

RARITAN  TOWNSHIP
New Jersey

Operating Manual

For the Administration of the
REHABILITATION PROGRAM

June 2020

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INTRODUCTION

This Rehabilitation Program Operating Manual has been prepared to assist in the administration of the Township of Raritan Rehabilitation Program. It will serve as a guide to the program staff and applicants. Program staff will include the Township's Municipal Housing Liaison and other appropriate Township staff. An Administrative Agent may be hired by the Township to complete some or all of the tasks outlined in this manual. The Township will determine the appropriate parties to complete tasks on behalf of the program and the Township.

This manual describes the basic content and operation of the program, examines program purposes and provides the guidelines for implementing the program. It has been prepared with a flexible format allowing for periodic updates of its sections, when required, due to revisions in regulations and/or procedures.

This manual explains the steps in the rehabilitation process. It describes the eligibility requirements for participation in the program, program criteria, funding terms and conditions, cost estimating, contract payments, record keeping and overall program administration.

The following represents the procedures developed to offer an applicant the opportunity to apply to the program.

A. Fair Housing and Equal Housing Opportunities

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

For more information on discrimination or if anyone feels they are a victim of discrimination, please contact the New Jersey Division on Civil Rights at 1-866-405-3050 or <http://www.state.nj.us/lps/dcr/index.html>.

SECTION I. ELIGIBLE PARTICIPANTS

A. Categories of Participants

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

B. Income Limits for Participation

The occupants of the units must have incomes that fall within the income guidelines established for Hunterdon County by the Council on Affordable Housing (COAH). These limits are revised annually as COAH figures become available and can be found in Appendix A.

For owner-occupied units, the carrying costs of the unit (taxes, mortgage, insurance [*, including the rehabilitation repayment mortgage]*) should meet COAH criteria (less than 33% of gross income for families, less than 40% of gross income for seniors).

C. Program Area

This is a municipal-wide program. The rehabilitation property must be located in Raritan Township.

D. Certification of Substandard

The purpose of the program is to bring substandard housing up to code. Substandard units are those units requiring repair or replacement of at least one major system. A major system is any one of the following:

1. Roof
2. Plumbing (including wells)
3. Heating
4. Electrical
5. Sanitary plumbing (including septic systems)
6. Load bearing structural systems
7. Lead paint abatement
8. Weatherization (building insulation for attic, exterior walls and crawl space, siding to improve energy efficiency, replacement storm windows and storm doors and replacement windows and doors)

Code violations will be determined by an inspection conducted by a licensed inspector.

SECTION II. AVAILABLE BENEFITS

A. Program Financing

Up to \$25,000 per unit may be available for improvements to eligible owner-occupied and renter-occupied units.

B. Owner-occupied Units

The Township's Affordable Housing Trust Fund provides for up to \$25,000 per unit for a minimum of 16 total units. Additional units will be completed if additional funding is available.

C. Renter-occupied Units

- D.** The Township's Affordable Housing Trust Fund provides for up to \$25,000 per unit for a minimum of 16 total units. Additional units will be completed if additional funding is available.

E. Program Affordability Controls

Ten-year controls on affordability on both owner-occupied units and rental units are required.

F. Owner-occupied Affordability Controls

On owner-occupied units, the controls on affordability may be in the form of a lien.

G. Renter-occupied Affordability Controls

For rental units, the controls on affordability shall be in the form of a deed restriction and may also include a lien. If a unit is vacant upon initial rental subsequent to rehabilitation, or if a renter-occupied unit is re-rented prior to the end of controls on affordability, the deed restriction shall require the unit to be rented to a very low-, low-, or moderate- income household at an affordable price and affirmatively marketed pursuant to the N.J.A.C. 5:97-9. Rents in rehabilitated units may increase annually based on the standards in N.J.A.C. 5:97-9.

H. Subordination

The municipality may agree to subordination of a loan if the mortgage company supplies an appraisal showing that the new loan plus the balance on the old loan does not exceed 95% of the appraised value of the unit. Additionally, for an owner-occupied unit, the household must be re-certified as low- or moderate-income.

SECTION III. ELIGIBLE PROPERTY IMPROVEMENTS

A. Eligible Improvements

Housing rehabilitation funds may be used only for repairs or system replacements necessary to bring a substandard unit into compliance with municipal health, safety and building codes, applicable code violations, as well as any other cosmetic work that is reasonable and deemed necessary or is related to the necessary repairs.

At least one major system must be replaced or included in the repairs, which include one of the following:

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

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

- Interior trim work,
- Interior and/or exterior doors
- Interior and/or exterior hardware
- Window treatment
- Interior stair repair
- Exterior step repair or replacement
- Porch repair
- Wall surface repair
- Painting
- Exterior rain carrying system repair

B. Ineligible Improvements

Work not eligible for program funding includes but is not limited to luxury improvements (improvements which are strictly cosmetic), additions, conversions (basement, garage, porch, attic, etc.), repairs to structures separate from the living units (detached garage, shed, barn, etc.), furnishings, pools and landscaping. If determined unsafe, stoves may be replaced. The replacement or repair of other appliances is prohibited. Rehabilitation work performed by property owners shall not be funded under this program.

