submit documentation demonstrating compliance with HUD's definition. All documentation will be reviewed and approved by NCORR staff prior to issuance of an eligibility or appeals decision. All approved emergency repairs will be documented using the *Emergency Repair Approval Form*.

4.5 Environmental Review

Every project undertaken with CDBG-DR funds, including rehabilitation, reconstruction, and all activities related to that project are subject to the provisions of the *National Environmental Policy Act of 1969* (NEPA), as well as the HUD environmental review regulations at 24 CFR § 58. To comply with these requirements, the Program must:

- Complete the environmental review process prior to committing funds to an applicant's project through a contract, grant agreement, or disbursing funds; and

- Ensure that no work (other than "emergency repairs" as defined above) is started on an applicant's home, even if that work is completed with private funds, prior to the completion of the environmental review process.

Violations of these requirements may jeopardize federal funding to an applicant's project and result in disallowed costs that may have to be repaid or recaptured.

The environmental review process may be tiered, comprised of a Tier I and Tier II review, or a single site-specific review. The environmental review considers the site-specific impacts of each project in relation to floodplains and wetlands, wildlife, historical and cultural resources, and coastal zones along with other specific reviews. All mitigation requirements for a project are covered in the site-specific review.

4.6 Elevation Requirements

In accordance with HUD's Federal Register Notice, specific elevation requirements apply to all new construction, repair of substantial damage, or substantial improvement of structures located in an area delineated as a flood-hazard area or equivalent in FEMA's data source identified in 24 CFR § 55.2(b)(1).

All structures, defined at 44 CFR § 59.1, designed principally for residential use and located in the 100-year floodplain that receive assistance for new construction, repair of substantial damage, or substantial improvement, as defined at 24 CFR § 55.2(b)(10), must be elevated with the lowest floor, including the basement, at least two feet above the 100-year floodplain elevation (the base flood elevation, or BFE). Residential structures with no dwelling units below two feet above the 100-year floodplain must be elevated or flood proofed in accordance with FEMA flood proofing standards at 44 CFR § 60.3(c)(3)(ii) or successor standard up to at least two feet above the BFE. Local requirements may require additional elevation height (freeboard) and the higher standard of a local requirement prevails.

The definitions of "substantial damage" and substantial improvement are outlined in 44 CFR § 59.1 as transcribed below:

- "Substantial damage" means damage of any origin sustained by a structure whereby the cost of restoring the structure to its before damaged condition would equal or exceed 50 percent of the market value of the structure before the damage occurred."
- "Substantial improvement" means any reconstruction, rehabilitation, addition or other improvement to a structure, the total cost of which equals or exceeds 50 percent of the market value of the structure before the start of construction of the improvement.

4.6.1 Not Suitable for Rehabilitation

In the absence of a jurisdiction's determination on substantial damage or substantial improvement, the Program will use its threshold for "Not Suitable for Rehabilitation." The definition of Not Suitable for Rehabilitation is:

1. Properties with total damages (estimated cost of repair) greater than or equal to $20,000.
    - The damage threshold excludes asbestos and lead testing and removal/abatement, accessibility costs such as ramps and lifts, and approved change orders.
2. Properties that have been determined to be not suitable for rehabilitation by order of the local jurisdiction or are unsafe to inspect due to damage to the property.
3. Properties located within the FEMA-designated 100-year floodplain that are not currently elevated two feet above base flood elevation (BFE) or two feet above an interior high-water mark, in accordance with program elevation requirements.
    - Properties located within a Disaster Risk Reduction Area (DRRA) as formally adopted by NCORR, within or outside of the 100-year floodplain must also meet this requirement. DRRA adoption is effective as of the date that the DRRA was finalized by NCORR and approved by NCORR. Applicants who completed construction prior to the effective date of the DRRA, or applicants who are undergoing CDBG-DR funded construction (i.e. the contractor has been issued a notice to proceed) for rehabilitation, reconstruction, or MHU replacement prior to the date of DRRA adoption are not retroactively affected by the DRRA adoption.

The Program may support the reconstruction of a damaged property if the facts and circumstances of the recovery scope make reconstruction more feasible than rehabilitation, regardless of the criteria above. Determinations that a reconstruction or other recovery method is more feasible shall be documented in the application record.

4.6.2 Home Elevation

Applicants that meet the criteria to be elevated (defined below) are offered resilient reconstruction as an alternative to the elevation scope of work as of V5.0 of the HRP Manual. After a review of the average cost of elevation (including elevation design, engineering, and other "soft costs" of elevation), the average cost of repair, and a comparison to the cost of a comparable reconstruction, NCORR has determined that elevation is not a suitable alternative to reconstruction. This determination is based on the cost of elevation compared to a safer, more resilient, and mitigated reconstruction project. NCORR has accordingly adjusted the elevation program to be supplemental to the reconstruction program and is not offered as a part of the rehabilitation scope. However, applicants may appeal to have their property elevated as a part of a rehabilitation rather than reconstructed. In some instances, reconstruction will not be allowable (such as with historic properties), and elevation may need

to be pursued instead. NCORR will make determinations on these instances on a case-by-case basis.

Mandatory Elevation

- Properties located within the 100-year floodplain that meet the FEMA definition of substantially damaged, will be substantially improved, or meet the Program reconstruction threshold and not yet elevated two feet above base flood elevation (BFE) or two feet above an interior high-water mark.
    - Properties located within a Disaster Risk Reduction Area (DRRA) as formally adopted by NCORR, within or outside of the 100-year floodplain must also meet this requirement. DRRA adoption is effective as of the date that the DRRA was finalized by NCORR and approved by NCORR Senior Staff. Applicants who completed construction prior to the effective date of the DRRA, or applicants who are undergoing CDBG-DR funded construction (i.e. the contractor has been issued a notice to proceed) for rehabilitation, reconstruction, or MHU replacement prior to the date of DRRA adoption are not retroactively affected by the DRRA adoption.
- Properties that are required to be elevated by local ordinance or by the local code enforcement officials within and outside of the 100-year floodplain.

At a minimum, homes will be elevated to two feet above the BFE as required by HUD or at least two feet above documented interior water marks, whichever water level is highest and reasonable. Local requirements for elevations more than two feet above BFE prevail, where required. The Program is unable to elevate MHUs that are situated on leased land unless the permission of the landowner is secured.

Optional Elevation

- Properties outside of the 100-year floodplain that:
    - Are receiving a Reconstruction or MHU Replacement award; and
    - Sustained at least six inches of interior water damage during Hurricane Matthew or Hurricane Florence and/or sustained water damages from both Hurricanes Matthew and Florence due to flooding and not roof or other “horizontal” water penetration; and
    - Are considered to be “substantially damaged” or will be “substantially improved” by the Program, as determined by program policies or the local jurisdiction or meet the Program’s “not suitable for rehabilitation” threshold.

Only applicants with a Reconstruction or MHU Replacement award will be offered an optional elevation. Applicants outside of an area with a designated Base Flood Elevation (BFE) that request and qualify for optional elevation will be required to elevate their home at least two

feet above documented interior water marks. The Program is unable to elevate MHUs that are situated on leased land unless the permission of the landowner is secured. If permission cannot be secured, the applicant must forgo the optional elevation.

