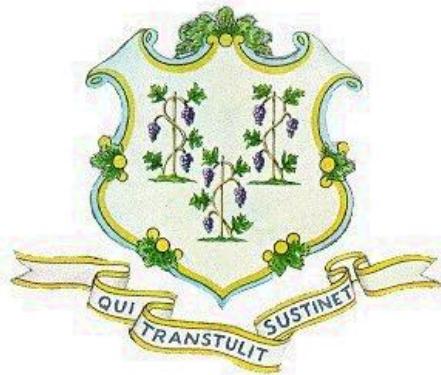




Community Development Block Grant Disaster Recovery (CDBG-DR)

Owner Occupied Reimbursement Program Program Guide



**State of Connecticut
Department of Housing**

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Introduction

On Monday, October 29, 2012, Hurricane Sandy struck near Atlantic City, New Jersey, as a post tropical cyclone. The storm created a significant tidal surge from the Mid-Atlantic region to New England. After landfall, Sandy headed north by northwest bringing high winds, rain, and storm surge to coastal areas of Connecticut. The immediate effects of Sandy in the Connecticut included the deaths of six residents and widespread wind and flood damage to homes, businesses, infrastructure, and public facilities. Approximately 650,000 residents lost power and many residents did not have power for more than a week. Many dwellings were rendered uninhabitable and a large number of residents still cannot return to their homes.

Funding Appropriation

The Disaster Relief Appropriations Act of 2013 (Pub. L. 113–2) allocated \$5,400,000,000 of Community Development Block Grant disaster recovery (CDBG–DR) funds for the purpose of assisting recovery in the most impacted and distressed areas declared a major disaster due to Hurricane Sandy. In February, the Department of Housing and Urban Development (HUD) announced the first allocation of funds to assist specific jurisdictions impacted by Hurricane Sandy. HUD advised the State of Connecticut that a total of three separate allocations will be made to affected jurisdictions with the CDBG funds appropriated by Congress for disaster relief.

In the first round, HUD allocated \$71.8 million dollars to the State of Connecticut to assist the State's recovery from Hurricane Sandy, particularly in the most impacted counties of Fairfield and New Haven counties. In November, the Department of Housing and Urban Development (HUD) announced the second tranche of funds and allocated \$66 million dollars to the State of Connecticut to assist with the remaining unmet recovery needs and to promote regional resiliency efforts

The CDBG-DR Action Plan and Substantial Amendment details how the State plans to spend the \$137.82 million grant from the United States Department of Housing and Urban Development (HUD) for eligible Hurricane Sandy disaster recovery and rebuilding activities. The Action Plan, including any amendments, describes how the State will use

this funding to help residents rebuild their homes, businesses, and communities and addresses housing, business, infrastructure, and resiliency programs.

For purposes of these guidelines, the State has allocated \$11,200,000 toward the Owner Occupied Reimbursement program.

Definitions

CHFA - Connecticut Housing Finance Authority

Contractors - procured contractors providing supplies, equipment, construction, or services, and may be further restricted by Program Rules or other guidance including applications.

Demolition – Clearance and proper disposal of dilapidated buildings and improvements.

DOH - Department of Housing or its duly authorized agent

DECD - Department of Economic and Community Development

Rehabilitation – Repair or restoration of housing units in the disaster-impacted areas to applicable construction codes and standards.

Reconstruction – Demolition and re-building of a stick-built or modular housing unit on the same lot in substantially the same footprint and manner.

New Construction – A replacement home that substantially exceeds the original footprint on the existing lot (if permitted) or the construction of a new home in a new location.

Homeowner Assistance Activity – The utilization of CDBG-DR funding to rehabilitate or reconstruct disaster -damaged homes in order for the applicant to remain in the original home at the original home site. The home to be assisted must have been owner-occupied at the time of the storm.

Low to Moderate Income (LMI) National Objective – Activities which benefit households whose total annual gross income does not exceed 80% of Area Median Income (AMI), adjusted for family size.

1. Very low: Household's annual income is up to 30% of the area median family income, as determined by HUD, adjusted for family size;
2. Low: Household's annual income is between 31% and 50% of the area median family income, as determined by HUD, adjusted for family size;
3. Moderate: Household's annual income is between 51% and 80% of the area median family income, as determined by HUD, adjusted for family size.