C. Rehabilitation Standards

Upon rehabilitation, housing deficiencies shall be corrected and the unit shall comply with the New Jersey State Housing Code, N.J.A.C. 5:28. For construction projects that require the issuance of a construction permit pursuant to the Uniform Construction Code, the unit must also comply with the requirements of the Rehabilitation Subcode (N.J.A.C. 5:23-6). In these instances, the more restrictive requirements of the New Jersey State Housing Code or the Rehabilitation Subcode shall apply. For projects that require construction permits, the rehabilitated unit shall be considered complete at the date of final approval pursuant to the Uniform Construction Code.

D. Certification of Standard

All code deficiencies noted in the inspection report must be corrected and rehabilitated units must be in compliance with the standards proscribed in sub-section C above upon issuance of a certificate of completion or occupancy. The licensed inspector must certify any structure repaired in whole or in part with rehabilitation funds to be free of any code violations.

E. Emergency Repairs

A situation relating to a safety and/or health hazard for the occupants would constitute an emergency. A municipal inspector will confirm the need for such work. In emergency cases, the formal solicitation process will not be followed. A minimum of three (3) estimates will be obtained when possible for the “emergency” work. However, eligibility, as stated in Section I, subsection B, must be determined prior to soliciting estimates. Application for additional non-emergency work may be made in accordance with the procedures outlined in this Operating Manual. The funding for the emergency work and any additional rehabilitation may not exceed the program financing provisions in Section II, sub-section A.

SECTION IV. OVERVIEW OF ADMINISTRATIVE PROCEDURES

A. Application/Interview

Property owners interested in participating in the housing rehabilitation program may submit preliminary applications to the program staff. Preliminary applications are available at the following locations:

Municipal Administrative Building
1 Municipal Drive
Flemington, NJ 08822

<https://www.raritan-township.com/>

Upon request, the program staff will mail a preliminary application to an interested property owner.

If after the program staff reviews a preliminary application an owner-occupant appears to be income eligible, an interview will be arranged with the applicant for a formal application to the program. At the time of the interview, the applicant must present required documentation. Applicants for rental rehabilitation funding must provide a list of tenants and the rents paid by each. The program staff will contact the tenants to provide evidence of income eligibility of the occupants of the units.

Applications will be processed in the order of receipt. Except in cases of emergencies.

B. Income Eligibility and Program Certification

For the households seeking a determination of income eligibility, both owner-occupants and renter-occupants, all wage earners 18 years of age or older in the household must submit appropriate documentation to document the household income, as further described below.

Property owners of both owner-occupied and renter-occupied units must submit the following documentation:

- Copy of the deed to the property.
- Proof that property taxes and water and sewer bills are current.
- Proof of property insurance, including liability, fire and flood insurance where necessary.

If after review of the income documentation submitted an applicant is determined to be ineligible, the applicant will receive a letter delineating the reasons for the determination of ineligibility. An applicant may be determined ineligible if the applicant's or each tenants' income exceeds COAH income limits or, for owner occupied units, if the carrying costs of the unit (taxes, mortgage, insurance[, including the rehabilitation repayment mortgage]) exceed COAH's criteria (less than 33% of gross income for families, less than 40% of gross income for seniors).

The program staff will arrange for a title search of all properties entering the program.

After the initial interview and the program staff has substantiated that the occupant is income-eligible, and the title search is favorable, the Eligible Certification Form will be completed and signed.

Upon confirmation of income eligibility of the applicant or the applicant's tenants, the program staff will send a letter, including the Eligible Certification Form, to the applicant certifying the applicant's and or tenant's eligibility. Eligibility will remain valid for six months. If the applicant has not signed a contract for rehabilitation within six months of the date of the letter of certifying eligibility, the applicant will be required to reapply for certification.

C. Housing Inspection/Substandard Certification

Once determined eligible, the program staff will arrange for a qualified, licensed, housing/building code inspector to inspect the entire residential property.

The licensed inspector will inspect the house, take photographs, and certify that at least one major system is substandard. All required repairs would be identified.

D. Ineligible Properties

If after review of the property documentation submitted and the inspection report and/or work write-up an applicant's property is determined to be ineligible, the program staff will send a letter delineating the reasons for the determination of ineligibility. An applicant's property may be determined ineligible for any one of the following reasons:

- Title search is unfavorable.
- Property does not need sufficient repairs to meet eligibility requirements.
- Real estate taxes are in arrears.
- Proof of property insurance not submitted.
- Property is listed for sale.
- Property is in foreclosure.
- Total debt on the property will exceed the value of the property.

If after review of the property documentation submitted and the inspection report and/or work write-up an applicant's property is determined to be eligible, the inspector will then certify that the dwelling is substandard by completing and signing the Certificate of Substandard Form and submitting this to the program staff.

E. Cost Estimate

The program staff will prepare or cause to be prepared a Work Write-up and Cost Estimate. This estimate will include a breakdown of each major work item by category as well as by location in the house. It will contain information as to the scope and specifics on the materials to be used. A Cost Estimate will be computed and included within the program documentation. The program staff will review the Preliminary Work Write-up with the property owner.

Only required repairs to units occupied by income eligible households will be funded through the housing rehabilitation program. If the property owner desires work not fundable through the program, including work on an owner-occupied unit of a rental rehabilitation project, work on a non-eligible rental unit in a multi-unit building or improvements not covered by the program, such work may be added to the work write-up if the property owner provides funds to be deposited in the municipality's Housing Trust Fund prior to the commencement of the rehabilitation of the property equivalent to 110 percent of the estimated cost of the elective work. Such deposited funds not expended at the time of the issuance of a certificate of completion/occupancy will be returned to the property owner with accrued interest.