4.7 Green Building Requirements

All Program-funded properties must comply with green building standards as required by Federal Register Notices at 81 FR 83524 and as amended by later notice(s). To meet these requirements, NCORR documents the use of the applicable green building standard in each project file. For reconstruction projects, NCORR uses the *ENERGY STAR Certified Home Standard* or a standard which is equivalent or greater to the ENERGY STAR standard. The Energy Star Certified Checklist Certification is available at (http://d2se92fabdh4cm.cloudfront.net/wp-content/uploads/2018/01/17113234/Energy_Star_Certification_12-21-17.pdf). NCORR may update green building design standards from time to time in accordance with best practice, as required by HUD, and as set forth in contract agreements for new construction work to be performed. NCORR documents specific green building standards used in each file.

Rehabilitation projects must apply the *HUD CPD Green Building Retrofit Checklist* (https://www.hudexchange.info/resource/3684/guidance-on-the-cpd-green-building-checklist/). Green Building Standards will be applied as described below.

4.7.1 Reconstructed Homes

Homes reconstructed by the ReBuild NC Program will be designed to meet the *Energy Star Certified Home Standard* or alternate Green Building Design as recorded in the project file. As part of this process, all house plans available for selection will be reviewed and certified as compliant prior to use by the Program and all required materials, products, and labor needed to meet Green Building Standards will be properly scoped. Program inspectors will ensure that reconstructed homes meet checklist or other standard requirements by evaluating compliance with Green Building Standards at each construction draw request. A copy of the certified house plan and checklist will be uploaded to each applicant file prior to construction closeout. Contractors not adhering to these standards will be sanctioned by the program.

4.7.2 Rehabilitated Homes

All homes rehabilitated by the ReBuild NC Program will be scoped to meet the requirements of the *HUD CPD Green Building Retrofit Checklist* which requires Contractors to meet Green Building Standards when replacing items on the checklist as scoped in Xactimate. During the course of construction, contractors will be responsible for filling in information on the form and collecting all necessary documentation regarding materials used to rehabilitate the home in order to ensure that the Program is meeting the requirements of the *HUD Green Building Retrofit Checklist*. All items listed on the form that do not apply or are not being replaced should be marked as *not applicable* on this form. A copy of the completed checklist and documentation must be provided to the Construction team prior to the final inspection. As part of this process, the Contractor will be required to certify that the materials and or products

installed, as itemized in their ECR meet the Green Building Retrofit Checklist. In addition, Contractors are required to collect any material and or product specification sheets to support meeting the Green Building Standards and must submit them during the Construction Closeout Process. Contractors not adhering to these standards will be sanctioned by the program.

4.8 Pre-Construction Review

The pre-construction review will evaluate applications for construction by confirming assumptions related to the anticipated construction activities. This review will help the program determine which type of floor plan and award type can be offered to the applicant. A pre-construction review may result in a change in award type, floor plan size, and/or program eligibility. All proposed reconstruction or MHU replacement awards will receive a lot size and/or septic tank capacity evaluation if the proposed replacement is a larger size or includes additional bedrooms compared to the original unit. If issues are found during the lot size evaluation, then a more comprehensive pre-construction review may be needed. Pre-construction reviews may include the following:

- Lot size measurement;
- Septic tank capacity evaluation;
- Easement Evaluation (Only when prompted or this information is available);
- Encroachment Evaluation (Only when prompted or this information is available);
- Zoning Evaluation (Only when prompted or this information is available); and
- Any other obstacles to receiving a permit.

The program will use information provided by the county or municipality in which the damaged property is located to complete the pre-construction review. An applicant's application can be withdrawn from the program if the pre-construction review results determine that construction activities cannot be completed on the damage property.

5.0 Grant Determination

Once it has been determined that applicants are eligible for the Program, all funding considered to be duplication of benefits is verified, an ECR and DRV have been finalized, ABS and/or LBS inspections are complete, and the required environmental review has been completed, the Program will calculate the applicant's award type.

All grants below may also be accompanied by Flood Insurance Assistance (FIA) if qualifying conditions for that grant are met. Temporary Relocation Assistance (TRA) may be offered for all programs except for "reimbursement only" awards. A separate DOB calculation must be conducted for other applicant assistance that is considered duplicative to the FIA and/or TRA programs. Funding considered a DOB for FIA and TRA will reduce the amount of the applicant's assistance for these activities. Applicants who have a DOB amount exceeding the amount of the FIA and/or TRA assistance specifically will be ineligible for Program funding for these activities.

5.1 Reimbursement

A reimbursement award may be provided as a stand-alone award or as a part of a rehabilitation award. Reimbursement awards are not offered alongside MHU replacement or reconstruction awards. The amount of the reimbursement is capped at $70,000 and is calculated using the damage repair verification (DRV) minus any duplication of benefits identified during review. Some items do not have a comparable value in the DRV, such as an elevation or an MHU replacement and in such instances the program shall make a case-by-case determination of eligible cost for those items. Reimbursement awards will only be offered to applicants that are Low to Moderate income (LMI) or are experiencing a hardship.

5.2 Rehabilitation Only

If the construction intent for the property is rehabilitation, the starting point for calculating the applicant's rehabilitation or repair award is the Estimated Cost of Repair, which includes the gross amount of eligible prospective repairs needed to complete the rehabilitation of the home. This amount is then reduced by any funding determined to be a duplication of benefit. Program assistance is then capped at $20,000.

5.3 Reconstruction Awards

If the conditions of the property meet the definition of Not Suitable for Rehabilitation at Section above, the applicant's award calculation is the Reconstruction Estimate, which is calculated using the methodology below.

5.3.1 Reconstruction Estimate, Plans, and Specifications

The total reconstruction square footage is derived from the floor plan(s) commissioned by the Program that best fit the applicant's recovery needs. Program staff will select the floor plan(s) available following an evaluation to verify current household occupancy composition, pre-existing heated square footage, bedroom and bath composition, and determine eligible for the

selected floor plan(s) based on a best fit for the replacement. Eligible floor plans will be provided to homeowners for selection. In some instances, site-specific plans are necessitated by specific site conditions as identified by NCORR. A substitute floor plan may be created if it is physically impossible to fit an existing Program floor plan on the applicant's lot due to lot size or setback requirements.

Modular designs made available from a modular fabrication facility that do not match the design of the floor plans commissioned by the program are allowable and acceptable by the program as a substitute for commissioned floor plans.

The total under roof square footage of the eligible floor plan is then multiplied by the reasonable dollar-per-square-foot cost factor to establish a maximum replacement allowance for the home, plus a separate cost for elevation, if required.

Floor plan selection must be cost reasonable to the program and also include local, state, and/or federal building codes. If the applicant requests an escrow credit, the amount of the escrow credit is equivalent to the dollar per square foot cap multiplied by the difference in square footage from the floor plan that best fits the applicant's pre-existing square footage and household composition (number of bed and baths) compared to the final floor plan selection. The Program maintains a list of floor plans and may update that list from time to time. Applicants do not have color or material options during the floor plan selection process, but may coordinate such selections with the general contractor at the discretion of the contractor and availability of such selections. Modular home replacements of a stick built home are only offered based on the feasible delivery of a modular unit in a reasonable period of time.