Slum and Blight National Objective – Activities which help to eliminate slums and blighted conditions. Use of this National Objective is limited due to its inability to contribute towards the overall requirement for. Slum and Blight activities must meet the criteria of one of the three following categories:

1. Prevent or eliminate slums and blight on an area basis;
2. Prevent or eliminate slum and blight on a spot basis; or
3. Be in an urban renewal area.

Urgent Need National Objective – An urgent need that exists because existing conditions pose serious and immediate threat to health/welfare of community, the existing conditions are recent or recently became urgent (typically within 18 months), and because other funding sources are not available.

DOL - Department of Labor

Duplication of Benefits - The Robert T. Stafford Disaster Assistance and Emergency Relief Act (Stafford Act) prohibits any person, business concern, or other entity from receiving financial assistance from CDBG Disaster Recovery funding with respect to any part of a loss resulting from a major disaster as to which he has already received financial assistance under any other program or from insurance or any other source.

Individual Mitigation Measures (IMM) – Activities designed to mitigate and/or reduce risk beyond the pre-disaster condition of a housing unit when the activities are above and beyond federal, state, or local construction or code requirements. In accordance with HUD's guidance, repair and rehabilitation of housing units, and the payment of flood insurance are not IMM activities. Examples of IMM activities include:

1. elevation above the base flood elevation level, or
2. the addition of storm shutters,
3. disaster proof windows,
4. Roof straps, etc. as long as those improvements are not required to comply with local code requirements and did not exist on the housing unit prior to the disaster damage.

Family – A household composed of two or more related persons. The term family also includes one or more eligible persons living with another person or persons who are determined to be important to their care or wellbeing, and the surviving member or members of any family described in this definition who were living in a unit assisted under the HOPWA program with the person with AIDS at the time of his or her death.

Household – A household is defined as all persons occupying the same housing unit, regardless of their relationship to each other. The occupants could consist of:

1. a single family,
2. two (2) or more families living together, or
3. any other group of related or unrelated persons who share living arrangements.

For housing activities, the test of meeting the low to moderate income objective is based on the LMI of households.

PRWORA - Personal Responsibility and Work Opportunity Reconciliation Act

Manufactured Housing Unit (MHU) – A structure, transportable in one or more sections which, in the traveling mode is eight body-feet or more in width, or forty body-feet or more in length, or when erected on site, is at least 320 square feet, and which is built on a permanent chassis and is designed to be used as a dwelling with or without a permanent

foundation when connected to the required utilities, and includes the plumbing, heating, air-conditioning, and electrical systems contained therein.

Modular Housing – A home built in sections in a factory to meet state, local, or regional building codes. Once assembled, the modular unit becomes permanently fixed to one site.

FEMA - Federal Emergency Management Agency - Designated High Risk Area: Areas designated by FEMA as vulnerable to significant wind and/or storm surge damage and areas located in 100- year flood zones.

FEMA- Areas Of High Risk - Areas designated by FEMA as vulnerable to significant wind and/or storm surge damage and areas located in 100-year flood zones. These areas will be identified during the environmental review process for each participating jurisdiction.

NFIP - The National Flood Insurance Program

Area of High Minority Concentration – A census block group that consists of 65% or more of minorities. Minorities include all racial and ethnic population groups other than “White, non-Hispanic (Anglo).

Area of High Poverty Concentration – A census block group that consists of 35% or more of the residents living in poverty. A household that meets the US Census Bureau’s poverty threshold is considered to be at or below poverty level for the Disaster Recovery Program.

NTP - Notice to Proceed

IECC - International Energy Conservation Code 2009

Demonstrable Hardship – an applicant for assistance has identified and documented one or more instance or condition which would prevent them from fully meeting any non-regulatory guideline.

Program Overview

The Owner Occupied Reimbursement (OOR) Program is designed to reimburse program-eligible applicants who used personal funds to repair Superstorm Sandy damage to their homes or to rebuild their destroyed homes. Homeowners who sustained damage to their primary residential property as a result of the Superstorm Sandy and have repaired their property may be eligible for reimbursement, in whole or in part, for out-of-pocket funds spent repairing their property. This program will assist homeowners on a first-come, first-serve basis in order of program priorities. The program will provide reimbursement of eligible home repairs up to a maximum of \$150,000.