F. Contractor Bidding Negotiations

After the unit and the unit occupant have been certified as eligible, the program staff will provide a list of approved, pre-qualified trade contractors for bidding. The property owner reviews this list and selects a minimum of three and a maximum of five contractors from whom to obtain bids. The program staff and property owner will then review these bids. The lowest responsible trade contractor shall then be selected. If the property owner wishes to use a contractor other than the lowest responsible bidder, the property owner shall pay the difference between the lowest bid price and the bid price of the selected contractor.

G. Contract Signing/Pre-Construction Conference

Program staff will meet with the property owner to review all bids by the various trades. This review will include a Final Work Write-up and Cost Estimate. The Contractor Agreement will be prepared by the program staff, as well as the Property Rehabilitation Agreement covering all the required terms and conditions.

The program staff will then call a Pre-Construction Conference. Documents to be executed at the Pre-construction Conference include: Contractors Agreement(s), Right of Entry Document, a Restricted Covenant, Mortgage and Mortgage Note. The property owner, program staff representative, contractor and bank representative will execute the appropriate documents and copies will be provided as appropriate. A staff member will outline project procedures to which property owner must adhere. A Proceed to Work Order, guaranteeing that the work will commence within fifteen (15) calendar days of the date of the conference and be totally completed within ninety (90) days from the start of work, will be issued to each contractor at this Conference.

H. Progress Inspections

The program staff will make periodic inspections to monitor the progress of property improvements. This is necessary to ensure that the ongoing improvements are in accordance with the scope of work outlined in the work write-up. It is the contractor's responsibility to notify the Building Inspector before closing up walls on plumbing and electrical improvements.

I. Change Orders

If it becomes apparent during the course of construction that additional repairs are necessary or the described repair needs to be amended, the program staff will have the qualified professional(s) inspect the areas in need of repair and prepare a change order describing the work to be done. The applicant and the contractor will review the change order with the program staff and agree on a price. Once all parties approve of the change order and agree on the price, they will sign documents amending the contract agreement to include the change order. Additionally, if the applicant is not funding the additional cost, new financing documents will be executed reflecting the increase.

J. Payment Schedule

The contract will permit three progress payments if the project costs less than \$20,000 or four progress payments if the project costs more than \$20,000. For example: \$24,000 project has four payments, with the first payment of \$10,000 and the remaining payments are divided equally. First payment is made when the project is one-quarter completed. Second payment is made when the project is one-half completed. Third at three quarters completed. Fourth and final payment upon completion.

The contractor will submit a payment request. The applicant will sign a payment approval if both the applicant and housing/building inspector, as well as the Township Committee are satisfied with the work performed. The municipality will then release the payment.

Final payment will be released once all final inspections are made, a Certificate of Occupancy is issued (if applicable) and the program staff receives a Property Owner Sign-off letter.

The contractor's performance bond will be released within three months after the final payment is made to the contractor.

K. Appeal Process

If an applicant does not approve a payment that the housing/building inspector has approved, the disputed payment will be appealed to the municipality's Township Committee for a hearing. The municipality's Township Committee will decide if the payment shall be released to the contractor or the contractor must complete additional work or correct work completed before the release of the payment. The municipality's Township Committee decision will be binding on both the applicant and the contractor

L. Final Inspection

Upon notification by the contractor that all work is complete and where required a Certificate of Occupancy has been issued, a final inspection shall be conducted and photographs taken. The program staff (or a representative), the property owner, and the necessary contractors shall be present at the final inspection to respond to any final punch list items.

M. Record Restricted Covenant and Mortgage Documentation

Program staff will file the executed Restricted Covenant and Mortgage with the County Clerk.

N. File Closing

After the final payment is made, the applicant's file will be closed by the program staff and submitted to the municipality upon termination of the program.

SECTION V. PROCEDURE FOR INCOME-ELIGIBILITY CERTIFICATION

A. Complete a Household Eligibility Determination Form

The program staff shall require each member of an applicant household who is 18 years of age or older to provide documentation to verify their income, pursuant to the Uniform Housing Affordability Controls at N.J.A.C. 5:80-16.1 et seq. (except for the asset test).¹ Income verification documentation should include, but is not limited to the following for each and every member of a household who is 18 years of age or older:

- Four current consecutive pay stubs [including both the check and the stub], including bonuses, overtime or tips, or a letter from the employer stating the present annual income figure or if self-employed, a current Certified Profit & Loss Statement and Balance Sheet.
- Copies of Federal and State income tax returns for each of the preceding three tax years - A Form 1040 Tax Summary for the past three tax years can be requested from the local Internal Revenue Service Center or by calling 1-800-829-1040.

¹ Asset Test – N.J.A.C. 5:80-26.16(b)3 which provides that if an applicant household owns a primary residence with no mortgage on the property valued at or above the regional asset limit as published annually by COAH, a certificate of eligibility shall be denied by the administrative agent, unless the applicant's existing monthly housing costs ...exceed 38 percent of the household's eligible monthly income.