The maximum award allowance includes the following reconstruction costs:

- Demolition of the existing structure and foundation
- Dumpsters for debris
- Excavation
- Temporary power
- Fencing
- Temporary toilets
- Sidewalks and/or pathways to the home
- Hydro seeding the lot
- Driveways
- Septic Systems
- Environmental abatement (if needed)
- ADA lifts and/or ramps (if needed)

The cost of elevation is not included in the award cap and is provided as a separate element of the total cost.

Reconstruction costs are based upon actual reconstruction bids that cannot exceed a reasonable $/SF. However, additional costs related to elevation may be added to the reconstruction costs, based upon the applicant's need and the actual costs for elevation.

Reconstruction estimates are performed on all homes and are the only type of estimate performed when a home is unsafe to enter or has been demolished or partially demolished.

- Unsafe Conditions: Unsafe conditions include structures whose load-bearing walls, columns, or other support components have been compromised; structures that have strong industrial or chemical odors or vapors emanating from the home; or structures that have been marked by the local, county or fire authority as being unsafe to enter. If any of these conditions or similar conditions exist, the damage assessor can, upon consultation with a supervisor and documentation in photos and a written description, limit the assessment to a reconstruction estimate. The files are required to be verified by the Program prior to a final award calculation. The assessor takes photos to document the condition and measures the footprint and area eligible for reconstruction
- Demolished structures: If a structure has been demolished or partially demolished, the assessor can conduct a reconstruction estimate only. The assessor takes photos to document the condition and measures the footprint and area eligible for reconstruction.

If the area eligible for reconstruction cannot be established by the assessor (for example a 100% destroyed home with a cleared foundation), the Program will work with the applicant to obtain the missing information from the following:

- Pre-flood appraisal or real estate sales documents.
- County tax assessor information.
- Insurance estimates.
- Photographs.
- Aerial photographs.

The Program may use other approved methods to establish eligible reconstruction area and the reconstruction estimate when documentation from onsite inspection is unavailable. Information collected to verify square footage of homes from sources other than the home estimate must be provided to the Program.

5.3.2 Reconstruction Award Calculation

The beginning point of the Reconstruction Award Calculation is the Reconstruction Estimate as determined in Section 5.3.1. This amount is then reduced by any funding determined to be a duplication of benefit.

5.4 MHU Repair Award

If damages to the applicant's post-1976 manufactured home are $5,000 or less, the starting point for calculating the applicant's repair award is the Estimated Cost of Repair, which includes the gross amount of eligible prospective repairs needed to complete the repair of the home. This amount is then reduced by any funding determined to be a DOB. Program assistance is then capped at $5,000. For applicants in the new round of applications in 2020, the cap remains $5,000 for single-wide and is capped at $10,000 for double-wide or larger MHUs. See Section 2.4.1 above.

5.5 MHU Replacement Award

Manufactured homes with more than $5,000 in repairs ($10,000 for double-wide or larger MHUs for the second round of applications in 2020) and/or manufactured homes constructed before enforcement of *Manufactured Home Construction and Safety Standards* (effective June 15, 1976), are eligible to be replaced. Applicants have an option to replace such homes with another manufactured home. See Section 2.4.1 above.

Activities ineligible for funding include:

- Replacement of manufactured homes located in the 100-year floodplain unless the manufactured home can meet elevation and local permitting requirements, *or* the replacement unit is relocated to another lot outside of the floodplain.
- Reimbursement for repairs made to the property to be replaced in excess of the total DOB received toward repairs for the property.

5.5.1 MHU Replacement Sizes and Awards

The Program will provide awards necessary to replace the MHU, including demolition and removal of the original structure. ADA compliant units are available for applicants that require those accommodations. Awards cover the cost of the unit as well as delivery, installation, and setup of the selected unit. Environmental remediation and accessibility features such as ramps or lifts are included in the award cost. An additional allowance is available for structural elevation. Funding considered to be a DOB will be deducted from the actual costs of purchasing the replacement home up to the program cap for assistance.

The replacement manufactured home will be a standard model that is comparable in size to the applicant's manufactured home (single-wide, double-wide, number of rooms, etc.). NCORR may offer a reasonably sized alternative of the replacement unit based on unit availability and manufacturer specifications. Detailed minimum build standards will be documented in the Construction Management Standard Operating Procedures (SOP). Applicants do not have color or material options during the MHU process but may coordinate such selections with the general contractor at the discretion of the contractor and availability of such selections. Modular home replacements of an MHU are only offered based on the feasible delivery of a modular unit in a reasonable period of time.

Additional requirements are as follows:

- Only standard-grade materials and fixtures will be allowed under the Program. However, some additional options may be allowed if the price does not exceed the maximum Program allowance.
- No special orders are allowed unless approved by NCORR on a case-by-case basis, subject to the maximum Program allowance. Options that may be considered are gutters, whole-house air conditioning, handicap modifications, and weatherization associated with Energy Star items such as windows and doors.
- The base purchase price of the replacement manufactured home must be equal to or less than the National Automobile Dealers Association (NADA) retail value. The Program will maintain a copy of the NADA valuation report in each applicant's file.
- The replacement home must be decent, safe and sanitary, functionally equivalent to the property, and adequate in size and layout for the household.

5.5.1.1 Manufactured Home Demolished Prior to Damage Inspection

If the manufactured home has already been removed or demolished the eligible assistance will be the costs associated with the replacement of the manufactured home. In this scenario, the applicant will be required to prove that the home was on the property as of October 8, 2016 or September 14, 2018. Such documentation may include such items as a FEMA damage assessment, utility bill at time of storm, original bill of sale, lot rental payments (if owner rented land), or property tax records (if manufactured homeowner owned the underlying land), applicant photographs, and/or demolition or salvage bill for haul-off and destruction of the flooded manufactured home. This list is not comprehensive, but it is intended to illustrate the types of information that would substantiate the applicant's claim that the home was present on the property during the required time period.

Program damage inspectors will observe site conditions to document any indication that a manufactured home previously occupied the footprint indicated by the applicant. Program staff members may seek to obtain aerial imagery from Google Earth or similar services to identify whether a unit existed at the time of the hurricane. If additional verification is needed, applicants are responsible for providing all necessary proof that the original structure was present prior to October 8, 2016 or September 14, 2018, and that the structure was removed. The applicant must prove ownership and occupancy of the original structure at the time of the hurricane.

5.5.1.2 Purchase Process for Replacement Manufactured Home

The Program has pre-qualified prime contractors to demolish manufactured homes, prepare the site for new manufactured home, and installation of the new manufactured home. Services provided include replacement of single and double wide MHUs standard units as well as units meeting ADA compliance requirements. The scope of work for each repaired structure will vary and may include the following:

- Permitting and occupancy approvals;
- POD delivery, pickup, and management;
- Move out coordination with the property owner;
- Utility disconnection and deactivation;
- Demolition of existing structure;
- *Americans with Disabilities Act* (ADA) compliance or other accessibility requirement, where required;
- Servicing or repairing wells and septic systems;
- Debris removal in accordance with all Federal, State and local requirements, including the disposal of potential asbestos containing materials;
- Site preparation;
- Replacement and installation of MHU in accordance with all applicable local and state codes and standards; and
- Survey/Elevation certificate requirements.

Applicants eligible to receive a replacement manufactured home must submit a *Manufactured Home Replacement Form*. This form is available on the ReBuild NC website.