In order to be eligible for reimbursement, the applicant must have incurred eligible expenses before October 29, 2013 (one year after Superstorm Sandy), or the date of application submission, whichever was earlier. The Program defines “incurred” as having spent funds or being under contract to spend funds in the future.

The allowance for reimbursement does not change the requirement to elevate, regardless of whether you receive reimbursement and/or construction assistance. The State of Connecticut guideline for critical activities in a flood plain and CDBG-DR program requires the lowest structural member of residential buildings to be constructed at least one foot above the 500 year Base Flood Event (BFE). Some communities may require elevating even higher. Therefore, if the applicable local flood plain manager determines that a structure is substantially damaged, a homeowner will be required to elevate the structure to the standard determined by the municipal floodplain administrator or building official. A homeowner must also take and maintain flood insurance, if the property is located in a flood hazard area.

Federally-Designated Areas Eligible for CDBG-DR Assistance

The only areas within the State of Connecticut in which the funds can be expended are Fairfield County, New Haven County, Middlesex County, New London County, and the Mashantucket Pequot Indian Reservation. Within these eligible areas, the Federal Register

Notice requires that 80% of the Funding must be expended in the Fairfield and New Haven Counties.

Low - Moderate Income Benefit Requirement

Income eligibility will be determined and verified in accordance with 24 CFR Part 5 requirements using procedures as stated in the Technical Guide for Determining Income and Allowances, 3rd Edition (HUD-1780-CPD). The most current income limits, published annually by HUD, shall be used by DOH to verify the income eligibility of each household applying for assistance at the time assistance is provided.

With respect to CDBG-DR Program eligible activities, the State must also ensure that at least 50% of its CDBG-DR grant funds are used for activities that benefit low- and moderate-income (“LMI”) persons. LMI persons are defined for the purposes of the CDBG-DR Program as persons and families whose income does not exceed 80% of the area median income (“AMI”), as determined by HUD. As set forth in the Federal Register Notice, the Funding cannot be used to assist second homes (i.e. a home that is not a primary residence); and to assist private utility companies or organizations.

Homeowner Eligibility Requirements

The following threshold requirements must be met for a homeowner to be eligible for assistance. Eligibility does not assure assistance, since a prioritization strategy within the LMI subgroups will be required, and it is expected that there will be more eligible applications than can be served with available funds.

- **Income Eligibility:** The income limits to be utilized for the Owner Occupied Reimbursement Program are the current income limits established yearly by HUD for the Section 8 Housing Program. All beneficiaries of the Owner Occupied Reimbursement Program must meet a National Objective. The Low to Moderate Income (LMI) National Objective is defined as providing a benefit to households at incomes of up to 80% of the locality's median income as computed on the most current HUD Section 8 Income Limits.

- **Proof of Ownership:** Housing repairs to be reimbursed must be made on the primary home owned by the person(s) occupying the unit at the time of Superstorm Sandy. Ownership is defined as holding a fee simple title or warranty deed to the property and structure to be assisted. DOH has the right to waive requirement of a fee simple title or warranty deed in the applicant's name if it can be proven that the applicant occupied the home at the time of the storm, was making house payments to purchase the house, and has acquired title prior to assistance. Each instance will be reviewed on a case-by-case basis.

A mortgage lien shall be placed on the property. In order to be eligible for program assistance, the assisted property owner must be current with regard to their mortgage payments, special assessments, property and state taxes. If property taxes are delinquent, the homeowner must be able to document that the taxes have been made current or they are on a payment plan with the local Tax Collector's Office.

- **Trust:** Property held in trust for the benefit of natural persons can be eligible for assistance as long as at least one of the occupants at the time of the flood was a current beneficiary of the Trust. The trustee's powers must include the ability to affect the damaged property. If the trustee's powers do not include the ability to affect the damaged property, the beneficiaries with an interest in the damaged property must sign the closing agreement along with the Trustee.

The applicable agreements must be executed by trustee(s) unless the trust distributes the property to a beneficiary, in which event the beneficiary receiving the property must execute the applicable agreement and occupy the residence after assistance. If the property was not serving as the primary residence for the current beneficiaries or trustee, the applicant(s) is not eligible for assistance.