- A letter or appropriate reporting form verifying monthly benefits such as
 - Social Security or SSI – Current award letter or computer printout letter
 - Unemployment – verification of Unemployment Benefits
 - Welfare -TANF² current award letter
 - Disability - Worker’s compensation letter or
 - Pension income (monthly or annually) – a pension letter
- A letter or appropriate reporting form verifying any other sources of income claimed by the applicant, such as alimony or child support – copy of court order or recent original letters from the court or education scholarship/stipends – current award letter.
- Current reports of savings and checking accounts (bank statements and passbooks) and income reports from banks or other financial institutions holding or managing trust funds, money market accounts, certificates of deposit, stocks or bonds (In brokerage accounts – most recent statements and/or in certificate form – photocopy of certificates).
- Evidence or reports of income from directly held assets, such as real estate or businesses.
- Interest in a corporation or partnership – Federal tax returns for each of the preceding three tax years.
- Current reports of assets – Market Value Appraisal or Realtor Comparative Market Analysis and Bank/Mortgage Co. Statement indicating Current Mortgage Balance. For rental property attach copies of all leases.

The following is a list of various types of wages, payments, rebates and credits. Those that are considered as part of the household’s income are listed under Income. Those that are not considered as part of the household’s income are listed under Not Income.

²TANF – Temporary Assistance for Needy Families

Income

1. Wages, salaries, tips, commissions
2. Alimony
3. Regularly scheduled overtime
4. Pensions
5. Social security
6. Unemployment compensation (verify the remaining number of weeks they are eligible to receive)
7. TANF
8. Verified regular child support
9. Disability
10. Net income from business or real estate
11. Interest income from assets such as savings, certificates of deposit, money market accounts, mutual funds, stocks, bonds
12. Imputed interest (using a current average annual rate of two percent) from non-income producing assets, such as equity in real estate. Rent from real estate is considered income, after deduction of any mortgage payments, real estate taxes, property owner's insurance.
13. Rent from real estate is considered income
14. Any other forms of regular income reported to the Internal Revenue Service

Not Income

1. Rebates or credits received under low-income energy assistance programs
2. Food stamps
3. Payments received for foster care
4. Relocation assistance benefits
5. Income of live-in attendants
6. Scholarships
7. Student loans
8. Personal property such as automobiles
9. Lump-sum additions to assets such as inheritances, lottery winnings, gifts, insurance settlements

10. Part-time income of dependents enrolled as full-time students

11. Court ordered payments for alimony or child support paid to another household shall be deducted from gross annual income

To calculate income, the current gross income of the applicant is used to project that income over the next 12 months.

Student Income

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

Income from Real Estate

If real estate owned by an applicant for affordable housing is a rental property, the rent is considered income. After deduction of any mortgage payments, real estate taxes, property owner insurance and reasonable property management expenses as reported to the Internal Revenue Service, the remaining amount shall be counted as income.

If an applicant owns real estate with mortgage debt, which is not to be used as rental housing, the Administrative Agent should determine the imputed interest from the value of the property. The Administrative Agent should deduct outstanding mortgage debt from the documented market value established by a market value appraisal. Based on current money market rates, interest will be imputed on the determined value of the real estate.

B. Records Documenting Household Composition and Circumstances

The following are various records for documenting household information:

- Social Security records or cards. Either individual Social Security card or letter from Social Security Administration
- Adoption papers, or legal documents showing adoption in process
- Income tax return
- Birth Certificate or Passport
- Alien Registration Card

C. Certify the income eligibility of low- and moderate-income households by completing the application form. Provide the household with the original and keep a copy in the project files. Applicants have 30 days to submit all required information or the application will be voided. A new application can be filed at any time. The 30 day timeframe can be extended upon the judgment of the Administrative Agent.

D. Appeals

Appeals from all decisions of an Administrative Agent shall be made in writing to the Executive Director of the Council on Affordable Housing (COAH), 101 South Broad Street, P.O. Box 813, Trenton, New Jersey 08615. The Executive Director's written decision, which shall be made within 15 days of receipt of an appeal, shall be a final administrative action of COAH.

SECTION VI. CONTRACTOR RELATED PROCEDURES

A. Contractor Selection

Contractors must apply to the program staff to be placed on the pre-approved contractors list. Contractors seeking inclusion on the list must submit references from at least three recent general contracting jobs. Contractors also must submit documentation proving financial stability and the ability to obtain performance bonds, as performance bonds will be required on every rehabilitation project. If it is ever necessary for the municipality or the administrative agent to access the performance bond in order to complete a project, the contractor will be removed from the pre-approved contractors list. Contractors must carry workmen's compensation coverage and liability insurance of at least \$100,000/\$300,000 for bodily injury or death and \$50,000 for property damage. Only licensed tradesmen will be permitted to perform specialty work such as plumbing, heating and electrical.

B. Number of Proposals Required

The property owner will select a minimum of three general contractors from a list of pre-approved contractors. Property owners may not select contractors who do not appear on the list.³ The approved work write-up will be submitted to the selected contractors by the program staff. Contractors must visit the property and submit bids within 14 days. The contract will be awarded to the lowest bidder⁴, provided that the housing/building inspector or the professional who drafted the work write-up certify that the work can be completed at the price bid and that the bid is reasonably close to the cost estimate. Bids must fall within 10 percent of the cost estimate.

C. Contractor Requirements

Upon notification of selection, the contractor shall submit all required insurance certification to the program staff. A contract signing conference will be called by the program staff to be attended by the property owner and contractor. At the time of Agreement execution, the contractor shall sign a Certification of Work Schedule prepared by the program staff.

