



**Homeowner Rehabilitation Activity
MI Neighborhood Community Development Block Grant (CDBG)
Program Guidelines**

Village of Grass Lake
Sabrina Edgar
119 N Lake St
Grass Lake, MI 49240
517-522-4550

All local program guidelines are subject to MSHDA-NDD approval and will comply with the MSHDA-CDBG Policy Manual and other occasional guidance issued by MSHDA.

Certification:

Date: September 14, 2026

X Sabrina Edgar
[Grantee Authorized Official]

Date: 9/16/2026

X [Signature]
MSHDA NDD APPROVAL, CDBG Manager

Homeowner Rehabilitation Activity – MI Neighborhood Community Development Block Grant (CDBG) Program Guidelines

Version 1.0

Date: 9/9/2026

Program Guidelines Content Requirements

The MI Neighborhood CDBG program is designed to promote equitable outcomes, including economic and racial equity, by aligning local housing activities with regional action plans and the Statewide Housing Plan. The program provides funds for non-entitlement local governments, those not receiving CDBG funds directly from the U.S. Department of Housing and Urban Development, for the purpose of conducting housing activities that result in the preservation or creation of housing units for low- and moderate-income households.

Program Guidelines serve as a critical safeguard for applicants and grantees. They provide applicants an understanding of what they can expect from the program and grantee staff. They also protect grantees against claims of discrimination, favoritism, or other unfair treatment by clearly outlining the substantive requirements of the program. When an applicant is denied, the decision must be supported by the written rules contained in the guidelines.

These guidelines are not only a compliance tool but also a communication resource. They should be written in plain language, accessible to potential participants, and distributed so that residents understand the program's rules, expectations, and requirements. In this way, the MI Neighborhood CDBG program ensures both regulatory compliance and community trust.

Item 1: Confirmation of Program Budget

Program Budget

PROGRAM ACTIVITIES	CDBG FUNDS	OTHER FUNDS	TOTAL
Homeowner Rehabilitation (HMR)	\$400,000	\$0	\$400,000
Administration (up to 18% of award)	\$72,000	\$0	\$72,000
Other:	\$0	\$0	\$0
TOTALS	\$472,000	\$0	\$472,000

Item 2: Beneficiary Contribution

Grantees must state whether beneficiary contributions are applicable to their program. When applicable, beneficiaries may be required to deposit their contributions into the grantee's escrow account before the project begins. Lines of credit are not considered secure and may not be used to satisfy this requirement.

CDBG funds under the MI Neighborhood program cannot be used to cover relocation costs. Any relocation expenses that arise must comply fully with the Uniform Relocation Act and cannot be shifted to participants outside of federal requirements.

Project cost overruns remain the sole responsibility of the grantee or the beneficiary and cannot be charged to CDBG. Beneficiary contributions, even if relatively small, must be disbursed in proportion to the expenditure of CDBG funds, unless otherwise pre-approved by MSHDA. For example, if 20 percent of the CDBG award has been spent, then 20 percent of the required beneficiary contribution must also have been spent. This ensures that the financial commitment of the owner remains commensurate with the federal investment throughout the life of the project.

☐ ☐ Applicable – Provide description and account status below or in Attachment

☒ ☐ Not Applicable

Item 3: Fair Housing / Non-Discrimination

Grantees must adopt a fair housing policy consistent with federal law and appoint a Fair Housing Contact Person who is responsible for fielding and addressing public concerns.

Agency's Fair Housing Contact Name & Title: Sabrina Edgar, Village Manager

Email Address: s.edgar@villageofgrasslake.com Phone Number: 517-522-4550

☒ ☐ Our agency adopts the Model Fair Housing Policy provided by MSHDA

☐ ☐ Our agency attaches a local policy that meets or exceeds federal standards (Attachment #)

Item 4: Conflict of Interest

Grantees must adopt a conflict-of-interest policy consistent with 24 CFR 570.611.

