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CDBG-MIT Residential Property Elevation Fund Program Manual

State of North Carolina

Policy Revision History

Version	Date	Description
1.0	01-01-2025	Initial Development of Policy.

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0.0 Program Overview

The Residential Property Elevation Fund (RPEF) Program Manual establishes program policies for the uses of the Residential Property Elevation Fund based on the State's Action Plans and subsequent amendments approved by the U.S. Department of Housing and Urban Development (HUD). The RPEF was created in the Substantial Action Plan Amendment 6, October 31, 2024. The Action Plans and amendments can be found on the State's recovery website at <https://rebuild.nc.gov/action-plans>. This manual is designed to provide guidance to the state, its subrecipients, and vendors directly involved in the delivery of homeowner recovery assistance to storm survivors. In addition, this manual is intended to serve as a resource for affected North Carolina residents and other parties interested in understanding how the Program works from the application for assistance to closeout.

0.1 Program Description and Mitigation Objectives

The Residential Property Elevation Fund is a complimentary program to the ReBuild NC Homeowner Recover Program (HRP) and is designed to be a supporting component of HRP. This support is directed to the mitigation of flooding hazards to residential housing. The elevation of personal property is a major hazard mitigation in the State's Enhanced Hazard Mitigation Plan and is specifically indicated in NC-2 of the plan. The Homeowner Recovery Program is intended to assist eligible North Carolina residents whose primary residences were directly or indirectly impacted by Hurricane Matthew on October 8, 2016 and/or Hurricane Florence on September 14, 2018. HUD allocated \$236,529,000 for Hurricane Matthew recovery and a subsequent allocation of \$542,644,000 for Hurricane Florence recovery in Community Development Block Grant for Disaster Recovery (CDBG-DR) funding to North Carolina. The allocations were appropriated under HUD's Federal Register published on January 18, 2017, at 82 FR 5591, and on August 7, 2017 at 82 FR 36812.

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

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

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

Participating in, and accepting any grant award from, the Homeowner Recovery Program is completely voluntary and up to the discretion of the applicant. While Program participation is voluntary, the award offered to a homeowner may be the only feasible option available to them for recovery. Refusing the award offered may result in withdrawal from the HRP if there is no other feasible award offer.

In Public Law 115-123 (February 9, 2018), the State of North Carolina was allocated \$168,067,000 in Community Development Block Grant – Mitigation (CDBG-MIT) funds. In Public Law 116-20, the State was allocated an additional \$34,619,000 in CDBG-MIT funds (Public Law 116-20 for qualifying disasters in 2018, announced in 86 FR 561) for a total of \$202,686,000 in CDBG- MIT funds. CDBG-MIT is a new funding approach from HUD intended to relieve the repetitive cycle of disaster relief allocations to often-impacted areas of the country. There are three Federal Register Notices that outline the requirements and expectations that HUD places on its grantees related to CDBG-MIT funds:

- 81 FR 83254, November 21, 2016 (specific requirements, waivers, and alternative requirements);
- 84 FR 45838, August 30, 2019 (the Main Notice);
- 85 FR 60821, September 28, 2020 (the Omni Notice);
- 86 FR 561, January 6, 2021;
- 87 FR No. 118, 36869 published June 21, 2022.

During the implementation of the CDBG-DR funded Homeowner Recovery Program, a significant number of storm-damaged homeowner occupied properties were elevated or are slated for elevation. Property elevations are primarily those that are substantially damaged or substantially repaired in a Special Flood Hazard Area (SFHA) that are subject to local floodplain ordinances requiring elevation at or above the Base Flood Elevation (BFE). Specifically, NCORR is undertaking the demolition of substantially damaged structures with reconstruction of an elevated structure, or replacement of a new manufactured structure, on the same site through the construction component of the HRP. The elevation of residential properties, inclusive of mechanics and electrical components, is the primary mitigation measure to address the current and future risks associated with flooding hazards. Hence, the Residential Property Elevation Fund was established in the CDBG-MIT grant to provide a new funding source for NCORR's completed and ongoing structural property elevations for those households participating in HRP in order to mitigate against future flood hazards.

The RPEF will fund the construction and other associated costs of completing construction for eligible applicants in the HRP that included, or will include, elevation as part of the construction scope of work (SOW). Thus, the HRP awards to which the RPEF can be applied are the following:

- | | |
|--|--|
| <ul style="list-style-type: none"> • Reconstruction • Temporary Relocation Assistance (TRA) • Manufactured Home Unit (MHU) Repair and Replacement • Required inspections | <ul style="list-style-type: none"> • Associated asbestos and lead-based paint abatement, and • Costs associated with the Uniform Relocation Act (URA) • Environmental reviews |
|--|--|

The RPEF will not fund administrative costs associated with the application process, eligibility and duplication of benefits reviews, and other processes associated with establishing an applicant within the HRP.

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

0.2 CDBG-DR Eligible Counties

Because the RPEF is a supporting program to the HRP, the eligible counties are those in the HRP that are governed by CDBG-DR regulations. Therefore, to be eligible, all homes in need of elevation assistance must be located in one of the CDBG-DR eligible counties as shown below in the table below. The table indicates each impacted area by FEMA disaster declaration, by qualifying disaster (Matthew or Florence). If no specific storm is indicated, the area is considered to be impacted by both events.

Table 1: HRP Eligible Counties

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

Eligible County		
Durham County (Florence Only)	Northampton County (Matthew Only)	Wilson County
Edgecombe County (Matthew Only)*	Onslow County*	Yancey County (Florence Only)
Franklin County (Matthew Only)	Orange County (Florence Only)	

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

It should be noted that properties located in a Most Impacted and Distressed (MID) area as determined by HUD or by the State do not need to provide evidence of storm damage to receive assistance. Properties located outside of a HUD or State-identified MID area must demonstrate damage from Hurricane Matthew and/or Hurricane Florence and be located in a FEMA designated disaster area for Individual Assistance to be eligible in the HRP. HUD has limited CDBG-DR allocations to those disasters where FEMA had determined the damage was sufficient to declare the disaster as eligible to receive Individual and Households Program (IHP) funding.

0.3 Meeting Regulatory and National Objectives

All of the state’s CDBG-MIT funded recovery activities must meet regulatory guidelines, and the activities meet the definitions, directed by HUD under the authorizing statute of the CDBG-MIT Program. The elevation of reconstructed site-built or replaced manufactured homes meets the definition of mitigation activities. Moreover, this mitigation through elevation addresses the current and future risks associated with flood hazards as identified in the grantee’s Mitigation Needs Assessment. By rebuilding and replacing flood-damaged residential homes with more resilient structures the RPEF is providing decent housing in a safer living environment while conserving the Nation’s housing stock.