³ The program may permit a property owner to seek proposals from non-program participating contractors. However, the municipality must pre-approve the contractor prior to submitting a bid.

⁴ If the property owner wishes to use a contractor other than the lowest responsible bidder, the property owner shall pay the difference between the lowest bid price and the bid price of the selected contractor.

SECTION VII. MAINTENANCE OF RECORDS

A. Files To Be Maintained on Every Applicant

The program staff will maintain files on every applicant. All files will contain a preliminary application. If an applicant's preliminary application is approved, and the applicant files a formal application, the file will contain at a minimum:

- Application Form
- Tenant Information Form (Rental Units Only)
- Income Verification
- Letter of Certification of Eligibility or Letter of Determination of Ineligibility

B. Files of applicants approved for the program will also contain the following additional documentation:

- Housing Inspection Report
- Photographs - Before
- Certification of Property Eligibility or Determination of Ineligibility
- Proof of Homeowners Insurance
- Copy of Deed to Property

C. For properties determined eligible for the program where the applicants choose to continue in the program, the files shall contain the following:

- Work Write-Up/Cost Estimate
- Copies of Bids
- Applicant/Contractor Contract Agreement
- Recorded Mortgage/Lien Documents
- Copies of All Required Permits
- Contractor Requests for Progress Payments
- Progress Payment Inspection Reports
- Progress Payment Vouchers
- Change Orders (If needed)
- Final Inspection Report
- Photographs - After
- Certification of Completion
- Certification of Release of Contractor's Bond

Individual files will be maintained throughout the process and submitted to the municipality upon termination of the program.

D. Rehabilitation Log

A rehabilitation log will be maintained by the program staff that depicts the status of all applications in progress.

E. Monitoring

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

- Street Address
- Block/Lot/Unit Number
- Owner/Renter
- Income: Very Low/Low/Mod
- Final Inspection Date
- Funds expended on Hard Costs
- Development Fees expended
- Funds Recaptured
- Major Systems Repaired
- Unit Below Code & Raised to Code
- Effective date of affordability controls
- Length of Affordability Controls (yrs)
- Date Affordability Controls removed
- Reason for removal of Affordability Controls

SECTION VIII. PROGRAM MARKETING

The municipality will conduct a public meeting announcing the implementation of the housing rehabilitation program. For the term of the program, the municipality will include flyers once a year with tax bills, water bills, or other regular municipal mailing to all property owners. Program information will be available at the municipal building, library, and senior center and on the municipal website. Brochures regarding the program will be placed in retail businesses throughout the municipality.

Prior to commencement of the program and periodically thereafter, the municipality will hold informational meetings on the program to all interested contractors. Each contractor will have the opportunity to apply for inclusion of the municipal contractor list.

Section XI: VIOLATIONS, DEFAULTS AND REMEDIES

Upon the occurrence of a breach of any of the regulations governing the affordable unit by an Owner, Developer or Tenant the municipality shall have all the remedies provided at law or equity, including but not limited to foreclosure, tenant eviction, municipal fines, a requirement for household recertification, acceleration of all sums due under a mortgage, recoupment of any funds from a sale in the violation of the regulations, injunctive relief to prevent further violation of the regulations, entry on the premises, and specific performance.

After providing written notice of a violation to an Owner, Developer or Tenant of a low- or moderate-income unit and advising the Owner, Developer or Tenant of the penalties for such violations, the municipality may take the following action against the Owner, Developer or Tenant for any violation that remains uncured for a period of 60 days after service of the written notice.

The municipality may file a court action pursuant to N.J.S.A. 2A:58-11 alleging a violation, or violations, of the regulations governing the affordable housing unit. If the Owner, Developer or Tenant is found by the court to have violated any provision of the regulations governing affordable housing units the Owner, Developer or Tenant shall be subject to one or more of the following penalties, at the discretion of the court:

- A fine of not more than \$10,000.00 or imprisonment for a period not to exceed 90 days, or both. Each and every day that the violation continues or exists shall be considered a separate and specific violation of these provisions and not as a continuing offense;
- In the case of an Owner who has rented his or her low- or moderate-income unit in violation of the regulations governing affordable housing units, payment into the Township of Raritan Affordable Housing Trust Fund of the gross amount of rent illegally collected;
- In the case of an Owner who has rented his or her low- or moderate-income unit in violation of the regulations governing affordable housing units, payment of an innocent tenant's reasonable relocation costs, as determined by the court.

Such judgment shall be enforceable, at the option of the municipality, by means of an execution sale by the Sheriff, at which time the low- and moderate-income unit of the violating Owner shall be sold at a sale price which is not less than the amount necessary to fully satisfy and pay off any First Purchase Money Mortgage and prior liens and the costs of the enforcement proceedings incurred by the municipality, including attorney's fees. The violating Owner shall have the right to possession terminated as well as the title conveyed pursuant to the Sheriff's sale.

The proceeds of the Sheriff's sale shall first be applied to satisfy the First Purchase Money Mortgage lien and any prior liens upon the low- and moderate-income unit. The excess, if any, shall be applied to reimburse the municipality for any and all costs and expenses incurred in connection with either the court action resulting in the judgment of violation or the Sheriff's sale. In the event that the proceeds from the Sheriff's sale are insufficient to reimburse the municipality in full as aforesaid, the violating Owner shall be personally responsible for and to the extent of such deficiency, in addition to any and all costs incurred by the municipality in connection with collecting such deficiency. In the event that a surplus remains after satisfying all of the above, such surplus, if any, shall be placed in escrow by the municipality for the Owner and shall be held in such escrow for a maximum period of two years or until such earlier time as the Owner shall make a claim with the municipality for such. Failure of the Owner to claim such balance within the two-year period shall automatically result in a forfeiture of such balance to the municipality. Any interest accrued or earned on such balance while being held in escrow shall belong to and shall be paid to the municipality, whether such balance shall be paid to the Owner or forfeited to the municipality.