☒ ☐ Our agency adopts the Model Conflict of Interest Policy provided by MSHDA

- ☐ [redacted] Our agency attaches a local policy consistent with federal requirements (Attachment #)

Item 5: Fraud Prevention

Grantees must adopt a fraud prevention plan consistent with 2 CFR 200.113.

- ☒ [redacted] Our agency adopts the Model Fraud Prevention Plan provided by MSHDA
- ☐ [redacted] Our agency attaches a local plan consistent with federal requirements (Attachment #)

Item 6: Complaint Resolution

Grantees must adopt a complaint resolution process consistent with citizen participation requirements. This includes adopting MSHDA's model policy as well as a local policy.

- ☒ [redacted] Our agency adopts the Model Complaint Procedure provided by MSHDA

AND

Our agency attaches a local procedure consistent with federal requirements

Item 7: Income Verification

Grantees must indicate the income verification method that will be used for their grant. Choose one of the following:

- ☒ [redacted] Our agency will use the **Part 5 Annual Income method** (the standard method trained and supported by MSHDA NDD)
- ☐ [redacted] Our agency will use the **IRS Form 1040 method** (available only to grantees with prior experience using this approach)

Item 8: Activity Eligibility – Households, Properties, and Costs

Homeowner Rehabilitation Activity – General Requirements

Eligible Households

- Household income must be at or below 80% of Area Median Income (AMI), verified using HUD-approved methods.
- Households must own and occupy the property as a primary residence for at least 12 months prior to assistance.

Eligible Properties

- Single-family homes, zoned for residential use.
- Properties must:
 - Be owner-occupied and affixed to a permanent foundation.
 - Be current on mortgage payments (if applicable).
 - Have valid homeowners insurance.
 - Have no delinquent property taxes, unless a payment plan is in place and current.
 - Not be in foreclosure, receivership, or nuisance abatement.
 - Have utilities turned on.
- Eligible property types include:
 - Detached site condominiums.
 - Modular or manufactured homes permanently affixed and taxed as real estate.

Eligible Costs

- Interior and exterior repairs necessary to meet health, safety, and building code standards.
- Energy-related improvements that are permanently installed.
- Accessibility modifications for persons with disabilities.
- Lead-based paint and asbestos hazard removal when required as part of the rehabilitation project.

Ineligible Costs

- Cosmetic remodeling or non-health and safety items
- Wells and Septic Systems
- Partial roof replacement
- Stand-alone projects involving plumbing
- Stand-alone lead abatement
- Floor coverings (unless there is a documented accessibility need or it is essential to the completion of a larger rehab project)
- Hazardous Tree removal or trimming (unless essential to the completion of the rehab and there is a safety or structural integrity need).
- Maintenance (unless essential to the completion of a rehabilitation element)
- Repair or replacement of windows if the home was built in 1978 or earlier

Item 9: Activity-Specific Requirements

Homeowner Rehabilitation Activity – Specific Requirements

Minimum Assistance per Unit: \$1,500

Maximum Assistance per Unit: \$20,000

Application Process

The Program Administrator, in this case the Village Manager or designee, shall be responsible for establishing a permanent file for all approved applications and ensuring that all necessary documents are included in the applicant's permanent file. The Program Administrator shall provide the necessary forms to all applicants who, after preliminary screening for eligibility, appear to be qualified for rehabilitation assistance. They may need to provide other documents required by the Administrator. A member of Village staff will interview the applicant to ensure the applicant is aware of the program scope and the requirement of a mortgage being placed on the property to secure the deferred loan.

Households will be able to apply for assistance using application forms posted on the Village of Grass Lake website and available copies at the Village of Grass Lake office. Applications can be submitted through email to s.edgar@villageofgrasslake.com or in-person to the Village of Grass Lake office. It is expected that applications will be reviewed within 10 business days and then a response will be provided with either eligibility determination, if the application is complete, or what additional required documentation is necessary to complete the application. An application shall be considered "received" only after all required applicant documents are received in the Program office. At that time, they shall be "date and time stamped" in the order received.