- **Principle Residency:** The unit rehabilitated must have been occupied by the applicant as the applicant's principal residence as of October 29, 2012 for Superstorm Sandy. All occupancy documentation must be from the time of the storm, in the applicant's name, and the address of the damaged unit. Principal

residency for applicants can be demonstrated through at least one of the methods listed below:

1. Connecticut Driver's License
2. Federal Tax Return(s)
3. Receipt of government benefits (e.g. social security received between September 2012 and May 2013)
4. Vehicle Registration
5. Other qualified documents may be presented for consideration of proof of occupancy.

Special Circumstances Related to Occupancy

Active duty military personnel who own a storm-damaged home in the eligible county 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.

In addition, applicants who were incapacitated due to being incarcerated or in a nursing home at the time of the storm, must present proof at the time of application to their case manager that they will not be incapacitated for more than 180 days and will reoccupy the home following rehabilitation within 180 days, if applicable.

- **Property Taxes:** Applicants must provide evidence that local property taxes are current, have an approved payment plan, or qualify for an exemption under current laws. Applicant must prove that their local property taxes have been paid or that one of the following alternatives has been met:
 - The property owner qualified for and received a tax exemption;
 - The property owner entered into a payment plan with the applicable taxing authority.
- **Support Documentation:** The applicant must provide support documentation verifying the tax payment or tax exemption. If an applicant has entered into a payment plan, a signed copy of the plan from the applicable taxing entity along with documentation that the payment plan is current is required.

- **Insurance:** Assisted homeowners will be required to maintain hazard insurance for not less than five (5) years from the date of the assistance. Failure to maintain hazard insurance may impact future disaster assistance.
- **Flood Insurance:** If the unit is located in the 100-year flood plain, the assisted homeowners will be required to maintain flood insurance. Homeowners are required to maintain flood insurance for not less than five (5) years from the date of the assistance. Failure to maintain flood insurance may impact future disaster assistance.

Program Priorities

The program will be administered on a first-come first-served basis in order of priority, based on availability of funds. The State intends to reimburse homeowners according to income priorities as follows:

Priority R-1: Reimbursement for completed activity of those whose income is less than 80% of the AMI.

Priority R-2: Reimbursement for completed activity of those whose income is 80% to 120% of the AMI.

Priority R-3: Reimbursement for completed activity of those whose income is 120% to 150% of the AMI pending on funding availability.

Priority R-4: Reimbursement for completed activity of those whose income is above 150% of the AMI pending on funding availability.

Property Eligibility Requirements

Single family and one- four owner-occupied units (1-4 units) within the designated eligible areas will be eligible for the Owner Occupied Reimbursement. Townhomes and condominiums are also eligible for reimbursement. If a property is designated as a condominium or townhouse, the owner of each condominium unit shall be allowed to apply for reimbursement of repairs for the unit under their ownership. These homeowners will be reviewed on a case-by-case basis to assess responsibilities of the

condominium's homeowner association. In all instances, each unit shall have an individual mailing address registered with the United States Postal Service (not a P. O. Box).

The assisted property must be wholly residential in character. Properties containing home-based businesses may be reimbursed for repairs only where it can be clearly shown that the repairs were not made to assist the business contained in or on the property. The following property eligibility requirements are applicable to the assisted unit and must be met in order for the applicant to receive assistance.

1. Proof of Superstorm Sandy damage.
2. Only single-family owner-occupied units (1-4 units) within the designated eligible areas will be eligible for the Owner Occupied Reimbursement program.
3. The property must not have any uncorrectable environmental deficiency which would prevent the use of federal funds for reimbursement.
4. If the property was substantially damaged or substantially improved, it must have been properly elevated.
5. Repairs completed on Manufactured Housing Units or mobile homes are eligible for reimbursement. However, the following must be true:
 - a. The unit is no more than 5 years old at the time of assistance.
 - b. No more than \$10,000 in hard and soft construction costs can be used for rehabilitation; therefore the maximum reimbursement award is \$10,000.
 - c. The Manufactured Housing Unit or mobile home must meet Housing Quality Standards (HQS) upon completion.