Foreclosure by the municipality due to violation of the regulations governing affordable housing units shall not extinguish the restrictions of the regulations governing affordable housing units as the same apply to the low- and moderate-income unit. Title shall be conveyed to the purchaser at the Sheriff's sale, subject to the restrictions and provisions of the regulations governing the affordable housing unit. The Owner determined to be in violation of the provisions of this plan and from whom title and possession were taken by means of the Sheriff's sale shall not be entitled to any right of redemption.

If there are no bidders at the Sheriff's sale, or if insufficient amounts are to bid to satisfy the First

Purchase Money Mortgage and any prior liens, the municipality may acquire title to the low- and moderate-income unit by satisfying the First Purchase Money Mortgage and any prior liens and crediting the violating owner with an amount equal to the difference between the First Purchase Money Mortgage and any prior liens and costs of the enforcement proceedings, including legal fees and the maximum resale price for which the low and moderate income unit could have been sold under the terms of the regulations governing affordable housing units. This excess shall be treated in the same manner as the excess which would have been realized from an actual sale as previously described.

Failure of the low- and moderate-income unit to be either sold at the Sheriff's sale or acquired by the municipality shall obligate the Owner to accept an offer to purchase from any qualified purchaser which may be referred to the Owner by the municipality, with such offer to purchase being equal to the maximum resale price of the low and moderate income unit as permitted by the regulations governing affordable housing units.

The Owner shall remain fully obligated, responsible and liable for complying with the terms and restrictions of governing affordable housing units until such time as title is conveyed from the Owner.

Section XII: MAINTENANCE OF RECORDS AND APPLICANT FILES

Pursuant to N.J.A.C. 5:80-26.14(a)8, N.J.A.C. 5:80-26.15(c) and N.J.A.C 5:80-26.17 current records must be maintained by the Administrative Agent and outdated records must be given by the Township of Raritan for safe-keeping. A file must be created and maintained on each restricted unit for its control period.

Administrative Agents maintain detailed records on all marketing initiatives.

Files to Be Maintained on Every Applicant

The Administrative Agent will maintain files on every applicant. All files will contain a preliminary application. If an applicant's preliminary application is approved, and the applicant files a formal application, the file will contain at a minimum:

- Application Form.
- Income Verification.
- Letter of Certification of Eligibility or Letter of Determination Ineligibility.

Individual files will be maintained throughout the process.

Files to Be Maintained on Every Unit

The Administrative Agent will maintain files on every unit for the length of the affordability controls. The unit file will contain at a minimum:

- Base rent prices
- Identification as low or moderate income
- Description of the number of bedrooms and physical layout
- Floor plan
- Original deed restriction

- Affordability control documents, including Declarations of Covenants, Conditions and Restrictions, Deed Restrictions, Deeds, Recapture Mortgages, Recapture Mortgage Notes, Disclosure Statement (Appendix J)
- Application materials, verifications and certifications of all present owners, pertinent corresponded, any documentation of home improvement, hardship or income waivers or other approvals granted by an Administrative Agent, certificate of exemption

Files to Be Maintained on Every Project

The Administrative Agent will maintain files on every project for the length of the affordability controls. The project will contain at a minimum:

- Condominium Master Deed
- Condominium Public Offering
- Crediting Information

Files to Be Maintained on The Applicant Pool

- Any changes to the applicant pool
- Any action taken with regard to the applicant pool
- Any activity that occurs that affects a particular applicant
- Current applications for all applicants whose status is active in the applicant pool
- The application, the initial rejection notice, the applicant's reply to the notice, a copy of the Administrative Agent's final response to the applicant, and all documentation of the reason the applicant's name was removed from the applicant pool

Annual and Periodic Monitoring

The Township shall complete and submit to COAH, other State Agencies, as directed, with a copy to Fair Share Housing Center, all monitoring reports included in the monitoring requirements related to the collection of development fees from residential and nonresidential developers, payments in lieu of construction affordable units on site, funds from the sale of units with extinguished controls, barrier free escrow funds, rental income, repayments from affordable housing program loans, and any other funds collected in connection with the Township's affordable housing program, as well as to the expenditure of revenues and implementation of the plan certified by COAH.