Specific to the RPEF, the addressed national objective criteria required by HUD is a benefit to LMI (Low- and moderate-income) individuals. Activities which benefit low- and moderate-income individuals, such as providing an area benefit to an LMI area, establishing benefits to limited clientele, or housing LMI individuals and households. CDBG-MIT requirements mandate that 50% of disbursed funds must be provided to LMI households. However, NCORR is committed to exceeding this requirement in efforts to serve LMI families in the state. Therefore, one primary objective of the RPEF is to exceed the LMI national objective. Achieving this objective is facilitated by the RPEF supporting, and drawing applicants from, the HRP. Applicants to the HRP that meet the LMI national objective must provide or verify documentation that their total household income does not exceed 80% of the area median income (AMI) as defined by HUD. Applicants with total household income over 80% of AMI may be eligible for activities that satisfy the Urgent Need National Objective.

CDBG-MIT regulations require that a minimum of 50% of MIT funds be spent in HUD the most impacted and distressed (MID) areas. MID counties were designated by HUD for both Hurricanes Matthew and Florence, as well as those designated by the state. RPEF funds designated for the elevation of residential homes will be prioritized in the following 23 MID counties to meet the regulatory objective:

MID Counties

HUD-defined (Florence)	
Brunswick Duplin Carteret Craven Jones	New Hanover Onslow Pamlico Pender Scotland
HUD-defined (Matthew)	
Edgecombe	Wayne
HUD-defined (Dually impacted)	
Bladen Columbus	Cumberland Robeson
State-defined (Additional areas)	
Beaufort Dare Harnett Johnson	Lenoir Pitt Sampson

The average damage per occurrence for a flood event in the MID areas is \$706,573. The MID areas also have a high concentration of Repetitive Loss (RL) and Severe Repetitive Loss (SRL) property.

Approximately 47% of all RL property and 41% of all SRL property is located within the MID counties. There are over 80,000 parcels and more than 133,000 buildings located in a 100-year, 500-year floodplain, or floodway in the MID counties. Further there are over 52,000 parcels with structures that are at risk of flood damage from being in the 100-year and 500-year flood zones or a floodway.

The ongoing recovery from Hurricane Matthew was greatly affected, as many areas impacted by Matthew were also impacted by Florence. A previous Action Plan contained activities that addressed the impact of both Hurricane Matthew and Hurricane Florence. On January 6, 2021, in 86 FR 561, the additional CDBG-MIT funds allocated to NCORR under PL 116-20 indicated that these funds may also be utilized for the same activities, consistent with the requirements of the CDBG-MIT grant, in the MID areas impacted by Hurricanes Matthew and Florence.

There is an intersection between LMI household locations, designated MID areas, and the locations of SFHAs in the storm impacted areas, which the RPEF directly addresses. A significant amount of the population in the MID areas is located in block groups that are intersected by the 100-year floodplain. Of the 1,055 block groups which comprise or border the MID areas, 362 of those block groups have a low- and moderate-income (LMI) population greater than 51% of the total population of the block group (an LMI block group). Of those 362 LMI block groups, 304 of them contain a portion of the 100-year floodplain.

0.4 Method of HRP Distribution

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

0.5 Housing Summary Tables

The following tables summarize the basics of each assistance type for the Homeowner Recovery Program that are addressed by the Residential Property Elevation Fund. Specific details on eligibility and steps in the HRP recovery process are detailed in appropriate sections of the HRP Program Manual v9.0.

Table 2: Assistance Summary

Assistance Type	Description	Award Limit
Reconstruction	Reconstruct homes that are not feasible to repair. Additional scope may be provided for elevation.	Based on a reasonable dollar per square foot (\$/SF) received from the procured contractor, with an additional allowance for elevation.
Manufactured Home Unit (MHU) Replacement	Replace manufactured homes that are not feasible to repair or exceed the funding limit for repair work. Additional scope may be provided for elevation.	MHU repairs valued greater than or equal to \$5,001 for a single-wide MHU or \$10,001 for a double-wide or larger MHU; applies to 2020 applicants or later. An additional allowance is available for elevation.
Temporary Relocation Assistance (TRA)	Temporary relocation assistance is provided when the homeowner’s household cannot occupy their home due to NCORR-related construction or environmental remediation activities.	Not to exceed a reasonable rate as set in the Optional Relocation Policy and Procedure, plus moving and storage costs.

At times there is good cause for the HRP to offer an award that is different from the award limits listed above, or the award was issued under different limits found in earlier iterations of the HRP Program Manual. The rationale for offering these awards will be in the ReBuild NC system of record. Additionally, an award may differ from the above limits, or earlier limits, as a result of a successful appeal by an applicant, a determination of the Exceptional Case Panel (see below), if required by local codes, or a change in construction intent after the initial construction inspection.

0.6 Limits on Total Projects

NCORR intends to leverage the RPEF (CDBG-MIT) to finance the construction and construction-related costs for mitigated properties participating in the CDBG-DR Homeowner Recovery Program. However, the volume of elevation projects in HRP and their associated construction costs exceeds the \$44,174,078 allocated to the RPEF. As the anticipated cost of all elevation projects is greater than is available in the RPEF, only a portion of the elevation projects will be allocated to CDBG-MIT. NCORR will identify both complete and incomplete elevation projects to fund with the RPEF rather than CDBG-DR funds based on the regulatory and national objectives, and the practical consideration of accounting principles.

Additionally, the RPEF is limited to HRP projects funded by the HUD allocated of \$236,529,000 for Hurricane Matthew recovery and a subsequent allocation of \$542,644,000 for Hurricane Florence recovery in Community Development Block Grant for Disaster Recovery (CDBG-DR) funding to North Carolina. Prior to July 1, 2019, The North Carolina Department of Commerce (NCDOC) participated in a Grantee relationship with HUD for the receipt of CDBG-DR funds. However, the North Carolina Office of Recovery and Resiliency (NCORR) was sub granted CDBG-DR funds and had been administering programs in the role of sub-grantee on behalf of NCDOC. Effective July 1, 2019, NCORR has assumed Grantee responsibilities and has entered into a Grantee relationship with HUD. Projects completed prior to the HUD allocations were funded by state allocations and/or funds provided through the NCDOC. Therefore, projects funded under state or NCDOC allocations are not eligible.

0.7 RPEF Program Policy Changes

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

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

0.8 Compliance and Monitoring

As indicated below, those projects funded by the RPEF are reviewed, administered, and the construction overseen by the HRP. During each of the various reviews and determinations in the HRP, QA/QC Specialist Teams review individual program files for consistency, completion, and eligibility. ReBuild NC also utilizes Compliance Specialists to ensure adherence to regulatory and program policies and procedures. Compliance Specialists perform individual file reviews when necessary. Regular data quality reports are also reviewed by the Compliance Specialists to detect any data integrity issues. For activities previously administered by counties using the county-centric activity delivery model, the State performs monitoring of activities and projects executed by the county in conformance to the Compliance Manual. Monitoring guidance for all CDBG-DR programs is found in the NCORR Compliance and Monitoring Manual.

0.9 Exceptional Case Panel

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

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

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

0.10 Record-Keeping Requirements

0.10.1 Records Management

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

0.10.2 Access to Records

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

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

0.10.3 Personally Identifiable Information (“PII”)

The data collected from applicants to NCORR may contain personal information. Unauthorized disclosure of such personal information may result in personal liability with civil and criminal

penalties. Specific policy and guidance on the treatment of Personally Identifiable Information (PII) is collected in the NCORR Personally Identifiable Information Policy.