5.5.1.3 Elevation of Manufactured Homes

The Program will provide additional funds in excess of the maximum manufactured home replacement allowance for home elevation if elevation is required or if the applicant is eligible for optional elevation. The Program will provide the actual cost of elevation, not to exceed a program-defined maximum elevation cost for MHU replacement.

Manufactured home elevation will be provided using CMU blocks, pilings, or other approved construction methods, but the Program will not pay for elevation by fill. Applicants who have purchased a replacement manufactured home within a SFHA and have not elevated the home to the requirement of two feet above the base flood elevation can qualify for Program elevation assistance to include elevation funding.

The Program assesses the feasibility and cost reasonableness of elevating MHU located on leased land on a case-by-case basis. When the elevation of an MHU on leased land is determined to not be feasible or cost reasonable, the Program seeks alternative solutions which can include allowing the applicant to provide an alternative site for the installation of the replacement MHU. Relocating to an alternative site is only permissible if the new site is ready for installation of the MHU. Development of the land, including laying new utilities, is not permissible.

5.6 Elevation

Applicant(s) may be eligible for elevation assistance for reconstruction if, in addition to meeting all other Program eligibility requirements, the property meets the mandatory or optional elevation requirements at Section 4.6. Note that elevation assistance is only offered for reconstruction or MHU replacement projects. The Program reviews appeals for rehabilitations with elevation on a case-by-case basis, in consideration of the facts and circumstances of each appeal. Elevated reconstruction is offered when a property has been substantially damaged, will be substantially improved, or if the property meets the reconstruction threshold, as determined by the Program or the local jurisdiction. The local jurisdiction, through the code enforcement, permitting and planning, or floodplain management departments, may make determinations on substantial damage and substantial repair. The definition of substantial damage and substantial improvements are set at 44 CFR § 59.1.

If an applicant is deemed eligible for elevation assistance, the applicant is required to reconstruct or accept an MHU replacement and elevate to participate in the Program, and the applicant's commitment to elevate will be a condition to the receipt of any other Program grant award. In addition, all properties located in the floodplain which are required to be elevated by local ordinance and/or the local code enforcement officials will be reconstructed or replaced and elevated to required height.

5.6.1 Eligible and Excluded Elevation Costs

Eligible costs for elevating homes must result in the elevation of the property address and associated components to two feet above the base flood elevation and to bring the structure into compliance with applicable codes, ordinances, and standards as needed.

5.6.1.1 Eligible Elevation Costs

Eligible activities and costs related to home elevation include the following:

- Disconnection of all utilities.
- Installation and removal of beams for lifting the home.
- Cribbing for a raised house while the foundation is being built.
- Building the foundation so that the lowest floor is two feet above the 100-year base flood elevation; financial assistance will also be provided for work to bring the housing into compliance with applicable codes, ordinances, and standards as needed
- Lowering the house onto the foundation.
- Seismic retrofitting of the elevated foundation, including attachment of the home to the foundation.

- Reconnecting utilities, including extending lines and pipes if necessary and elevating all utilities, service equipment, and mechanical systems (A/C unit, hot water heater, furnace, outlets for electricity, etc.).
- Providing meter-reader access if necessary.
- Permanently fixing improvements.

Additions to the habitable space of the structure may be eligible for assistance only in the following instances:

- Construction of a utility room above base flood elevation where utilities cannot be stored in the house or there is no other cost-effective way to elevate the utilities. If space must be constructed, it should not be greater than 100 square feet.
- Elevation of an existing deck, porch, or stairs or construction of a new set of steps per minimum code requirements.
- Where a homeowner or members of the family are physically disabled, multiple special access points are eligible for funding where necessary to meet compliance with code. Where ramps are used to provide access, they should be designed to meet federal standards for slope and width.

Other eligible assistance will be provided to replace, restore, or repair the structure in the following instances:

- Repair to the foundation where it is necessary for the safe elevation of the structure.
- Replacement of termite-damaged or dry-rotted wood framing when associated with elevation or if required for recommended seismic bolting or bracing.
- Minimum costs of exterior sheathing associated with materials damaged or removed during the elevation process only (exterior finish must meet standards for NFIP damage- resistant materials and local code).
- Insulation for pipes when required by local codes and standards.
- Seismic upgrades per local and/or state codes as required, including bolting structure to foundation and crippling walls.
- Rough grade of yard and seeding of grass if damaged by equipment during the elevation process or where the elevation action affects slopes.
- Miscellaneous items such as sidewalks and driveways.

5.6.1.2 Ineligible Elevation Costs

Ineligible improvements and costs include the following:

- Structures not considered the primary residence (e.g., detached garages, sheds, and/or barns).
- Additions, expansions, or elevations of appurtenances, except as noted above.
- Rehabilitation deemed damaging to the historical character or value of a structureby the State Historic Preservation Officer (SHPO).
- Repair or replacement of non-essential or luxury items, such as swimming pools or Jacuzzis.
- Secondary residences (e.g., summer homes and guest cottages not used as permanent, year-round dwellings).
- Properties located in the regulatory floodway or on federal leased land.
- Elevation of a masonry chimney.

If a fireplace is the sole source of heating, funds will be used to purchase andinstall an adequate heating system that meets the minimum local building code requirements.

- Additional costs to repair existing underground utility lines that have deteriorated or do not meet code requirements, where such lines are not the responsibility of the utility company.
- Costs to elevate significantly higher than the standard two feet above base flood elevation unless part of a local government building code or ordinance and approved by the state with receipt of documentation describing the rationale.

The rationale and approval are included as part of the applicant file.

- Landscaping costs except as noted above.
- Costs to make improvements in cases where existing floor systems have been inadequately designed or constructed with undersized materials.
- Costs for replacement of utility service components that are undersized, have inadequate capacity, or are unsafe, unless directly related to the action of elevating (e.g., wells, pumps).
- New furnaces except as noted above.

5.6.2 Elevation Cap - Rehabilitation

Generally, elevation is not offered for rehabilitation projects. However, in some instances, participants in the Program may receive assistance for eligible elevation costs in addition to other assistance for rehabilitation for which the applicant may otherwise be eligible. These instances are rare and ordinarily limited to scenarios where a reconstruction is not possible or feasible. The elevation cost cap is included in the Elevation Program Standard Operating Procedures (SOP) and is informed by an analysis of the actual costs of elevation.

The elevation cost cap includes pre-construction, design and engineering, permitting, and other required non-construction costs. Where unusual or unpredictable site conditions cause an increase in costs above the cap amount, it is incumbent on the elevation vendor to document and demonstrate why an increase in the elevation cost above the cap is necessary and reasonable to complete the elevation. The elevation vendor must provide an engineer or architect's report supporting increased costs for the elevation to the Program. The report must include an architect or engineer's stamp. The NCORR Construction Management vendor reviews the elevation vendor's support and determines if the support is adequate to justify an increased cost for elevation. The Construction Management vendor may review the elevation vendor, engineer, or architect's claim in the context of known site conditions, such as field inspection reports and environmental review information to verify.

During review of the elevation vendor's proposed elevation costs, NCORR will compare costs across multiple vendors or to similar projects which have been successfully completed to select the most cost reasonable elevation solution. NCORR also reserves the right to present a homeowner with excessive elevation costs with mitigation alternatives, such as strategic buyout or resilient reconstruction.