A sample Deed must be submitted for each project. Additionally, the current annual monitoring information required to be maintained and reported annually to the Municipal Housing Liaison can be found on COAH's website at <http://www.nj.gov/dca/affiliates/coah/resources/munliaisons.pdf>. The information required for each unit includes but it not limited to:

- Street Address
- Block/Lot/Qualifier/Unit Number
- Housing Type
- Income: Very Low/Low/Moderate
- Initial Sale Price
- % of affordability
- Bedroom Type
- Age-restricted
- Handicap accessible/adaptable
- Co #, date
- Effective date of affordability controls
- Length of affordability controls (years)
- Date affordability controls removed
- 95/5 unit

Rehabilitation Program Audit Checklist

	UP-TO-DATE OPERATING MANUAL	Comments
<input type="checkbox"/>	Income Limits	
<input type="checkbox"/>	List of Pre-Qualified Contractors	
<input type="checkbox"/>	Sample Forms and Letters	
	MAINTENANCE OF RECORDS	
	Files To Be Maintained on Every Applicant	
<input type="checkbox"/>	Preliminary Application	
<input type="checkbox"/>	Application Form	
<input type="checkbox"/>	Income Verification	
<input type="checkbox"/>	Letter of Certification of Eligibility or	
<input type="checkbox"/>	Letter of Determination of Ineligibility.	
	Files to be Maintained on Every Property	
<input type="checkbox"/>	Housing Inspection Report.	
<input type="checkbox"/>	Photographs – Before Certification of Property	
<input type="checkbox"/>	Homeowner’s Insurance	
<input type="checkbox"/>	Property Deed	
<input type="checkbox"/>	Eligibility or Determination of Ineligibility	
<input type="checkbox"/>	Work Write-Up/Cost Estimate.	
<input type="checkbox"/>	Applicant/Contractor Contract Agreement.	
<input type="checkbox"/>	Mortgage/Lien Documents.	
<input type="checkbox"/>	Copies of All Required Permits.	
<input type="checkbox"/>	Contractor Requests for Progress Payments.	
<input type="checkbox"/>	Progress Payment Inspection Reports.	
<input type="checkbox"/>	Progress Payment Vouchers.	
<input type="checkbox"/>	Change Orders (If Needed).	
<input type="checkbox"/>	Final Inspection Report.	
<input type="checkbox"/>	Photographs - After	
<input type="checkbox"/>	Certification of Completion.	
<input type="checkbox"/>	Certification of Release of Contractor’s Bond.	
<input type="checkbox"/>	Rehabilitation Log	
	MONITORING INFORMATION	
<input type="checkbox"/>	Complete Monitoring Reporting Forms	
	PROGRAM MARKETING	
<input type="checkbox"/>	Annual Public Hearing Notice on Program	
<input type="checkbox"/>	Program Flyer	
<input type="checkbox"/>	Program Brochure	
<input type="checkbox"/>	Flyer mailed Annually to All Property Owners	
<input type="checkbox"/>	Program information available in municipal building,	
<input type="checkbox"/>	library and senior center.	
<input type="checkbox"/>	Program information posted on municipal website.	
<input type="checkbox"/>	Program posters placed in retail businesses throughout the municipality.	

Rehabilitation Program Audit Checklist For Rental Units

<input type="checkbox"/>	UP-TO-DATE OPERATING MANUAL	Comments
<input type="checkbox"/>	Income Limits	
<input type="checkbox"/>	Sample Forms and Letters	
	AFFIRMATIVE MARKETING	
<input type="checkbox"/>	Copies of Ads	
<input type="checkbox"/>	Copies of PSA Requests	
<input type="checkbox"/>	Copies of Marketing Requests	
	RANDOM SELECTION	
<input type="checkbox"/>	Log of Applications Received	
<input type="checkbox"/>	Log of Random Selection Results	
<input type="checkbox"/>	Database of Referrals	
	MAINTENANCE OF RECORDS	
	Files To Be Maintained on Every Applicant	
<input type="checkbox"/>	Preliminary Application.	
<input type="checkbox"/>	Application Form.	
<input type="checkbox"/>	Tenant Information Form	
<input type="checkbox"/>	Income Verification	
<input type="checkbox"/>	Letter of Certification of Eligibility or	
<input type="checkbox"/>	Letter of Determination of Ineligibility	
	Files To Be Maintained on Every Rental Unit	
<input type="checkbox"/>	Base rent	
<input type="checkbox"/>	Identification as low- or moderate-income	
<input type="checkbox"/>	Description of number of bedrooms and physical layout	
<input type="checkbox"/>	Floor plan	
<input type="checkbox"/>	Application materials, verifications and certifications of	
<input type="checkbox"/>	all present tenants, pertinent correspondence	
<input type="checkbox"/>	Copy of lease	
<input type="checkbox"/>	Appendix K	
	Files To Be Maintained on Every Property	
	Deed	

Exhibit A. COAH Annual Regional Income Limits Chart

June 14, 2019
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EXHIBIT A: 2019 INCOME LIMITS

Prepared by Affordable Housing Professionals of New Jersey (AHPNJ) - May 2019

2019 AFFORDABLE HOUSING REGIONAL INCOME LIMITS BY HOUSEHOLD SIZE

Income limits not officially adopted by the State of New Jersey. Contact your municipality to see if applicable in your jurisdiction. Additional information about AHPNJ income limits is posted on AHPNJ.org.