0.10.4 Applicant File Contents

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

- Complete application form
- Verification of HRP eligibility
- Determination of National Objective
- Estimated scopes of work
- Award calculations
- Duplication of benefits review
- Environmental remediation and clearance documentation
- Grant agreement documents
- Construction documents, if applicable
- Proof of payment of grant funds
- Closeout documents
- Environmental review documentation
- Appeals, if applicable
- Copies of miscellaneous HRP correspondence

0.11 Limited English Proficiency (LEP)

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

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

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

0.12 Reasonable Accommodations

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

- Ensure that all facilities are readily accessible and usable by persons with disabilities.

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

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

Reasonable modifications, defined as changes to construction to accommodate an applicant's disability need, must be identified as early as possible in the construction process. Reasonable modifications identified after construction is substantially complete may not be able to be accommodated. Reasonable modification requests do not include cosmetic or other items not necessary to accommodate a disability.

0.13 Fair Housing

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

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

NCORR ReBuild NC Center locations are strategically chosen to provide a balance of programmatic delivery and applicant support. Center locations may change over time to reflect ongoing recovery needs in the impacted area. At all times, NCORR shall ensure that all individuals have access to the ReBuild NC program and is not excluded from nor denied the

benefit of participating in the ReBuild NC Housing Programs or activities. Changes to center location and availability will be publicly announced and available on the ReBuild NC website.

0.13.1 Vulnerability Assessment

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

0.14 Uniform Relocation Assistance (URA)

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

Identification of a tenant takes place in the review phase of the HRP, prior to the construction phase. Applicants for the HRP who inform NCORR that they have tenants shall be required to provide information related to all tenants, which includes but is not limited to tenant(s) names, contact information, and addresses. The tenant(s) will be referred to a URA Specialist to ensure they receive assistance in accordance with URA requirements. Tenants must be responsive to attempts from NCORR to reach them to receive URA benefits. The NCORR URA Policy Manual is found at <https://www.rebuild.nc.gov/about-us/plans-policies-reports/policies-and-procedures>.

0.15 Applicant Communications

All applicant communications for projects funded by the RPEF are conducted through NCORR HRP staff. NCORR will ensure that all applicants have updated information regarding the status of their application, award, construction status, TRA if applicable, etc. via their HRP Case Manager. Primary communication is conducted through the HRP Case Managers, but may also be relayed by other NCORR staff. Various methods of communication are used including, but not limited to, the following:

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

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

0.16 Ongoing Records Production and Retention

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

1.0 RPEF Program Eligibility

1.1 General Eligibility, Review, Inspection, and Calculation Processes

As the current need for elevation funds is significant in the Homeowner Recovery Program, recipients of these funds must meet the eligibility criteria for the HRP, as set forth in that Program Manual, and must be currently participating in the HRP to be identified for funding from the Residential Property Elevation Fund. Thus, approved activities must also qualify as a CDBG-DR eligible activity and must be related to the recovery from Hurricane Matthew and/or Hurricane Florence under the HRP. All housing recovery activities detailed in the Action Plans and this manual are eligible for CDBG-DR assistance pursuant to Sections 105(a)(2), 105(a)(16), 105(a)(18), 105(a)(20), 105(a)(24) and 105(a)(25) of the *Housing and Community Development Act of 1974* (HCD); 42 United States Code (U.S.C.) §5305(a)(4); 24 Code of Federal Regulations (CFR) § 570.200(h); and 24 CFR § 570.202.

For all HRP eligibility, review, inspection, and calculation processes please refer to HRP Program Manual v9.0, which will include change log from earlier iterations. An online copy can be found here: [CDBG-DR Homeowner Recovery Program Manual](#). These initial eligibility, review, inspection, and calculation processes include:

Application and Initial Review

- Application intake
 - Intake documentation
 - Applicant communications
 - Applicant responsibilities
- Ownership of the property
 - Required ownership documentation
 - Heirship
- Required primary residency and occupancy documentation
- Qualifying event
 - Documentation required to verify damage (outside of the Most Impacted and Distressed areas)
- Income review procedures
 - Verifying income
 - Household size
 - Household income calculation method
- Duplication of benefit check
 - Duplication of benefits verification
 - FEMA

- NFIP and ICC
- SBA
- Private insurance
- Private or nonprofit organizations or donations
- Disaster Recovery Act (DRA) funding
- Other state, local, or federal programs
- Non-duplicative assistance
- Contribution of DOB funds
- Escrow funds calculation
- Subsidized loans
- DOB due diligence and monitoring
- Applicant Power of Attorney (POA) and Communication Designees (CD)
- Subsequent damages to applicant homes
- Stop work requirements and emergency repairs
- Reasonable accommodations process
- Complaints and appeals

Inspections and Environmental Review

- Damage Repair Verification (DRV) and Estimated Cost of Repairs (ECR)
- Asbestos and lead-based paint inspections
 - Lead-safe certification
 - Lead-based paint Risk Assessment
 - Homes with lead-based paint
 - Asbestos survey and testing
 - Asbestos removal and disposal
- Mold assessment and testing
 - Mold remediation
- Environmental review

Grant Award Determination

- Pre-construction review
- Award determination
 - Minimum award amount
 - Homeowner reconstruction award
 - Manufactured housing unit (MHU) replacement award
 - Manufactured home demolished prior to damage inspection
 - Purchase process for replacement manufactured home
- Escrow payments
- Escrow credit
- Forgivable Loans
- Homeowner Grant Agreement (HOGA) process and requirements
 - Award packet
 - Award signing
 - Subrogation in grant agreements

Contractor Selection

- Selection of general contractor pool
- Contractor awards
- Construction contract
- Pre-construction meeting

- General contractor responsibilities
- Applicant responsibilities
- Contractor-applicant grievances
- General contractor performance review
- Construction warranties

Construction

- Notice to Proceed (NTP)
- Construction monitoring
- Progress payments
- Change orders
- Construction team responsibilities
- Open permits
- Construction closeout

HRP Closeout

Although initial eligibility and grant awarding is conducted in the HRP during the pre-construction phase, applicants remain subject to eligibility and grant award determinations if subsequent information is provided to the HRP while in the construction nor closeout phases. Only those projects that remain eligible through HRP closeout are eligible for the RPEF; likewise, the funding amount will be the final construction and construction-related costs for those eligible projects. This RPEF Program Manual will provide an overview of the Contractor Selection and Construction phases of the HRP as these are the activities funded.

1.2 Eligible Structure Types and Activities

Structure Type

Eligible structure types for the RPEF mirror those in the HRP. In the HRP, the structure type for each application is referenced via the county's tax office, verified during the property inspection, and reported in the rehabilitation assessment. Modular homes are treated as single-family (stick built) dwellings for the purpose of determining assistance options offered to the applicant. Because applicants are eligible under HRP, the RPEF must also serve residential property, not to include commercial or other non-residential property. Eligible structure types include:

- Single-family or "stick built" dwelling (SFH),
- Modular home (considered an SFH for both the RPEF and HRP), and
- Manufactured homes (MHU).