The Village will seek to market to the households within, but not exceeding, the entire physical boundaries of the Village, including utilizing a variety of methods to meet the program's estimated 22-household rehabilitation target including:

- **Utility Bill Inserts** — Program flyers/notices included with Village water and utility billing to reach all billed households.
- **Email Notices** — Direct email announcements to customers enrolled in paperless billing.
- **Village Website** — Program information, eligibility criteria, and application materials posted on the Village of Grass Lake website.
- **Facebook** — Posts on the Village of Grass Lake's official Facebook page announcing funding availability, deadlines, and program updates.
- **Lake Express** — Program notices placed in the Lake Express.
- **Physical Flyers** — Distributed at high-traffic community locations (e.g., Village Hall, post office, library, and local businesses).

- **Direct Outreach** — Village staff will conduct direct outreach to known eligible households and community organizations serving low- and moderate-income residents. The program director will appear upon request, at local governmental and organizational meetings to discuss the CDBG program.

Applicant Selection Process

Applicants will be served on a first-come, first-served basis as the standard.

Applicant must be an individual, or family, who has ownership as allowed by CDBG Policy Bulletins 09 and 13, e.g. warranty deed, quit-claim or covenant deed, trust held properties, and occupies a single-family dwelling residential property or is purchasing property under a mortgage. The warranty deed or mortgage must be recorded in the County Register of Deeds office. Properties with a Reverse Mortgage are not eligible for assistance.

The Applicant's home must be at least 5 years old, and Applicant must have occupied the home for 1 year prior to making application. Applicant must reside in the premises for the term of the loan.

Applicant, and all other joint owners of the property, must agree to sign a mortgage and note for the total amount of the loan, including all related costs of the loan, if it exceeds \$10,000. Applicant will be required to maintain [replacement coverage](#) on the property for the duration of the terms of the loan and provide proof annually.

Applicant will be required to keep the property tax payments current for the duration of the loan term and provide proof annually.

Upon termination of ownership, whether by death, sale of property or title transfer, the balance of the mortgage must be paid in full.

Note: If the home is deeded to another family member upon applicant's death, that person's income shall be verified and, if he/she qualifies, payment will be determined by the Village. If income is too high, this person shall be required to pay off the loan in full.

Applicants approved for a Homeowner Occupied Rehab (HMR) loan may not apply for another HMR loan if their MSHDA grants/loans combined are over \$75,000 for a period of 5 years. This includes Emergency Repair program income projects. The Village of Grass Lake is responsible for coordinating with Jackson County government and Community Action Agency - Jackson to ensure distinct target areas and prevent duplication of benefits.

If the applicant decides not to proceed, they will indicate in writing. This will be documented as a closed file.

Initial Property Inspection

An inspection will be completed by a qualified inspector selected through a request for qualification (RFQ) process by the Village of Grass Lake. The on-site inspection will be

conducted at the homeowner's property and documented through an inspection report which includes before pictures and a complete HUD52580 checklist to identify and document critical health, safety, and code deficiencies as well as evaluating and documenting homeowner requested scope of work items identified in the application. The inspection report will include estimated cost of work necessary to bring the property into compliance with applicable local and state building codes, address critical health and safety concerns as outlined by the MSHDA CDBG guidelines, and complete eligible and necessary homeowner rehabilitation activities.

Radon testing must be completed for rehabilitation and documented for the environmental review by a qualified radon testing agency approved through a request for qualification (RFQ) process administered by the Village of Grass Lake.

Scope of Work and Cost Estimate

The initial property inspection report will include the estimated cost of work necessary to bring the property into compliance with all applicable local and state building codes, address critical health and safety concerns as outlined by the CDBG guidelines, and complete eligible homeowner rehabilitation activities.