For the elevation cost cap, eligible square footage is considered to be all square footage under roof. This includes integrally attached sunrooms and porches. Ineligible square footage includes detached structures, decks not under contiguous roof, and areas beneath aluminum awnings.

Two or more story structures are not calculated differently than single-story structures. Steps and landings which must be removed and replaced during the course of the elevation are not included in the elevation square footage calculation but are an eligible scope of work and captured within the elevation cost cap based on the $/SF allowance. For non-typical scope items such as elevating chimneys or for exceptions to the square footage policy, an engineer's justification for scope and estimated cost are required. These items are reviewed in accordance with the policy for costs above the $/SF cap.

Federally assisted structure elevations must comply with all Section 504 and Americans with Disabilities Act (ADA) requirements, if applicable, when elevated. Handicap access must be provided if supported by a Doctor's formal recommendation. In the instance of Section 504 and ADA compliant units, a 504/ADA design certification by the architect must be provided at project completion. The method of accessibility is to be determined by the architect and/or engineer's judgement on feasibility based on the elevation height and site conditions. Handicap access is in addition to the $/SF allowance.

The elevation cost cap for MHU replacement is consistent with Section 5.6.3 Elevation Cap - Reconstruction below. The elevation cost cap includes all eligible elevation costs as set forth in Section 5.6.1 above5.6.1 and all subsections.

5.6.3 Elevation Cap - Reconstruction

The elevation assistance award cap for reconstruction is separate from the reconstruction award. NCORR may assess the cost of elevating a reconstructed home and award greater than the elevation award cap if the costs to do so are determined to be necessary and reasonable to complete the reconstruction to the required elevation height. The award cap includes pre-construction, design and engineering, permitting, and other required non-construction costs. Where unusual or unpredictable site conditions cause an increase in costs above the cap, it is incumbent on the reconstruction vendor to document and demonstrate why an increase in the elevation cost above the cap is necessary and reasonable to complete the reconstruction at the required height. The reconstruction vendor must provide an engineer or architect's report supporting increased costs for the elevation portion of the scope of work. The report must include an architect or engineer's stamp. The NCORR Construction Management vendor reviews the reconstruction vendor's support and determines if the support is adequate to justify an increased elevation cost. The Construction Management vendor may review the reconstruction vendor, engineer, or architect's claim in the context of known site conditions, such as field inspection reports and environmental review information to verify. The Construction Management contractor presents the findings of the review to the NCORR Program Delivery Team for final approval of costs above the cap.

5.7 Award Packet

Once an applicant's award has been calculated, the Program shall notify the applicant in writing of the award and provide notice about which program track is most appropriate for the applicant (rehabilitation or reconstruction/replacement). Forgivable loans may be offered to eligible applicants and will be included in the award packet. If the applicant is not eligible for a forgivable loan, the escrow must be paid before the application proceeds to Step 6 of the Program. A final award packet will be sent to the applicant that contains an award letter, appeal information, documents related to escrow if applicable, and the Homeowner Grant Agreement (HOGA).

Upon receiving their final award packet, the Program offers the applicant the options to either:

- Accept the award type;
- Appeal the award; or
- Refuse the award.

In all cases the applicant will be offered an award consultation from the Program for further explanation of the award. If the applicant elects to appeal the award calculation, they must file a written appeal and should include documentation such as detailed insurance documents, contracts, or receipts to support their appeal. If the applicant refuses the award, they will be administratively withdrawn from the program.

5.7.1 Award Signing

Applicants will be offered the option to receive their final award packet, and the opportunity to execute the HOGA and other documents requiring signature, either via electronic execution, in person at a ReBuild NC Center, or by a mail-away signing. The final award packet may be provided to the email address provided by the applicant in the Program application, if any. In the absence of a valid email address provided by any applicant, the Program may provide the final award packet via any nationally recognized courier service, standard ground delivery to the mailing address provided by any applicant in connection with his or her Program application. The Program will accept properly executed power of attorney documents to assist applicants who cannot execute any of the documents that require signing via one of the available document execution options.

The Grant Agreement (HOGA) requires applicants to comply with Program requirements. An applicant or co-applicant may sing the homeowner grant agreement. The Program will require that applicants disclose all owners at the time of application. Sample grant agreements are available on the ReBuild NC website.

Applicants confirm the following in the Homeowner Grant Agreement or upon grant agreement signing:

- Confirm that they owned the property at the time of the qualifying event and still own the property. Further, they have not received notices of default or seizure related to taxes, mortgage, or title;
- Confirm that they occupy the property as their primary residence;
- Confirm that they are lawfully present;
- Agree to the subrogation requirements; and
- Execute other program documents as necessary.

Any self-certified information may be investigated by the Program, HUD, or other entities at a later date. Applicants are under an obligation to comply with any Program request for verifying documentation that supports a self-certification, even after awards have been granted and the applicant's file has been closed. Applicants whose property is located within the special flood hazard area are required to obtain and maintain flood insurance on their property. Failure to maintain flood insurance on the property will result in the property being disqualified from receiving any future federal disaster recovery assistance.

5.8 Funds Disbursement

5.8.1 Rehabilitation, Reconstruction, or MHU Repair/Replacement Activities

Once all required program agreements and contracts are fully executed, Program disbursements for rehabilitation and repair work will be made by NCORR directly to the general contractor. Payments will be made in prescribed draw intervals as construction on the applicant's project is completed and inspected.

5.8.2 Flood Insurance Assistance (FIA)

5.8.2.1 New Policy Coverage

Applicants eligible for FIA will be required to obtain a quote for a flood insurance policy from the carrier of their choice and submit the policy quote to the Program at project completion. The Program will evaluate the quote for sufficiency of coverage. If it is determined that the quote does not meet the FIA guidelines, the Program will advise the applicant that the requested policy coverage does not meet Program guidelines. In addition, they will be provided with instructions to obtain the required amount and timeframe for coverage.

Once it has been confirmed that the requested coverage meets FIA guidelines, the Program will make the flood insurance premium payment directly to the carrier underwriting the policy.

5.8.2.2 Reimbursement for Purchased Insurance

Applicants who are eligible for reimbursement for flood insurance previously purchased must submit evidence documenting the proof of purchase of flood insurance for the FIA required amount and duration of coverage. If it is determined that the quote provided does not meet the FIA guidelines, the Program will advise the applicant that the requested policy coverage does not meet Program guidelines. In addition, they will be provided with instructions to obtain the required amount and timeframe for coverage.

Applicants who previously purchased flood insurance but who must purchase supplemental coverage to cover the dwelling and/or required duration will follow the process listed above for "New Policy Coverage." Applicants who previously purchased flood insurance that was in effect at the time of grant agreement execution will be eligible for reimbursement of the existing policy premium using a pro-rata calculation and also a supplemental payment to cover flood insurance premiums meeting FIA requirements.

5.8.2.3 Timing

For properties in the 100-year floodplain, evidence that the property is covered by flood insurance must be confirmed before project closeout. Applicants who must maintain flood insurance as a condition of receiving previous federal assistance must provide flood insurance prior to grant agreement signing. A declaration sheet, ACORD form describing the coverage, an

application for flood insurance along with a paid receipt from the applicant's insurance company, or other third-party verification will be sufficient evidence to satisfy this requirement.