1.3 Ineligible Structures and Activities

Structures and activities ineligible for assistance from the RPEF also mirror those in the HRP; these include but are not limited to the following:

- Properties that are:
 - Second homes.
 - Foreclosed homes.

- Properties that belong to homeowners in bankruptcy or pending bankruptcy, where the property may be lost to the homeowner as a part of the bankruptcy proceedings.
 - Although duplexes, townhomes, housing cooperatives (co-ops), and condominiums are eligible for repair under the HRP, these structure types cannot be elevated in a cost reasonable manner and are therefore not eligible for elevation assistance in the HRP and by extension will not be properties funded by the RPEF.
 - RVs or Campers.
 - Detached structures (for example, a shed or detached garage).
 - Properties located in a floodway or properties that are not located in a floodway but require a “No-Rise Certification” based on local requirements.
 - Properties located in areas where federal assistance is not permitted.
 - Single family homes that have been converted for 100% exclusive business use and that is not the primary residence of the applicant(s).
 - Attached structures that would require fundamental alterations of shared structural elements (ex. foundation, roof, shared walls, etc.). An attached structure is one that is connected to another discrete property not participating in or not eligible for HRP funding.
 - Located within the boundary limits of a non-participating NFIP municipality.
 - Located within a Runway Potential Zone/Clear Zone (RPZ/CZ), or located within an airport Accident Potential Zone (APZ) and does not conform to Dept. of Defense guidelines.
- Forced or voluntary mortgage payoffs.
 - Small Business Administration (SBA) home/business loan payoffs.
 - Compensation payments (for example, a payment for the estimate of storm damage received).
 - Assistance for applicants who previously received federal flood disaster assistance, that required obtaining and maintaining flood insurance and did not maintain the required flood insurance.
 - Assistance for applicants for Hurricane Florence recovery who were located in a floodplain, did not carry flood insurance, and earned a household income equal to or greater than 120% AMI at the time of application.
 - Business entities, including but not limited to, limited liability companies, partnerships, and corporations.
 - The portions of a residential structure that are exclusively dedicated to conducting a business are not eligible for assistance from NCORR. However, shared living spaces of the primary residence that are not exclusively dedicated to the business, including but not limited to kitchen and baths, are eligible for assistance.

1.4 Eligible Awarded Grant Funds Covered under the RPEF

The applicant pool from which the RPEF projects are drawn is within the eligible population of HRP applicants located in a Special Flood Hazard Area that received an elevated reconstruction or replacement home; however, not all costs are eligible for the RPEF. Initial reviews, processing, inspections, etc. conducted through the awarding of applicants in the HRP will not be included. Only construction and construction-related costs are funded by the RPEF as these are directly related to mitigation activities that address the reduction of risk from a flooding hazard.

For the funding purposes of the RPEF, these activities include, but are not necessarily limited to the construction costs of reconstruction, replacement, site preparation, utility related work, as well as construction-related activities ancillary and necessary to the construction process. Such construction-related costs include, but are not limited to, temporary relocation assistance, limited utility payments necessary to complete a project, engineering studies or designs related to reconstruction, and URA.

1.4.1 Construction Costs

Construction costs include all those directly associated with the demolition of substantially damaged structures with reconstruction of an elevated structure, or replacement of a new manufactured structure, on the same site through the construction component of the HRP. Construction costs include all change orders and liquidated damages over the course of the project. Additionally, there are disposal and permitting fees as well as required engineering assessments or plans in some instances.

1.4.2 Eligible and Excluded Elevation Costs

Eligible costs for elevating homes must result in the elevation of the property address and associated components to two feet above the base flood elevation and to bring the structure into compliance with applicable codes, ordinances, and standards as needed. The elevation of residential properties is inclusive of mechanics and electrical components. The maximum award for elevation is a reasonable dollar-per-square foot cap based on the unique characteristics of the elevation project and the type of reconstruction or MHU replacement that accompanies it.

1.4.2.1 Eligible Elevation Costs

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

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

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

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

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

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

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

1.4.2.2 Ineligible Elevation Costs

Ineligible improvements and costs include the following:

- Structures not considered the primary residence (e.g., detached garages, sheds, and/or barns).

- Additions, expansions, or elevations of appurtenances, except as noted above.
- Rehabilitation deemed damaging to the historical character or value of a structure by the State Historic Preservation Officer (SHPO).
- Repair or replacement of non-essential or luxury items, such as swimming pools or Jacuzzis.
- Secondary residences (e.g., summer homes and guest cottages not used as permanent, year-round dwellings).
- Properties located in the regulatory floodway or on federal leased land.
- Elevation of a masonry chimney. If a fireplace is the sole source of heating, funds will be used to purchase and install an adequate heating system that meets the minimum local building code requirements.
- Additional costs to repair existing underground utility lines that have deteriorated or do not meet code requirements, where such lines are not the responsibility of the utility company.
- Costs to elevate significantly higher than the standard two feet above base flood elevation unless part of a local government building code or ordinance and approved by the state with receipt of documentation describing the rationale. The rationale and approval are included as part of the applicant file.
- Landscaping costs except as noted above.
- Costs to make improvements in cases where existing floor systems have been inadequately designed or constructed with undersized materials.
- Costs for replacement of utility service components that are undersized, have inadequate capacity, or are unsafe, unless directly related to the action of elevating (e.g., wells, pumps).
- New furnaces except as noted above.

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

During review of the elevation vendor's proposed elevation costs, NCORR will compare costs across multiple vendors or to similar projects which have been successfully completed to select the most cost reasonable elevation solution. NCORR also reserves the right to present a

homeowner with excessive elevation costs with mitigation alternatives, such as strategic buyout or resilient reconstruction.

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

1.4.3 Abatement Costs

Based on inspections during the eligibility and award determination phase of the HRP, a scope of work (SOW) is generated for any needed abatement of asbestos containing materials or the presence of lead-based paint. This abatement SOW is in addition to the construction SOW. All associated abatement costs for asbestos containing materials and lead-based paint during demolition or removal are eligible costs. These costs are included in the total construction costs in the HRP system of record and are eligible for the RPEF.

1.4.4 Eligible Construction-Related Costs

Construction-related costs are those ancillary and necessary activities for the construction phase of the HRP in order to result in an elevated reconstruction or replacement home. These include, but are not limited to, temporary relocation assistance (TRA), limited utility payments necessary to complete a project, engineering studies or designs related to reconstruction, and tenant relocation (URA). There may also be specific utility or site preparation expenses associated with some projects. All relocation expenses associated with the construction phase are eligible. Applicants voluntarily participating in the HRP program may be eligible to receive assistance, TRA, to temporarily relocate during construction activities. The implementation of TRA is included in the NCORR Optional Relocation Procedures; this program is described below in Section 2.4. Participating applicants with properties that house renters are eligible provided the property is also owner-occupied. The Uniform Relocation and Real Property Acquisition Policies Act of 1970 (URA) requirements apply to those projects. NCORR has adopted a Uniform Relocation Act Policy to address these scenarios. Tenants located in Program-assisted housing units are protected by the URA and will be relocated, if required, in accordance with the NCORR Uniform Relocation Act Policy. Please refer to the NCORR Uniform Relocation Act (URA) Policy Manual.