Monitoring During Construction

Contractors will be contracted and monitored in accordance with the following considerations:

- Contractor must sign the contractual agreement with the Homeowner, as prepared and approved by the Village.
- Contractor will begin work within 10 days of contract signing and issuance of the "Proceed to Work Order".
- Homeowner will notify the Village of the date work is started. This date will be documented in the applicant's file.
- Contractor will notify the Village of any problems occurring during the performance of work.
- All necessary work change orders must be approved and authorized by the Village before being given to the contractor and executed. They will be issued by the Village and signed by both the contractor and the homeowner in accordance with all applicable local policies and Uniform Administrative Requirements for Federal Awards (2 CFR Part 200.318-327).

Final Inspection and Approval

The qualified property inspector selected by the Village of Grass Lake will conduct the final inspection to ensure compliance with property standards through visual inspection and comparison of homeowner approved scope of work and the contractor work completion statement. Homeowners will approve and sign off on the final scope of work and submit a satisfaction survey upon completion of the rehabilitation project.

Loan Terms

Assistance of \$10,000 or less

- Provided as a grant to the homeowner.
- No repayment, mortgage, or mortgage note required.

Assistance of \$10,001 or more

- Structured as a zero-interest, zero-payment loan, forgivable after five (5) years.
- Secured by a second mortgage and mortgage note between the homeowner and MSHDA.
- Full amount due upon default, sale, refinance, transfer, or if the home is no longer occupied by the borrower during the five-year period.
- Subordination of this mortgage is not allowed (cannot be subordinated for refinancing).
- Program income from loan payoffs must be returned to MSHDA.

Reference: For projects over \$10,000, grantees must use the MSHDA-provided mortgage and note template.

Contractor Selection

Grantees must possess and adhere to a local procurement policy in compliance with the Uniform Administrative Requirements for Federal Awards (2 CFR Part 200.318-327).

Contractor Requirements

- Eligible contractors for residential construction projects must be licensed in the State of Michigan (LARA Residential Builder or Maintenance and Alteration Contractor) and adequately insured (minimum CGL limits: \$300,000/\$100,000; statutory Workers' Compensation benefits). Minority, female, and disadvantaged businesses (MBE/WBE) are encouraged to bid on projects.
- All contractors conducting work on residential structures (existing or converted) constructed prior to 1978 must be EPA Renovation, Repair and Painting-certified (RRP).
- Contractor will provide all materials, equipment and labor necessary to perform the work stated in the project specifications. All materials and workmanship must meet minimum standards provided in the project specifications and local ordinances.
- Contractor will be responsible for obtaining required local permits and arranging for necessary site inspections, and will conform to all applicable

local code compliance and permitting requirements whether or not specifically stated in the project specifications.

- Project bids and contract documents must refer to the General Contractor and all sub-contractors performing work on each project. Grantee must confirm the General Contractor and identified sub-contractors are not excluded from participating in federally assisted programs (debarment check), as follows:
 - If the Grantee procures and enters into the contract with the General Contractor, the contractor is required to be registered in the GSA System for Award Management (SAM.gov) and possess a Unique Entity Identifier (UEI) number.
 - If the homeowner selects the General Contractor, and the contract is between the homeowner and the General Contractor, the contractor is not required to be registered in SAM.gov or possess a UEI number.

Lead-Based Paint and Asbestos

Lead-Based Paint

Grantees must comply with HUD Lead Safe Housing Rule (24 CFR Part 35) and EPA Lead Renovation, Repair and Painting Program (40 CFR Part 745) requirements. *Homeowner Rehabilitation* projects can include lead remediation work as an eligible cost. However, lead remediation should only be a secondary component of rehabilitation work, not a standalone project activity.

The maximum allowable CDBG assistance for *Homeowner Rehabilitation* and projects in the Village of Grass Lake program is **\$20,000 per project site**. The following levels of evaluation and safe work practices are required, according to the value of direct assistance provided:

Projects under \$5,000:

- Lead hazards may be presumed for pre-1978 properties;
- Painted surfaces disturbed during rehabilitation work must be repaired; and
- Safe work practices must be utilized on all surfaces, with work performed by Lead Renovation, Repair and Painting Program-certified (RRP) contractors.
- Notice of Presumption: When lead hazards are presumed for projects totaling less than \$25,000, grantee must provide a presumption notice to current (or future) occupants of the property.