Ineligible Items

The following types of ownership are ineligible for assistance under this program:

1. Personal Property (vehicles, furniture, goods, clothing etc.)
2. Repairs made to nonresidential structures that are not attached to primary residence (i.e. pools, sheds, detached garages, seawalls, docks).
3. Swing sets, playground equipment, fences, satellite dishes and security systems.
4. Landscaping including tree removal.
5. Business entities are not eligible. This includes but not limited to: Limited Liability Corporations, Limited Liability Partnerships, Corporations, Sole Proprietors, etc.

6. Applicants who lost ownership of their homes due to foreclosure, or are pending foreclosure are ineligible for assistance.
7. Properties where the homeowner has exceeded the maximum grant award on the Owner Occupied Rehabilitation Program
8. Properties located where federal assistance is not permitted are ineligible for assistance. Properties must be in compliance with Environmental Code 24 CFR Part 58.
9. Appliances and housing components that are not integral to the structure of the home such as washers, dryers, luxury items and detached garages and carports are not eligible as repairs to be reimbursed under the OOR.

Proof of Expenses

Proof of expense in the form of receipts, invoices and/or cancelled checks must be for eligible repairs made to the applicant's primary home which was damaged by Superstorm Sandy on October 29, 2012. Proof of expense may be for materials purchased by the homeowner but not for labor if installed by the homeowner. Proof of expense for labor and materials from CT licensed contractors are eligible.

Repairs to the home will be inspected by a Program Inspector to verify that the repairs were done. If the repairs required permits and approval by code inspectors, documentation from the homeowner will be required. Repairs for luxury items such as swimming pools, granite countertops, luxury flooring and fixtures will not be reimbursed. However, the program will reimburse for the cost that is necessary and reasonable for a safe and sanitary dwelling. For example, if the reasonable cost of a light fixture is determined to be \$200 and the homeowner replaced the fixture with a \$1,500 crystal chandelier, the program would only reimburse the \$200. The program will only reimburse costs that are reasonable and necessary for a safe and sanitary dwelling.

Duplication of Benefits

The Robert T. Stafford Disaster Assistance and Emergency Relief Act (Stafford Act) prohibits any person, business concern, or other entity from receiving financial assistance from CDBG Disaster Recovery funding with respect to any part of a loss resulting from a

major disaster as to which he has already received financial assistance under any other program or from insurance or any other source. Duplication of Benefits also exists if funds were received from other sources and not used for a recognized “Allowable Activity.” Applicants will be required to contribute unspent Sandy funds in order to receive assistance from the Program

Any funds homeowners have received or were made available to them to repair the structure of their damaged property (this includes but is not limited to private insurance, FEMA, and/or SBA), must be accounted for when determining the housing assistance award amount. If the homeowner spent funds intended for the repair of their house on anything other than home repairs or temporary housing, the homeowner will have a duplication of benefits (DOB). This will be subtracted from the award amount. For example, if the homeowner received \$50,000 from FEMA and spent the money on medical expenses rather than repairs, the homeowner would have a \$50,000 duplication of benefit.

Funds used to repair the damaged housing structure will not be considered a DOB if substantiated with a valid receipt. In some instances, where the homeowner received FEMA funds and used those funds for temporary housing while displaced from the damaged home, those funds will not be counted as DOB of FEMA assistance. If previously approved for funding assistance but funds are no longer accessible by the homeowner once determined eligible for the program, these funds will not be counted as a DOB per HUD’s DOB guidance.

The following are some sources of funding assistance provided for structural damage and loss that are considered duplication of benefits (DOB): FEMA Individual Assistance (IA), FEMA National Flood Insurance Program (NFIP), Private Insurance, Increased Cost of Compliance (ICC) and Small Business Administration (SBA). DOB under federal law must be deducted from the assistance to be provided unless receipts can be shown that repairs were made to the home in the amount of the assistance provided.

DOH Roles and Responsibilities

The DOH staff dedicated to the administration of the Funding will be responsible for complying with the significant federal requirements related to financial management and control of programmatic compliance and monitoring, affirmative fair housing, the prevention of fraud, waste and abuse. These staff members will be responsible for administering all aspects of the State's CDBG-DR Program, including oversight of all contractors, working with individual applicants, processing the necessary payments, tracking projects and program activities, reporting in the federal Disaster Recovery Grants Administration (DRGR) system, as well as coordinating the activities of other state agencies in relation to the Sandy recovery.