1.5 Ineligible Awarded Grant Funds Covered under the RPEF

As noted, the RPEF funds only the construction and construction related costs of eligible HRP projects. The HRP processes of Application and Initial Review, Grant Award Determination, and Closout under Section 1.1 above and not eligible costs. Additionally, all ineligible costs under the HRP Program Manual v9.0 apply to the RPEF.

2.0 Overview of HRP Grant Awards Qualifying for the RPEF

Grant awards are initially determined through HRP, thus the amounts funded by the RPEF are governed by the awarding process in HRP. Awarded grant amounts are estimates prior to construction activities and the final construction costs differ from the awarded amounts. It is the

final construction and construction-related costs to which the RPEF is applied. However, the awards process determines the nature of the construction activities undertaken. The relevant HRP awards that result in construction and construction-related costs covered by the RPEF are Single-Family Home (SFH) reconstruction, Manufactured Housing Unit (MHU) replacement, elevation, TRA, and URA; abatement costs are included with both are SFH reconstruction and MHU replacement awards. As noted above, a modular structure is considered an SFH in the HRP awarding process. Elevation is added to the award if an SFH reconstruction or MHU replacement award, which are then eligible for the RPEF in in an SFHA. Once it has been determined that applicants are eligible for the HRP, NCORR staff will calculate the applicant's award type. The grant determination will follow two award tracks based on structure type: SFH (including modular structures) and MHU. It is possible that the grant award changes during the construction phase of the project based on practical on-site and structural considerations. In these instances a new grant award is generated. Such new awards may be an SFH Reconstruction or MHU Replacement award with elevation. See the HRP Program Manual v9.0 for further information on the awards listed below.

2.1 SFH Reconstruction Awards under HRP

During the award phase, HRP staff select the floor plan(s) available following an evaluation to verify current household occupancy composition, pre-existing heated square footage, bedroom and bath composition, and determine eligibility for select floor plan(s) based on a best-sized fit for the replacement. Determinations will avoid replacing a damaged unit with a replacement unit having fewer bedrooms, unless a smaller unit is the only option based on lot configuration or other local requirements. Homeowner's will be provided the opportunity to appeal the unit that is the best size for replacement as determined by the HRP. Homeowners are not granted larger floorplan sizes upon request, unless the larger size is necessary to support the household composition. Homeowners must provide documentation to corroborate the appeal for a different floorplan. Example documentation includes a birth certificate, adoption documentation, or foster care documents to demonstrate the necessity for additional bedrooms.

In some instances, site-specific plans are necessitated by specific site conditions as identified by NCORR. A substitute floor plan may be created if it is physically impossible to fit an existing floor plan on the applicant's lot due to lot size or setback requirements. Modular designs made available from a modular fabrication facility that do not match the design of the floor plans commissioned by NCORR are allowable and acceptable by NCORR as a substitute for commissioned floor plans.

The total under roof square footage of the eligible floor plan is then multiplied by the reasonable dollar-per-square-foot cost factor to establish a maximum replacement allowance for the home, plus a separate cost for elevation, if required. Reconstruction costs are based upon actual reconstruction bids that cannot exceed a reasonable \$/SF. However, additional costs related to elevation may be added to the reconstruction costs, based upon the applicant's need and the actual costs for elevation.

Floor plan selection must be cost reasonable to NCORR and also adhere to local, state, and/or federal building codes. If the applicant requests an escrow credit, the amount of the escrow credit is equivalent to the dollar per square foot cap multiplied by the difference in square footage from the floor plan that best fits the applicant's pre-existing square footage and household composition (number of bed and baths) compared to the final floor plan selection. NCORR maintains a list of floor plans and may update that list from time to time. Applicants do

not have color or material options during the floor plan selection process, but may coordinate such selections with the general contractor at the discretion of the contractor and availability of such selections. Modular home replacements of a stick-built home are only offered based on the feasible delivery of a modular unit in a reasonable period of time.

The maximum award allowance includes the following reconstruction costs:

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

The beginning point of the Reconstruction Award Calculation is the Reconstruction Estimate as determined in Section 5.3.1 the HRP Program Manual v9.0. The HRP may use other approved methods to establish eligible reconstruction area and the reconstruction estimate when documentation from onsite inspection is unavailable. This amount is then reduced by any funding determined to be a duplication of benefit. Excess duplication of benefit will be considered an escrow amount; see Section 3.9 of the HRP Program Manual v9.0 for a discussion of escrow and escrow credit.

2.2 MHU Replacement Awards

The HRP determines if the applicant will receive an MHU Rehabilitation or MHU Replacement award based on thresholds. The starting point for calculating the applicant's repair award is the Estimated Cost of Repair, which includes the gross dollar amount of eligible prospective repairs needed to complete the repair of the home. MHU award determinations are based on the following threshold criteria:

- For applications made prior to June 2020, a single-wide or double-wide manufactured home must have less than or equal to \$5,000 in repairs based on an ECR report to be eligible for repair. MHU's with an ECR greater than \$5,000 must be replaced.
- For applications made after June 2020, single-wide MHU's must have less than or equal to \$5,000 in estimated repairs based on the ECR to be eligible for repair. Single-wide MHU's with an ECR greater than \$5,000 must be replaced.
- For applications made after June 2020, double-wide or larger MHU's must have less than or equal to \$10,000 in estimated repairs based on the ECR to be eligible for repair. Double-wide or larger MHU's with an ECR greater than \$10,000 must be replaced.

- All MHU's manufactured prior to June 15, 1976 must be replaced.

Activities ineligible for funding include:

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

Only elevated MHU Replacement projects located in an SFHA are considered for the RPEF; the MHU Replacement costs are the actual costs incurred and will differ from the estimate during awarding. For participating MHU replacements, the HRP will provide awards necessary to replace the damaged MHU, including demolition and removal of the original structure. MHUs may be replaced on a different site in certain situations. ADA compliant units are available for applicants that require those accommodations. Awards cover the cost of the unit as well as delivery, installation, and setup of the selected unit. Environmental remediation and accessibility features such as ramps or lifts are included in the award cost. Funding above the MHU Replacement caps may be provided for additional costs related to elevation, hazardous material and environmental remediation, accessibility as required, or change orders at time of construction. At times, an MHU replacement may be more appropriate based on the facts and circumstances of the damaged property even if the repair is estimated to be less than HRP thresholds. The HRP reserves the right to offer an MHU Replacement award to any homeowner that may have been eligible for an MHU Rehabilitation award. MHU Replacement awards are based upon bids. NCORR has established a reasonable \$/SF cost which caps the award amount. If there is excess DOB with a Replacement award, that amount will be considered escrow.