	1 Person	*1.5 Person	2 Person	*3 Person	4 Person	*4.5 Person	5 Person	6 Person	7 Person	8+ Person	Max Increase Rents*** Sole***	Regional Asset Limit****
Region 1	Median	\$66,607	\$71,365	\$76,122	\$85,637	\$95,153	\$98,959	\$102,765	\$110,377	\$117,989	\$125,602	
Bergen, Hudson, Passaic and Sussex	Moderate	\$53,286	\$57,092	\$60,898	\$68,510	\$76,122	\$79,167	\$82,212	\$88,302	\$94,391	\$100,481	
	Low	\$33,303	\$35,682	\$38,061	\$42,819	\$47,576	\$49,479	\$51,382	\$55,189	\$58,995	\$62,801	2.6%
	Very Low	\$19,982	\$21,409	\$22,837	\$25,691	\$28,546	\$29,688	\$30,829	\$33,113	\$35,397	\$37,680	4.73%
Region 2	Median	\$70,537	\$75,576	\$80,614	\$90,691	\$100,767	\$104,798	\$108,829	\$116,890	\$124,952	\$133,013	
Essex, Morris, Union and Warren	Moderate	\$56,430	\$60,460	\$64,491	\$72,553	\$80,614	\$83,838	\$87,063	\$93,512	\$99,961	\$106,410	
	Low	\$35,269	\$37,788	\$40,307	\$45,345	\$50,384	\$52,399	\$54,414	\$58,445	\$62,476	\$66,506	2.6%
	Very Low	\$21,161	\$22,673	\$24,184	\$27,207	\$30,230	\$31,439	\$32,649	\$35,067	\$37,485	\$39,904	5.67%
Region 3	Median	\$82,810	\$88,735	\$94,660	\$106,470	\$118,300	\$123,032	\$127,764	\$137,228	\$146,692	\$156,156	
Hunterdon, Middlesex and Somerset	Moderate	\$66,248	\$70,980	\$75,712	\$85,176	\$94,640	\$98,426	\$102,211	\$109,782	\$117,354	\$124,925	
	Low	\$41,405	\$44,363	\$47,320	\$53,235	\$59,150	\$61,516	\$63,882	\$68,614	\$73,346	\$78,078	2.6%
	Very Low	\$24,843	\$26,618	\$28,392	\$31,941	\$35,490	\$36,910	\$38,329	\$41,168	\$44,008	\$46,847	9.64%
Region 4	Median	\$72,165	\$77,319	\$82,474	\$92,783	\$103,092	\$107,216	\$111,340	\$119,587	\$127,834	\$136,082	
Merger, Monmouth and Ocean	Moderate	\$57,732	\$61,855	\$65,979	\$74,226	\$82,474	\$85,773	\$89,072	\$95,670	\$102,268	\$108,865	
	Low	\$36,082	\$38,660	\$41,237	\$46,392	\$51,546	\$53,608	\$55,670	\$59,794	\$63,917	\$68,041	2.6%
	Very Low	\$21,649	\$23,196	\$24,742	\$27,835	\$30,928	\$32,165	\$33,402	\$35,876	\$38,350	\$40,825	3.91%
Region 5	Median	\$63,070	\$67,575	\$72,080	\$81,090	\$90,100	\$93,704	\$97,308	\$104,516	\$111,724	\$118,932	
Burlington, Camden and Gloucester	Moderate	\$50,456	\$54,060	\$57,664	\$64,872	\$72,080	\$74,963	\$77,846	\$83,613	\$89,379	\$95,146	
	Low	\$31,535	\$33,788	\$36,040	\$40,545	\$45,050	\$46,852	\$48,654	\$52,258	\$55,862	\$59,466	2.6%
	Very Low	\$18,924	\$20,273	\$21,622	\$24,327	\$27,030	\$28,111	\$29,192	\$31,355	\$33,517	\$35,680	3.09%
Region 6	Median	\$53,714	\$57,550	\$61,387	\$69,061	\$76,734	\$79,803	\$82,873	\$89,011	\$95,150	\$101,289	
Atlantic, Cape May, Cumberland, and Salem	Moderate	\$42,971	\$46,040	\$49,110	\$55,248	\$61,387	\$63,843	\$66,298	\$71,209	\$76,120	\$81,031	
	Low	\$26,857	\$28,775	\$30,694	\$34,530	\$38,367	\$39,902	\$41,436	\$44,506	\$47,575	\$50,644	2.6%
	Very Low	\$16,114	\$17,265	\$18,416	\$20,718	\$23,020	\$23,941	\$24,862	\$26,703	\$28,545	\$30,387	5.15%

Moderate income is between 80 and 50 percent of the median income. Low income is 50 percent or less of median income. Very low income is 30 percent or less of median income.

*** These columns are for calculating the pricing for one, two and three bedroom sale and rental units as per N.J.A.C. 5:80-26.4(a).
 *** This column is used for calculating the pricing for rent increases for units (as previously calculated under N.J.A.C. 5:97-9.3). The increase for 2015 was 2.3%, the increase for 2016 was 1.1%, the increase for 2017 was 1.7%, and the increase for 2018 was 2.2%. The increase for 2019 is 2.6% (Consumer price index for All Urban Consumers (CPI-U): Regions by expenditure category and commodity and service group). Landlords who did not increase rents in 2015, 2016, 2017, or 2018 may increase rent by up to the applicable combined percentage including 2019 or 9.0% whichever is less in accordance with N.J.A.C. 5:97-9.3(c). In no case can rent for any particular apartment be increased more than one time per year.
 *** This column is used for calculating the pricing for resale increases for units (as previously calculated under N.J.A.C. 5:97-9.3). The price of owner-occupied low and moderate income units may increase annually based on the percentage increase in the regional median income limit for each housing region. In no event shall the maximum resale price established by the administrative agent be lower than the last recorded purchase price.
 Low income tax credit developments may increase based on the low income tax credit regulations.
 **** The Regional Asset Limit is used in determining an applicant's eligibility for affordable housing pursuant to N.J.A.C. 5:80-26.16(b)3.

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