In addition to these dedicated staff, the Internal Auditor for DOH, who reports directly to the Office of the Commissioner, is responsible for ensuring that procedures to detect fraud, waste and abuse are both adopted and implemented in accordance with federal requirements and consistent with the Statement on Auditing Standards No. 99 (SAS99) and the standards established for the International Standards for the Professional Practice of Internal Auditing as promulgated by the Institute of Internal Auditors (IIA).

Homeowner Responsibilities

Homeowners will be required to execute an Assistance Agreement and will be required to maintain full compliance with its terms. Such conditions include but are not limited to the following:

- Maintain the home as their primary residence for a period of at least five (5) years after reimbursement.
- Maintain home insurance coverage, inclusive of hazard and flood insurance for a period of five years.
- Keep current on all property taxes and special assessments or have a tax deferral, tax exemption or be current on an approved repayment plan.

Environmental Review and Clearance

All activities funded with CDBG-DR funds must have had an environmental review (ER) and received clearance to expend funds on the activity. The regulations for meeting HUD's environmental review requirements can be found at 24 CFR Part 58.

Forms of Assistance

The assistance provided through the Owner Occupied Reimbursement program will be grant in the form of a five-year Deferred Forgivable Promissory Note that bears no interest. DOH will execute the Note with the eligible homeowner to secure the full amount of the reimbursement. The Note will be recorded in the municipal land records.

Applicants will be given the opportunity to rescind the assistance offered due to the fact that a lien or other security interest will be filed against their property as a result of the assistance, if accepted and executed. A "Notice of Opportunity to Rescind Transaction" form will be provided to applicants. Three full business days will be allowed for the owner to rescind the transaction.

Accelerated Forgiveness in Certain Cases

DOH reserves the right to forgive the Note in special circumstances including, but not limited to:

1. Death of a household member;
2. Relocation to a manage care facility; or
3. Relocation resulting from documented mental or physical incapacitation of the sole remaining assisted homeowner identified in the original application occurs; DOH may forgive any remaining loan balance.

Written Agreement

Prior to receiving assistance, DOH will require the eligible homeowner to sign a Homeowner Assistance Agreement. The Agreement stipulates the program requirements in addition to the homeowner's responsibilities throughout the term of the Agreement. Additional required agreements are further discussed in the "Closing" section of these guidelines.

The Homeowner Assistance Agreement contains but is not limited to the following stipulations:

1. The participating homeowner is receiving Community Development Block Grant Disaster Recovery (CDBG-DR) Program assistance from the State of Connecticut.
2. The assistance to rehabilitate, reconstruct or mitigate the home is in accordance with the State of Connecticut or subrecipients home building codes.
3. DOH may recoup assistance used on the described property upon particular terms, conditions, and contingencies.
4. The Homeowner agrees that if during the compliance period the property is used as:
 - a. an investment property; or
 - b. as a recreational home or “second” home, the immediate payment of the entire amount of assistance must be repaid.
5. The Homeowner agrees that if during the compliance period, they sell part or all of the property without DOH's prior written consent the immediate full payment of the outstanding assistance will be required.
6. The Homeowner agrees that if further insurance proceeds and/or federal benefits for rehabilitation, repairs, or reconstruction is received to their primary residence in connection with hurricane Sandy the homeowner will report receiving such benefits by emailing within one (1) month of receipt of additional proceeds and/or benefits. If homeowner fails to report additional insurance proceeds and/or federal benefits, DOH will require immediate repayment in full of the entire assistance amount.
7. The Homeowner certifies that he/she has provided complete, accurate, and current information regarding household income to demonstrate the Homeowner's eligibility to receive CDBG-DR funds.
8. The Homeowner acknowledges that DOH has the right and responsibility to enforce the agreement.
9. If the Homeowner does not violate any of the terms listed in this agreement, then the agreement will be considered paid in full at the end of the compliance period and the Note will be released.