2.2.1 MHU Replacement Sizes and Awards

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

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

Additional requirements are as follows:

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

2.3 Elevation Award

HRP applicants may be eligible for elevation assistance for reconstruction or MHU replacement awards if, in addition to meeting all other Program eligibility requirements, the property meets the elevation requirements. Note that elevation funding for the RPEF is only offered for reconstruction or MHU replacement projects located in an SFHA. Elevated reconstruction is mandatory when a property in an SFHA has been substantially damaged, will be substantially improved, or if the property meets the reconstruction threshold, as determined by the HRP or the local jurisdiction. The local jurisdiction, through the code enforcement, permitting and planning, or floodplain management departments, may make determinations on substantial damage and substantial repair. The definition of substantial damage and substantial improvements are set at 44 CFR § 59.1.

If an applicant is deemed eligible for elevation assistance under the HRP, the applicant is required to reconstruct or accept an MHU replacement and elevate to participate in the HRP, and the applicant's commitment to elevate will be a condition to the receipt of any other grant award. In addition, all properties located in the SFHA which are required to be elevated by local ordinance and/or the local code enforcement officials will be reconstructed or replaced and elevated to required height. The maximum award for elevation is a reasonable dollar-per-square foot cap based on the unique characteristics of the elevation project and the type of rehabilitation, reconstruction, or MHU replacement that accompanies it.

Applicants that meet the criteria to be elevated are offered resilient reconstruction as an alternative to the elevation scope of work as of the HRP Program Manual v5. After a review of the average cost of elevation (including elevation design, engineering, and other "soft costs" of elevation), the average cost of repair, and a comparison to the cost of a comparable reconstruction, NCORR has determined that elevation is not a suitable alternative to reconstruction. This determination is based on the cost of elevation compared to a safer, more resilient, and mitigated reconstruction project. NCORR has accordingly adjusted the elevation program to be supplemental to the reconstruction program and is not offered as a part of the rehabilitation scope.

2.3.1 Elevation of Manufactured Homes

The HRP will provide additional funds in excess of the maximum manufactured home replacement allowance for home elevation if elevation is required. The HRP will provide the actual cost of elevation, not to exceed a program-defined maximum elevation cost for MHU replacement. The HRP assesses the feasibility and cost reasonableness of elevating MHU located on leased land on a case-by-case basis. Elevated MHU replacement projects also receive an elevation grant award; those located in an SFHA are eligible for the RPEF.

2.4 Temporary Relocation Assistance (TRA)

To be eligible for TRA, applicants first must meet all the eligibility requirements of the Homeowner Recovery Program. In addition to the eligibility requirements for their structure type, the owner-occupant must be approved for and be eligible for assistance for the HRP as evidenced by a fully executed grant agreement for Rehabilitation, Reconstruction, MHU Rehabilitation or Replacement, and the owner-occupant must be required by the HRP to temporarily relocate to complete the rehabilitation, elevation, reconstruction, replacement, or environmental remediation, as evidenced by a notice to vacate. Applicants requiring additional time to vacate may request a time extension consistent with NCORR Optional Relocation Procedure. Households at 120% AMI or below are eligible for TRA assistance. Applicants with income above 120% AMI may be eligible in cases of hardship. In specific scenarios, an applicant may be moved into temporary relocation in advance of construction. These scenarios include unsafe or uninhabitable dwellings.

The current maximum amount of TRA to be provided is a reasonable rate for a hotel stay or up to 100% of the Fair Market Rent (FMR), depending on the assistance provided; for the majority of applicants the reasonable rate was subject to earlier HRP guidelines at 150% of the FMR. The TRA cap is in addition to grant award caps for reconstruction, elevation, or MHU replacement.

This stipend is paid to the participant directly to facilitate any necessary costs associated with the temporary relocation of the homeowner. This stipend is not offered concurrently with the other forms of TRA described below. Non-stipend eligible expenses include moving expenses and storage costs related to the rehabilitation, reconstruction, or replacement. Participants may also have their hotel stay coordinated and compensated by NCORR or may receive a stipend to assist with costs incurred during their temporary displacement. For those that do not receive a stipend, funding limits for individual items, such as limits on hotel stays and monthly expenses, are set in the *NCORR Optional Relocation Procedure*. All TRA assistance must be determined to be necessary and reasonable. All anticipated expenses must be approved in writing in advance of the applicant incurring the expense if they are seeking reimbursement for moving or storage expenses.

2.5 Homeowner Grant Agreement

The homeowner grant agreement (HOGA) is the contractual agreement between the applicant and the HRP whereby the applicant accepts the award and moves to the construction phase. HRP applicants will be offered the option to receive their final award packet, and the opportunity to execute the HOGA and other documents requiring signature, either via electronic execution, in person, or by a mail-away signing. The HRP will accept properly executed power of attorney

documents to assist applicants who cannot execute any of the documents that require signing via one of the available document execution options.

The Grant Agreement (HOGA) requires applicants to comply with HRP requirements. An applicant or co-applicant may sign the homeowner grant agreement. Sample grant agreements are available on the ReBuild NC website. Applicants confirm the following in the Homeowner Grant Agreement or upon grant agreement signing:

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

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

2.6 Funds Disbursement

Once all required agreements and contracts are fully executed, disbursements for repair work will be made by NCORR directly to the general contractor. Payments will be made in prescribed draw intervals as construction on the applicant's project is completed and inspected. All payments and financial record keeping are under the direction of NCORR.

2.7 Subrogation Agreement

All duplicative funding received must be remitted to or accounted for, regardless of when the applicant received it. If applicants receive additional funding for the same purpose as the Homeowner Recovery Program award (permanent repair to property), even after an award is executed, the applicant is required to report the additional funding to NCORR. By accepting the award, applicants agree that they will report any duplicative funds to NCORR whenever received. Upon receipt of a report that benefits have been received that were not reported in the grant calculation, NCORR will recalculate the applicant's award and provide instructions as to whether such funds must be used in construction prior to additional funding by NCORR, whether the applicant's award will be reduced by such amount, or whether the applicant must remit such amounts to NCORR.

3.0 Contractor Selection

As outlined above, eligible costs for the RPEF include those for construction and construction-related activities in the HRP. These costs include those incurred during the contractor selection phase of a project and are therefore outlined here. Eligible projects funded by the RPEF are administered by NCORR's HRP construction team. NCORR conducts the contractor selection, initial inspections, the bidding process, and applicant grievances for all projects. Please see the HRP Program Manual v9.0 for more details. NCORR manages a pre-qualified pool of general contractors to complete construction on applicant homes. The construction team is responsible for the following:

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

3.1 Selection of General Contractor Pool

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

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

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

3.2 Contractor Awards

Germane to the RPEF, applicants receiving an elevated Reconstruction or MHU Replacement grant award are required to use the general contractor qualified through the NCORR's assignment or bidding process. There will be three methods for awarding construction contracts to the general contractors:

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

3.3 Construction Contract

As of HRP Program Manual v5.0, NCORR enters into a contract agreement with the construction vendor (general contractor) instead of requiring the applicant to sign the contract agreement. NCORR and the general contractor will sign the Contractor Agreement for work on the applicant's home once a contractor is selected. The contract outlines obligations of the contractor under the contract (e.g., start date of construction, construction costs, estimated completion date, etc.). The Applicant will be expressly designated a third-party beneficiary of the contract. The applicant is provided a copy of the construction contract for their records. In addition, rehabilitation projects will include the ECR Scope of Work to be completed on the home will be attached and incorporated into the contract for review and reference by the applicant. The construction contract is provided by NCORR and may not be amended to change the terms of performance or to expand the construction scope beyond that which has been authorized by NCORR. Any changes to the scope of work or construction timeframes must be approved by NCORR through the Change Order process as outlined in the HRP Program Manual v9.0.