5.8.3 Temporary Relocation Assistance

Temporary Relocation Assistance will be paid in accordance with the NCORR *Optional Relocation Procedures*. Eligible applicants who are required to vacate their home during the Program construction will be assigned to a Program TRA staff who will provide advance notice of the move out date and guidance for participation in that program based on their relocation type.

5.9 Forgivable Loans

A Forgivable loan is an unsecured loan with a 0% interest rate and is offered to aid with escrow owed. Escrow is calculated by subtracting the duplication of benefits (DOB) amount by the damage repair verification (DRV) amount. Forgivable loans cover reasonable escrow shortfalls where the applicant for assistance used their funds for other recovery needs. Small and Large Forgivable loans can be offered during the award process if eligible and will be included in the award packet if applicable.

Small loans are typically a 12-month term up to $5,000. A large loan is typically four years and up to $50,000. Specific loan details are included in the loan agreement for each participating applicant.

LMI applicants and those with a demonstrated hardship are eligible to receive a forgivable loan if escrow is less than $50,000. The forgivable loan repayment period will not start until construction is completed.

6.0 Contractor Selection

The Program manages a pre-qualified pool of general contractors to complete construction on applicant homes. The construction team is responsible for the following:

- Reviewing general contractor qualifications, capacity, and performance.
- Assigning applicant projects under a state-defined dollar threshold to pre-qualified general contractors. A mini-bid process will be used for applicant projects equal to or exceeding that threshold.
- Acting as a construction team for all applicant assigned projects.
- Coordinating Program inspections at intervals during the construction process.
- Reviewing payment requests and change orders submitted by the general contractor.
- Conducting final inspection reports to ensure the scope of work is complete and complies with Program requirements.

6.1 Selection of General Contractor Pool

The Program issued a Request for Prequalification to establish a pool of prequalified general contractors. Contractors were evaluated based on criteria such as:

- Demonstrated experience with residential rehabilitation, reconstruction, environmental mitigation (e.g. abatement of lead, asbestos, mold, soil contamination, well-water contamination) elevation and manufactured housing units.
- Demonstrated experience with local, Federal, and State statutory requirements for grants, especially U.S. Housing and Urban Development CDBG-DR, Federal Emergency Management Administration grant programs or local government disaster recovery programs and/or experience with HUD public housing programs.

While the prequalification list remains in effect, ReBuild NC may release bid packages through the North Carolina Interactive Purchasing System (IPS) to encourage greater competition in the selection of qualified contractors. Pre-qualified contractors may also be assigned work in accordance with its procurement processes and using the authority provided to it in its Special Delegation for Procurement.

6.2 Contractor Awards

Applicants participating in the Rehabilitation, Reconstruction, or MHU Repair/Replacement Program are required to use the general contractor qualified through the Program's assignment or bidding process. There will be three methods for awarding construction contracts to the general contractors:

- Smaller contracts will be awarded via assignment to a contractor pursuant to the limits in N.C.G.S. § 143-131 or another limit provided to NCORR.
- Contracts exceeding that threshold up to $499,999.99 will be awarded via informal bidding pursuant to N.C.G.S. § 143-131.
- Contracts at or above $500,000.00 will be awarded via formal bidding pursuant to N.C.G.S. § 143-129.

6.3 Construction Contract

As of HRP Manual Version 5, the Program enters into a contract agreement with the construction vendor (general contractor) instead of requiring the applicant to sign the contract agreement. NCORR and the general contractor will sign the Contractor Agreement for work on the applicant's home once a contractor is selected. The contract outlines obligations of the contractor under the contract (e.g., start date of construction, construction costs, estimated completion date, etc.). The Applicant will be expressly designated a third-party beneficiary of the contract. The applicant is provided a copy of the construction contract for their records. In addition, rehabilitation projects will include the ECR Scope of Work to be completed on the home will be attached and incorporated into the contract for review and reference by the applicant. The construction contract is provided by the Program and may not be amended to change the terms of performance or to expand the construction scope beyond that which has been authorized by the Program. Any changes to the scope of work or construction timeframes must be approved by the Program through the Change Order process as outlined in Section 7.4 of this manual.

6.4 Pre-Construction Meeting

Prior to issuance of the NTP and commencement of any construction work, the construction team will schedule a pre-construction meeting (or "walkthrough") with the applicant and general contractor. The purpose of this meeting is to review all construction activities that will be undertaken and review all finishing selections.

During the pre-construction meeting, any potential reasonable modifications must be identified. Typical reasonable modifications include the installation of a ramp or lift, grab bars in bathrooms and showers, and non-slip surfaces.

6.5 General Contractor Responsibilities

The general contractor will be responsible for the following activities along with others that may be included in the Construction SOP:

- Meeting insurance and bonding requirements.

- Furnishing all necessary labor, materials, equipment, and other services needed to complete the scope of work on the applicant's home in accordance with standards, quality and state building code requirements.
- Obtaining all required permits and inspections required by the local building department.
- Coordinating progress inspections with the construction team.
- Performing construction as specified in a timely manner as noted in the Construction Contracts and subject to liquidated damages as noted in the ReBuild NC Construction Management SOP and applicable contracts.
- Performing all work in accordance with local building, health and safety codes, and Lead Safe Housing Rule (LSHR).
- Disposal of all construction debris at a licensed construction waste landfill.
- Completing and submitting all required closeout documentation to the Program.
- Ensuring that all materials, equipment furnished, completed systems, and work performed is free from defects due to faulty materials or workmanship for a period of 1 year and that any structural work is similarly guaranteed for a period of 10 years from the date of final inspection as detailed in the ReBuild NC CDBG-DR Construction Standard Operating Procedures (SOP).
- Ensuring ownership of the newly constructed MHU is transferred to the applicant and/or lienholder.

Additional responsibilities are detailed in the ReBuild NC Construction SOP and the construction contract.

6.6 Applicant Responsibilities

The HOGA requires the applicant to meet the following requirements:

- Acknowledgement of the contractor's right to access the property and home during construction.
- Timely removal of all personal property, fixtures, and appliances as necessary to complete construction.
- Release of the contractor from liability for damages for disposing of any remaining personal property, fixtures, and appliances in the areas subject to repair and/or rehabilitation.
- Compliance with program safety protocols (which may include refraining from being on site during periods of construction work, as determined by the general contractor and construction team).

- Notice of defects within 30 days of discovery.
- Provide permission to the contractor to secure doors, change locks, temporarily partition areas and/or rooms of the home, or otherwise limit access in the home for areas and/or rooms under construction.
- Provide permission for the Construction team, the general contractor, and the Program Inspector to take photos and/or videos of construction as it progresses.
- Remain offsite during active construction, until notified by the Program that they may return as evidenced by a move in notice.

Additional homeowner responsibilities may be detailed in the construction contract.

6.6.1 Activity Disruption

Applicants, co-applicants, and occupants of the property must allow for the Program to start construction and proceed with construction without interference, or they may risk Involuntary Withdrawal (see Section 1.3.2). Any applicant, occupant, or other party that delays or disrupts construction will be provided notice of the disruption and be provided a timeframe to end the delay or disruption. If there is failure to comply with the notice, or if there is a demonstrated pattern of disruption, the application may be Involuntarily Withdrawn from the Program and may be subject to the recapture of grant funds. Recapture of grant funds may include any Temporary Relocation Assistance (TRA) or other non-construction cost incurred by the Program specific to the project.