Agreements

1. ***Homeowner Assistance Agreement*** – This is a two party agreement between the homeowner and the State of Connecticut which lays out the roles and responsibilities of each party.
2. ***Forgivable Promissory Note and Lien*** – This is a two party agreement between the homeowner and the State of Connecticut that lays out the homeowner's obligations in return for receiving a no-interest forgivable promissory note to cover reimbursement received as a result of the cost incurred to rehabilitate or to reconstruct the home. This document is accompanied by the State's Lien that will be filed on the property for a five year compliance period. To meet the terms of the note, the homeowner must:
 - a. Remain in the assisted property as their primary residence for the entire compliance period;
 - b. The homeowner must maintain both hazard and flood insurance on the property for the entire compliance period; and
 - c. The property cannot be sold, rented, leased, foreclosed, or title transferred during the entire compliance period.
3. ***Subrogation Agreement*** – Homeowners must subrogate any additional funds received for the damages incurred as a result of Superstorm Sandy back to the State. The CDBG-DR funds are funds of last resort and if additional funds are paid to the homeowner for the same purpose as the States assistance (i.e., repair or replacement of the damaged structure) after the State has completed the reimbursement, these funds must be returned to the State.
4. ***Notice of Opportunity to Rescind*** – Homeowners will have three business days after signing their agreements to rescind and cancel the contracts.

Recapture - Noncompliance

If the homeowner fails to meet any program eligibility requirements or contractual obligations of the Forgivable Promissory Note, the homeowner will be determined to be in a state of noncompliance, and DOH will seek to recapture funds.

Recapture Procedure

If DOH determines the homeowner defaulted on any program requirements, funds will be recaptured in accordance with the following procedures:

1. Document the reason(s) for recapture.
2. Issue a 30-day notice requiring full repayment.
3. 15-day notice and demand for repayment with the opportunity to cure, if no response from 30-day notice.
4. If a notice is returned, DOH will take reasonable actions to locate the applicant.
5. Issue a partial repayment request or a repayment plan (installments) - based on the approval of DOH.
6. Appeal process for repayment - DOH may allow the homeowner to appeal the recapture based on the State's appeal process. DOH will gather additional information regarding the appeal and will make a determination. DOH will make the final appeal decision.
7. If fraud is suspected, the file will be turned over to the Office of the State's Attorney immediately.

Complaints and Appeals

DOH will handle citizen complaints in accordance with 24 CFR 91.11(h) 24 and CFR 570.486(a) (7). Additionally, staff will maintain files that include:

1. The name of the person who filed the complaint;
2. The date the complaint was received;
3. A description of the complaint;
4. The name of each person contacted in relation to the complaint;
5. A summary of the results of the review or investigation of the complaint;
6. An explanation of the reason the file was closed, if the file was closed

The goal of the States' complaints and appeals process is to provide an opportunity to resolve complaints either formal or informal, in a timely manner, usually within fifteen (15) days where practicable, and to provide the right to participate in the process and appeal a decision when there is reason to believe their application was not handled according to program guidelines.

All applications, guidelines, and websites will include the right to file a complaint or appeal and the process for beginning an appeal or making a complaint.

Resolution of Complaints

DOH will aim to resolve complaints in a manner that is both sensitive to an applicant's concerns and that achieves a fair result. Regardless of the complaint, DOH staff will treat the issue with respect, respond to the complainant about the current status when requested, and respond within 15 days, as expected by HUD, if practicable.

Informal Complaints

Complaints that are brought forward by applicants or other parties informally orally or included within a broader written communication will be addressed where possible. The mechanism to address informal complaints is to make certain the person is aware of the formal complaint process, address the complaint orally, and/or take corrective action for issues that can be resolved easily within program guidelines.

Informal complaint procedure:

1. Obtain all pertinent information from the complainant, including the issue raised, the name of the complainant, and a contact to obtain further information if desired. If no name or contact number is left, then that should be noted and placed in an informal complaint file—either electronic or hard copy. The file should indicate that the complainant was notified of how to file a formal complaint.

2. DOH should review these complaints periodically to determine if there is a pattern developing and, if so, determine if the issue warrants further action.

Formal Complaints

Formal complaints are any written statement of grievance—including emails, faxes, or letters - that provide a contact with which you can communicate the results of an investigation. Any complaints which do not include contact details such that DOH can respond with results or follow up will not be treated as formal complaints. Any complaint must be from a person related to the OORR program as an applicant, contractor, or other

direct party. Any complaint forwarded to DOH, HUD, or the State of Connecticut will be considered a written complaint.