3.4 Pre-Construction Meeting

Prior to issuance of the NTP and commencement of any construction work, the construction team will schedule a pre-construction meeting (or "walkthrough") with the applicant and general contractor. The purpose of this meeting is to review all construction activities that will be undertaken and review all finishing selections. Additional damages may be identified at this time and possibly result in a change in the scope of repair work or a change in the award type. During the pre-construction meeting, any potential reasonable modifications must be identified. Typical reasonable modifications include the installation of a ramp or lift, grab bars in bathrooms and showers, and non-slip surfaces.

3.5 General Contractor Responsibilities

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

- Meeting insurance and bonding requirements.
- Furnishing all necessary labor, materials, equipment, and other services needed to complete the scope of work on the applicant's home in accordance with standards, quality and state building code requirements.
- Obtaining all required permits and inspections required by the local building department.

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

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

3.6 Applicant Responsibilities

The Homeowner Grant Agreement includes many important requirements for participants. A copy of the current Homeowner Grant Agreement is available on the ReBuild NC website. Some important requirements include allowing a contractor the right to access the property and home during construction, timely removal of all personal property, fixtures, and appliances as necessary to complete construction, maintaining compliance with NCORR safety protocols, and remaining offsite during active construction, until notified by NCORR that they may return as evidenced by a move in notice. Homeowners must also coordinate with any lienholder or mortgager of their damaged property ensure that they comply with any requirements imposed by them as they relate to HRP participation.

3.7 Contractor-Applicant Grievances

Applicants can file a construction grievance with NCORR. The grievance should be submitted to the HRP construction team, who will work with the applicant to resolve the dispute. The process is outlined in the HRP Program Manual v9.0. If an applicant disagrees with the payment request of the general contractor for completed work, a third-party inspection performed by the NCORR's QA/QC contractor may be conducted at the direction of NCORR. Should the QA/QC contractor find that the quality of the work is consistent with NCORR standards, NCORR may elect to issue payment to the general contractor. Determinations made by the QA/QC contractor are final and will be communicated to the applicant accordingly.

3.8 General Contractor Performance Review

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

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

3.9 Construction Warranties

General contractors are responsible for providing a warranty that all materials, equipment furnished, completed systems, and work performed shall be free from defects due to faulty materials or workmanship for a period of 1 year, and any structural work is similarly guaranteed for a period of 10 years from the date of final inspection. General contractors must provide all manufacturer's warranties prior to the inspector signing a final inspection form. If a contractor provides a third-party warranty to the benefit of the applicant, the reasonable cost of that warranty may be included in the total project cost and paid to the contractor. The applicant is the owner of the warranty. NCORR will not execute warranty requests on behalf of the applicant for these third-party warranties.

The HRP construction team must notify the applicant in writing regarding the date when the warranty for construction work begins and ends. As part of the final inspection process, photographs of construction work will be taken for documentation purposes and placed in the applicant's file. The general contractor will provide the applicant any instruction booklets and a warranty information binder with an acknowledgement form that the applicant has reviewed it with the general contractor. The applicant is expected to receive another written warranty notice 6 months and 1 month prior to the expiration of the warranty, provided by the contractor or the third-party warranty provider, if applicable.

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

4.0 Construction

As outlined above, eligible costs for the RFEP include those for construction and construction-related activities in the HRP. These costs include those incurred during the construction phase of a project and are therefore outlined here. Eligible elevated projects funded by the RPEF are administered by, and constructed via, NCORR's HRP construction team. The HRP construction team is responsible for monitoring the general contractor, construction progress, and compliance with NCORR standards during construction activities at the applicant's home. In addition, the construction team is responsible for assisting applicants with any disputes that they may have with the general contractor.

4.1 Notice to Proceed (NTP)

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

General contractors will be paid on a draw schedule agreed to by the general contractor and construction team before the start of construction, with the final payment occurring after completion and issuance of a certificate of completion by the construction team.

Construction progress and quality will be monitored throughout each project, and payment of each progress draw is contingent upon successful inspection by NCORR. In the event that an applicant disagrees with the payment to a NCORR -assigned general contractor for completed work, NCORR reserves the right to have a third-party inspection performed. Should the review find that the quality of the work is consistent with NCORR standards, NCORR may issue the general contractor the payment regardless of applicant approval.

4.2 Elevation Requirements

In accordance with HUD's Federal Register Notice, specific elevation requirements apply to all new construction, repair of substantial damage, or substantial improvement of structures located in an area delineated as a flood-hazard area or equivalent in FEMA's data source identified in 24 CFR § 55.2(b)(1). Therefore, NCORR requires that all structures, defined at 44 CFR § 59.1, designed principally for residential use and located in the 100-year floodplain that receive assistance for new construction, repair of substantial damage, or substantial improvement, as defined at 24 CFR § 55.2(b)(10), must be elevated with the lowest floor, including the basement, at least two feet above the 100-year floodplain elevation (the base flood elevation, or BFE) per HUD requirement, and specifically outlined for CDBG-MIT funds in 84 FR 45838 (2019), section V.B.1.d.. Residential structures with no dwelling units below two feet above the 100-year floodplain must be elevated or flood proofed in accordance with FEMA flood proofing standards at 44 CFR § 60.3(c)(3)(ii) or successor standard up to at least two feet above the BFE. Local requirements may require additional elevation height (freeboard) and the higher standard of a local requirement prevails.

Elevation standards apply to new construction, repair of substantial damage, or substantial improvement of structures (as defined in 44 CFR 59.1) to mitigate risks identified in a grantee's Mitigation Needs Assessment, when those structures are located in an area delineated as a flood hazard area (SFHA) or equivalent in FEMA's data source identified in 24 CFR 55.2(b)(1). All structures, defined at 44 CFR 59.1, designed principally for residential use and located in an SFHA (the 100-year or 1-percent annual chance of flooding in any given year) floodplain that receive assistance for new construction, repair of substantial damage, or substantial improvement, as defined at 24 CFR 55.2(b)(10), must be elevated with the lowest floor, including the basement, at least two feet above the base flood elevation. Additionally, the elevation of structures must comply with all applicable federal accessibility standards outlined in section V.A.31. Applicable State, local, and tribal codes and standards for floodplain management that exceed these requirements, including elevation, setbacks, and cumulative substantial damage requirements, must be followed. The Elevation Requirements set in North Carolina State building codes at R322.2.1 "Elevation Requirements" currently require elevation to above the base flood elevation (BFE) within the 100-year floodplain.⁵¹ Earlier iterations of the building code required an additional foot above the base flood elevation within the 100-year floodplain (commonly referred to as a "freeboard" requirement).