6.7 Contractor-Applicant Grievances

Applicants wishing to file a construction grievance as provided for in this section must do so using the following process:

- File the grievance in writing.
- Provide details relevant to the approved scope of work.
- Submit detailed explanation of the grievance and its basis.
- Include supporting documentation, if possible. (e.g., photographs, inspection reports, etc.)

The grievance should be submitted to the construction team, who will work with the applicant to resolve the dispute.

If an applicant disagrees with the payment request of the general contractor for completed work, a third-party inspection performed by the Program's QA/QC contractor may be conducted at the direction of NCORR. Should the QA/QC contractor find that the quality of the work is consistent with Program standards, the Program may elect to issue payment to the

general contractor. Determinations made by the QA/QC contractor are final and will be communicated to the applicant accordingly.

Construction grievances can be submitted in one of the following ways:

- Calling the Program hotline at 1-833-ASK-RBNC (1-833-275-7268) to receive assistance from a representative;
- Mailing the grievance by U.S. mail to the following address:

  ReBuild NC Applicant Service
  Attn: Construction Grievance
  North Carolina Office of Recovery and Resiliency (NCORR)
  PO Box 110465
  Durham, North Carolina 27709; or
- Submitting the written grievance at a Rebuild NC Center.

6.8 General Contractor Performance Review

The construction team will assess each of the general contractor's performance at the end of each construction project using a standardized performance matrix. These assessments will factor into assignment of the general contractor to future projects. The contractor's assessment will be based on their performance on measures such as:

- Adherence to construction schedules and/or completing construction schedules ahead of the proposed timelines established by NCORR.
- Quality and accuracy of all reporting and paperwork submissions.
- Quality of construction work performed to date; warranty claims; number of failed inspections.
- Demonstrated safety performance; provision of necessary Personal Protection Equipment on site for all workers; overall cleanliness of construction site.
- Responsiveness to service issues.
- Demonstrated professionalism.
- Applicant/owner satisfaction.
- Section 3 compliance.

6.9 Construction Warranties

General contractors are responsible for providing a warranty that all materials, equipment furnished, completed systems, and work performed shall be free from defects due to faulty materials or workmanship for a period of 1 year, and any structural work is similarly guaranteed

for a period of 10 years from the date of final inspection. General contractors must provide all manufacturer's warranties prior to the inspector signing a final inspection form. If a contractor provides a third-party warranty to the benefit of the applicant, the reasonable cost of that warranty may be included in the total project cost and paid to the contractor. The applicant is the owner of the warranty. The Program will not execute warranty requests on behalf of the applicant for these third-party warranties.

The construction team must notify the applicant in writing regarding the date when the warranty for construction work begins and ends. As part of the final inspection process, photographs of construction work will be taken for documentation purposes and placed in the applicant's file. The general contractor will provide the applicant any instruction booklets and a warranty information binder with an acknowledgement form that the applicant has reviewed it with the general contractor.

The applicant is expected to receive another written warranty notice 6 months and 1 month prior to the expiration of the warranty, provided by the contractor or the third-party warranty provider, if applicable.

Applicants that submit a warranty claim for an item that is out of warranty or for additional scopes of work after completion of the recovery work shall be notified that no further assistance will be provided. This includes reasonable modification requests that are identified after project completion or after a point of construction where providing the modification is no longer reasonable.

7.0 Construction

The construction team is responsible for monitoring the general contractor, construction progress, and compliance with Program standards during construction activities at the applicant's home. In addition, the construction team is responsible for assisting Program applicants with any disputes that they may have with the general contractor.

7.1 Notice to Proceed (NTP)

The primary purpose of a notice to proceed (NTP) is to control the timing of construction activities and avoid initiation of construction without proper permits or authorization by the Program. Upon notification by the Program that the applicant is eligible and has signed the grant agreement, the construction team will issue an NTP to the general contractor. At a minimum, the NTP will include date of issuance, date to initiate construction, timeframe or date to complete construction, and contact information for the construction team and progress inspector. In addition, the approved ECR scope of work (memorialized as an attachment to the grant agreement) will also be attached to the NTP.

Changes to the construction start and end dates requested by the general contractor will be memorialized in a change order.

General contractors will be paid on a draw schedule agreed to by the general contractor and construction team before the start of construction, with the final payment occurring after completion and issuance of a certificate of completion by the construction team. Construction progress and quality will be monitored throughout each project, and payment of each progress draw is contingent upon successful inspection by the Program. In the event that an applicant disagrees with the payment to a Program-assigned general contractor for completed work, the Program reserves the right to have a third-party inspection performed. Should the review find that the quality of the work is consistent with Program standards, the Program may issue the general contractor the payment regardless of applicant approval.

7.2 Construction Monitoring

During construction, a Program progress inspector is responsible for the following:

- Working with the construction team to monitor applicant construction contracts and change orders.
- Complying with and monitoring Green Building Requirements (GBR), Program labor standards and equal opportunity requirements.
- Conducting periodic inspection and evaluation of the contractor's work for quality and compliance with the agreed-upon scope, Program specifications, and construction drawings as applicable.

7.3 Progress Payments

Each rehabilitation, replacement, elevation and reconstruction project will be subject to a construction contract which will include performance measures and define progress payments. Each request for progress payment submitted by a general contractor must contain the following:

- A Progress Report from the progress inspectors that certifies that all necessary inspections have been made and that work has been satisfactorily performed in accordance with state and local building codes.
- The signature of the progress inspector evidencing his or her approval of the work for which payment is requested.
- Lien waivers from all identified subcontractors and the general contractor for all work and materials.

7.4 Change Orders

7.4.1 Contractor Initiated Change Orders

Change orders are issued when the initial agreed-upon pricing or scope of work to be completed requires modification for repairs not identified during the initial assessment. First, the general contractor must complete a *Change Order Request Form*. This form and supporting documentation must be delivered to the progress inspector for review. Each change order must have a cost analysis using the approved bid book for the Program. All change orders to a project's scope of work will be reviewed by ReBuild NC to ensure compliance with Program, federal, state, and local requirements.

If the Program approves the change order, it is returned to the general contractor for execution. Executed change orders are provided to the applicant for their records.

Change orders are invoiced on milestone payments and are categorized as "change order." The amount listed on the invoice must match the previously approved amount and must be cost-reasonable. The construction team is responsible for verifying cost reasonableness and that the work to be completed under the change order could not have been identified by non-invasive sight-only inspection by the damage inspector at the initial inspection. Verification and documentation of cost reasonableness is attached to the change order.

At closeout, the applicant's grant agreement will need to be amended to account for any change to the award amount resulting from change orders.

7.4.2 Applicant-Initiated Change Orders

An applicant-initiated change order is defined as a specific addition or deletion to the ECR-identified scope of work requested by the applicant. Applicant scope changes do not include

changes that are the result of unforeseen conditions or discrepancies in contract documents (specifications or drawings). In general, applicant change orders are not allowable unless related to an accessibility issue that has developed since the issuance of the NTP. All applicant-initiated change orders must be approved in writing by the progress inspector and meet all required criteria.