Throughout the process, decisions will be made on an application and/or project to be delivered. The decisions are made based on statutes, codes of federal regulation, state and local codes and ordinances, and local guidelines as they are interpreted by the State. DOH may allow the appeal of some of these decisions.

Grounds for an Appeal

An appeal may be filed by an applicant or contractor on the following grounds:

1. An applicant may only appeal an application decision related to one or more of the following:
 - a. Program eligibility determination.
 - b. Program award calculation.

Appeal Deadlines

An appeal must be filed within 30 days of the decision. DOH will address the appeal within 15 days or provide an update of the status of the appeal to the appealing party.

Compliance/Monitoring

HUD regulations governing the CDBG-DR Program, along with the State CDBG-DR Substantial Amendment and HUD Monitoring Handbook, will be guides for conducting the risk analysis for Recipients. Individualized risk mitigation strategies will be prepared for each Funding Recipient.

Methods for identification, analysis, planning, tracking, control and communications shall be outlined. DOH will follow steps for identifying risks that include the following:

1. Identify what CDBG-DR projects and performance areas are to be assessed
2. Insure that risk is identified and analyzed
3. Assign weight to risk factors
4. Develop rating criteria and methods to assessing risk
5. Determine rating by factor

6. Establish criteria for risk “profiles” for each Funding Recipients
7. Compile scores and rank organizations
8. Utilize resources for monitoring and risk mitigation

The risk analysis, conducted by DOH staff, will pay particular attention to Robert T. Stafford

Disaster Relief and Emergency Assistance Act, 42 USC 5155 by guaranteeing that there will not be a “duplication of benefits”. The goal of this attention is to ensure that the State does not engage in any activity that provides federal financial assistance to persons, business concerns, or other entities suffering losses as a result of a major disaster or emergency, where such person, business concern, or other entity will receive such assistance with respect to any part of such loss as to which he or she has received financial assistance under any other program or from insurance or any other source.

Program monitoring staff will follow the procedures described in the CDBG-DR Compliance and Monitoring Manual, with a particular emphasis on the accuracy of information provided by applicants, identification of the duplication of benefits, compliance with all applicable state and federal requirements associated with the CDBG-DR funding.

Specifically, DOH will conduct a risk analysis on all recipients of any portion of the Funding (each, a “Funding Recipient”) in order to identify those programs that are most susceptible to fraud, abuse, or mismanagement. DOH staff will monitor those programs that are identified as high risk as well as sample those deemed to be low risk programs.

A risk analysis is a process or system for rating and ranking Funding Recipients and those programs which pose the greatest risk for compromising the integrity of the CDBG-DR Program. This process will assist DOH by providing consistent data to develop monitoring strategies to minimize potential risk. Feedback from this process will enable DOH to prioritize decisions, allocate appropriate resources, and determine the type of monitoring necessary.

DOH will carefully monitor Recipients that pose the highest risk of compromising the program rules and regulations. As a part of the monitoring risk management record, the Recipient's name and grant number will be cited along with the following information:

1. Identification of which participants will be monitored
2. Type of monitoring (e.g., in-depth, limited, on-site, remote)
3. Programs/functions to be monitored
4. Actions that will be taken to assess program participant performance
5. Expected monitoring dates
6. Required resources (staff and other monitoring team participants)
7. Methodology and tools used for the project

DOH's risk analysis methodology will include a means of determining an estimation of the level of risk, an assessment of the frequency or likelihood of occurrence, consideration for how to best manage risk, and the action that will be taken to mitigate problems. DOH will carefully analyze the assessment of risk for each Recipient and utilize a strategy to reduce and manage the Recipients' risk.

To assist the State meet its compliance and monitoring obligations, DOH's administration of the Funding shall be subject to review by its Internal Auditor. This Internal Auditor, a DECD staff member who also reports directly to the Office of the Commissioner of DOH, will check for fraud, waste, and abuse by utilizing the applicable internal auditing standards. The Internal Auditor will apply the standards in the Statement on Auditing Standards No. 99 (SAS 99) Consideration of Fraud in a Financial Statement Audit and the standards established in the International Standards for the Professional Practice of Internal Audit as promulgated by the Institute of Internal Auditors ("IIA"). The IIA is the lead organization that sets the standards for the practicing of Internal Auditing.