All substantially damaged or substantially improved structures in an SFHA will be either reconstructed or replaced and receive a mandatory elevation adhering to the requirements above. Additionally, structures in an SFHA that meet the Program reconstruction or replacement thresholds and are not yet elevated two feet above base flood elevation (BFE) or two feet above an interior high-water mark if available. The definitions of "substantial damage" and "substantial improvement" are outlined in 44 CFR § 59.1 as transcribed below:

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

Properties may also be deemed not suitable for rehabilitation by the HRP and will thus be reconstructed or replaced and receive a mandatory elevation. In the absence of a jurisdiction's determination on substantial damage or substantial improvement, the Program will use its threshold for "Not Suitable for Rehabilitation." The definition of Not Suitable for Rehabilitation is:

1. Properties that have been determined to be not suitable for rehabilitation by order of the local jurisdiction or are unsafe to inspect due to damage to the property.
2. Properties located within the FEMA-designated 100-year floodplain that are not currently elevated two feet above base flood elevation (BFE) or two feet above an interior high-water mark, in accordance with HRP elevation requirements.
 - Properties located within a Disaster Risk Reduction Area (DRRA) as formally adopted by NCORR, within or outside of the 100-year floodplain must also meet this requirement. DRRA adoption is effective as of the date that the DRRA was finalized by NCORR and approved by NCORR. Applicants who completed construction prior to the effective date of the DRRA, or applicants who are undergoing CDBG-DR funded construction (i.e., the contractor has been issued a notice to proceed) for rehabilitation, reconstruction, or MHU replacement prior to the date of DRRA adoption are not retroactively affected by the DRRA adoption.
3. Properties that are required to be elevated by local ordinance or by the local code enforcement officials within and outside of the 100-year floodplain

The Program may support the reconstruction of a damaged property if the facts and circumstances of the recovery scope make reconstruction more feasible than rehabilitation, regardless of the HRP threshold criteria. This includes a contractor, engineer, or other subject matter expert determination that rehabilitation is infeasible. Determinations that a reconstruction or other recovery method is more feasible shall be documented in the application record. Manufactured home elevation will be provided using CMU blocks, pilings, or other approved construction methods, but neither the RPEF nor HRP will not pay for elevation by fill.

4.3 Green Building Requirements

All NCORR construction funded by CDBG-DR must comply with green building standards as required by Federal Register Notices at 81 FR 83524 and as amended by later notice(s). To meet these requirements, NCORR documents the use of the applicable green building standard in each project file. NCORR may update green building design standards from time to time in accordance with best practice, as required by HUD, and as set forth in contract agreements for new construction work to be performed. NCORR documents specific green building standards used in each file.

Homes reconstructed by NCORR's ReBuild NC Programs will be designed to meet the *Energy Star Certified Home Standard* or alternate Green Building Design as recorded in the project file. For reconstruction projects, NCORR uses the *ENERGY STAR Certified Home Standard* or a standard which is equivalent or greater to the ENERGY STAR standard. The Energy Star Certified Checklist Certification is available at (http://d2se92fabdh4cm.cloudfront.net/wp-content/uploads/2018/01/17113234/Energy_Star_Certification_12-21-17.pdf). As part of this process, all house plans available for selection will be reviewed and certified as compliant prior to use by NCORR and all required materials, products, and labor needed to meet Green Building Standards will be properly scoped. Inspectors will ensure that reconstructed homes meet checklist or other standard requirements by evaluating compliance with Green Building Standards at each construction draw request. A copy of the certified house plan and checklist will be uploaded to each applicant file prior to construction closeout. Contractors not adhering to these standards will be sanctioned by NCORR.

4.4 Construction Monitoring

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

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

4.5 Progress Payments

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

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

4.6 Change Orders

Change orders are issued when the initial agreed-upon pricing or scope of work to be completed requires modification for repairs not identified during the initial assessment. First, the general contractor must complete a *Change Order Request Form*. This form and supporting documentation must be delivered to the progress inspector for review. Each change order must have a cost analysis using the approved bid book for NCORR. All change orders to a project's scope of work will be reviewed by NCORR to ensure compliance with HRP, federal, state, and local requirements. If NCORR approves the change order, it is returned to the general contractor for execution. Executed change orders are provided to the applicant for their records. The HRP construction team is responsible for verifying cost reasonableness and that the work to be completed under the change order could not have been identified by non-invasive sight-only inspection by the damage inspector at the initial inspection. Verification and documentation of cost reasonableness is attached to the change order.

An applicant-initiated change order is defined as a specific addition or deletion to the ECR-identified scope of work requested by the applicant. Applicant scope changes do not include changes that are the result of unforeseen conditions or discrepancies in contract documents (specifications or drawings). In general, applicant change orders are not allowable unless related to an accessibility issue that has developed since the issuance of the NTP. All applicant-initiated change orders must be approved in writing by the progress inspector and meet all required criteria.

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

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

- The amount of the change order will be added to an amended grant agreement upon completion of construction.

4.7 Open Permits

Applicants who have open permits must either close out existing open permits or execute a scope affidavit that relinquishes liability for items that cannot be inspected by the local government prior to execution of the grant agreement. Failure to perform at least one of these actions will result in the applicant's file being placed on hold. Additional details regarding the Construction Process can be found in the approved *NCORR Construction Management Standard Operating Procedures*.

4.8 Construction Closeout

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

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

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

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

5.0 Completion and Closeout

5.1 Project Closeout

In addition to the Construction Closeout packet submitted by the general contractor, NCORR representatives will work with applicants to collect all closeout documentation for their file in accordance with the Applicant Closeout Checklist, if such documentation is not present in the applicant's file. Applicant files will be closed out in the HRP, and by extension the RPEF, once all documentation is received and approved by NCORR. A final closeout file review will be required to ensure that all documentation required in each step of the process is complete and compliant.

5.2 Flood Insurance Requirements

As an applicant's elevated reconstructed home or replacement home funded by the RPEF is in a Special Flood Hazard Area, the insurable property shall be insured under a policy of flood insurance in the amount of the lesser of the following at all times:

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

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

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

5.2.1 Flood Insurance Compliance

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

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

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

5.3 Grant Recovery

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

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

- An applicant is determined to have provided false or misleading information to NCORR.
- An applicant withdraws from the HRP prior to completion of the project.
- An applicant does not allow completion of construction or environmental remediation activities.

- An applicant does not report receipt of additional insurance, SBA, FEMA, or other duplicative assistance.
- An applicant sells or does not occupy the home before the forgivable loan period is completed.

Applicants identified for recapture of grant funding will not be closed out of the HRP, and by extension the RPEF, until all funds have been repaid to NCORR.