7.5 Construction Team Responsibilities

During the change order process, the Construction team is responsible for ensuring the following:

- The reason for the change order and dollar amount(s) of the change order have supporting documentation and are necessary and reasonable.
- All required signatures are on the change order form.
- All change order work is completed prior to final inspection.
- A change order for compensation of time or cost is only issued in writing after final inspection.
- The amount of the change order will be added to an amended grant agreement upon completion of construction.

7.6 Open Permits

Applicants who have open permits must either close out existing open permits or execute a scope affidavit that relinquishes liability for items that cannot be inspected by the local government prior to execution of the grant agreement. The Program will not issue any reimbursement payments or any NTP for construction activities if the applicant fails to close the permits or execute the affidavit. Failure to perform at least one of these actions will result in the applicant's file being placed on hold.

Additional details regarding the Construction Process can be found in the approved *NCORR Construction Management Standard Operating Procedures.*

7.7 Construction Closeout

Once construction is complete, the general contractor will request a final site visit to validate that all work outlined in the ECR has been satisfactorily completed according to the appropriate state and local codes and the home meets program standards. The final site visit confirms that all work has been completed and accepted by the local building inspector along with any required certificate of occupancy. The homeowner, the general contractor, and the Program progress inspector will complete and sign a final inspection form and place it in the project file. Homeowners that withhold acceptance of the final inspection form may log their concerns as a grievance but cannot stall construction closeout or completion.

In addition to the final site visit to verify completion of the applicant's scope of work as outlined in the approved ECR, the general contractor will be required to submit a Construction Closeout packet to the construction team. At a minimum, the Construction Closeout packet will include the following as shown on the *Construction Team Closeout Checklist* (See *ReBuild NC CDBG-DR Construction Management Standard Operating Procedures*):

- All required permits and building inspection reports.
- Final Program inspection.
- Release of claims or liens from subcontractors and/suppliers.
- Certificate of occupancy or equivalent, if applicable.
- Completed green building checklist.
- Lead-based paint clearance report, if applicable.
- Asbestos disposal manifest, if applicable.
- Elevation certificate, if applicable.
- Homeowner warranties.
- DMV title-recording instructions (for replacement manufactured homes).

Additional details regarding the Construction Closeout can be found in the approved *ReBuild NC CDBG-DR Construction Management Standard Operating Procedures.*

8.0 Completion and Closeout

8.1 Project Closeout

In addition to the Construction Closeout packet submitted by the general contractor, Case Managers will work with program applicants to collect all closeout documentation for their file in accordance with the Applicant Closeout Checklist, if such documentation is not present in the applicant's file.

Applicant files will be closed out in the Program once all documentation is received and approved by the Program. A final closeout file review will be required to ensure that all documentation required in each step of the process is complete and compliant.

8.2 Flood Insurance Requirements

If the applicant's property, reconstructed home, or replacement home is in a Special Flood Hazard Area (SFHA), the insurable property shall be insured under a policy of flood insurance in the amount of the lesser of the following at all times:

- The value of the federal award, or;
- The maximum amount available for the structure under the NFIP or a successor program.

Failure to maintain insurance may result in an applicant being ineligible for future disaster relief. Upon sale or transfer of the property, the applicant will, on or before the date of such transfer and as part of the documents evidencing such transfer, notify all transferees in writing of the continuing obligation to maintain flood insurance on the property. In the event that the applicant fails to provide such notice, the applicant may be liable to the United States for future disaster assistance related to the property.

Evidence that the property (or reconstructed home) is covered by flood insurance must be provided before closeout, if flood insurance is required due to previous federal disaster assistance received. If flood coverage is required but not available due to the disrepair of the property, the applicant must submit a declination letter from the insurer at the Grant Agreement Execution. The applicant must also provide proof that he or she obtained flood insurance once construction has been completed.

8.2.1 Flood Insurance Verification

The Program will collect initial flood insurance information from the applicant through the application process and assess whether the property has previously received federal assistance requiring flood insurance. Applicants who are required to maintain flood insurance but do not meet this requirement will be ineligible for program funding.

8.2.2 Flood Insurance Compliance

Flood insurance monitoring will require the applicant to submit documentation meeting the compliance requirements of Section 102(a) of the *Flood Disaster Protection Act of 1973*. The standard documentation for compliance with Section 102(a) is either a paid receipt for the current annual flood insurance premium and a copy of the application for flood insurance or a copy of the current Policy Declarations form issued by the NFIP or issued by any property insurance company offering coverage under the NFIP. The Program may seek third party verification of compliance as well. Applicants who cannot meet these requirements will be determined to be non-compliant and may have to repay all or a portion of assistance provided by the Program.

To determine compliance with all flood insurance requirements, the Program will verify and document the following:

- Section 102(a) compliance through the upload of either a paid receipt for the current annual flood insurance premium and a copy of the application for flood insurance, or a copy of the current Policy Declarations form for every assisted SFHA building or personal property in accordance with the coverage prescribed by Section 102(a) of the Act.
- Section 582(a) compliance through verification that HUD disaster assistance was not made available in a special flood hazard area to a person for repair, replacement or restoration for flood damage to any personal, residential, or commercial property if: (1) the person had previously received federal flood disaster assistance conditioned on obtaining and maintaining flood insurance; and (2) the person failed to obtain and maintain flood insurance.
- Verifying Duration and Dollar Amount of Coverage. The Program will verify compliance with the statutorily prescribed period and dollar amount of flood insurance coverage by:
    - Duration of Flood Insurance Coverage. Obtaining documentation of policy coverage prior to the signing of the Grant Agreement and final disbursement of Program funding. The statutory period for flood insurance coverage may extend beyond project completion. For grants and other forms of financial assistance, the requirement for maintaining flood insurance shall apply during the life of the building as long as it remains in the 100-year floodplain, regardless of transfer of ownership of such building or personal property.
    - Dollar Amount of Flood Insurance Coverage. For grants and other forms of financial assistance, the amount of flood insurance coverage must be at least equal to the development or project cost (less estimated land cost) or to the maximum limit of coverage made available by the NFIP with respect to the particular type of building involved, whichever is less. The total cost (federal and non-federal) of the federally assisted project for acquiring, constructing,

reconstructing, repairing, or improving the building is used to determine the dollar amount of flood insurance coverage.

8.3 Grant Recovery

During the course of implementing and monitoring the Program, applicant files may be identified for potential grant recovery during one of several reviews by program staff or auditors. Files identified as potential grant recovery shall be placed in a grant recovery status in Salesforce and a hold placed on the file until a full review of the file is conducted in accordance with NCORR's Recapture policies.

As a result of this review, an applicant may be required to repay all, or a portion of funds received by the Program. Reasons for recapture of program funding include the following:

- An applicant is determined to have provided false or misleading information to the Program.
- An applicant withdraws from the Program prior to completion of the project.
- An applicant does not allow completion of construction or environmental remediation activities.
- An applicant does not report receipt of additional insurance, SBA, FEMA, or other duplicative assistance.
- An applicant sells or does not occupy the home before the forgivable loan period is completed.

Applicants identified for recapture of program funding will not be closed out of the Program until all funds have been repaid to the Program.