Projects between \$5,000 and \$20,000:

- Lead hazards may be presumed on all applicable surfaces disturbed during rehabilitation for pre-1978 properties, **OR**
- A Lead Risk Assessment can be conducted.

- When presuming lead, standard treatments and interim controls must be applied to impacted surfaces, with work being performed by RRP-certified contractors under the supervision of a Lead Abatement Certified Supervisor.
- Provide copies of the EPA *Renovate Right* and *Protect Your Family From Lead in Your Home* pamphlets to current (or future) occupants of the property.
- Notice of Presumption: When lead hazards are presumed for projects totaling less than \$25,000, grantee must provide a presumption notice to current (or future) occupants of the property.

Asbestos

Grantees must comply with MI-LEO/MIOSHA Asbestos Program and MSHDA Residential Housing Construction Standards requirements (Note: MSHDA-NDD provides construction management guidance and complete MSHDA Residential Housing Construction Standards at CDBG Policy Manual, Chap. 5 Construction Management). *Homeowner Rehabilitation* and *Unoccupied Rental Rehabilitation (existing units)* projects can include asbestos abatement and remediation work as an eligible cost. However, asbestos abatement and remediation should only be a secondary component of rehabilitation work, not a standalone project activity.

Reassess Scope of Work

Grantee will be responsible for conducting a local financial viability analysis to determine whether an assisted project with presumed or identified material hazards can proceed under the program funding parameters. If project costs for completing the specified rehabilitation work *and* addressing material hazards exceed the maximum allowable CDBG assistance (\$40,000 per project site), grantee must revise the specified scope of work to reduce project costs under the allowable limit; identify other sources of funding (homeowner contribution or other) to cover additional costs; or terminate the project.

Item 10: Environmental Review

Grantees must comply with HUD Environmental Review requirements under 24 CFR Part 58. For Homeowner Rehabilitation activities, the environmental review level is Categorically Excluded Subject to (CEST) the federal laws and authorities at 24 CFR 58.5 and 58.6. These activities require a Tiered Environmental Review, consisting of a Tier I (program-wide) review completed by the grantee and submitted to MSHDA-NDD for approval, followed by a Tier II site-specific review for each assisted unit. No choice-limiting action may occur until Tier I approval is issued, and each unit may proceed only after its Tier II review is documented and added to the Environmental Review Record (ERR). No procurement, contracting, demolition, construction, or site disturbance may occur until the environmental review is complete and, where required, MSHDA-NDD has issued approval of the Request for Release of Funds (RROF).

The ERR must include the project description, maps, statutory checklists, documentation for each compliance factor, public notices, comments and responses (if applicable), the RROF, and MSHDA's approval. The ERR must be retained for the entire required record retention period. *See CDBG Policy Manual, Chapter 7 'Environmental Review' and MSHDA-CDBG (2025-2026) Post-Agreement Procedures and Requirements for general information, required forms, and step-procedures related to environmental review requirements.*

Environmental Review Responsibilities (to be completed by Grantee)

Certifying Officer (Name/Title): Sabrina Edgar

ERR Preparer (Grantee staff, consultant, or TPA): Grantee Staff and TPA - Lionbear Ventures, LLC

ERR Maintained By (Title/Department): Village Manager

Will the Grantee use an environmental consultant?

☐ Yes ☒ No

If yes, provide the following:

Consultant Name (if known): []

Consultant Responsibilities (check all that apply):

- ☐ Prepare ERR
- ☐ Conduct site inspections
- ☐ Draft notices (FONSI/NOI-RROF)
- ☐ Compile statutory checklists
- ☐ Assist with supporting documentation
- ☐ Other:

Responsible party for publishing required notices: Village of Grass Lake

Name of newspaper, website, or publication to be used: Village of Grass Lake website

Responsible party for confirming ERR completion before procurement: Village of Grass Lake

Relevant Levels of Required Environmental Review (MSHDA-NDD Programs)

Exempt (ER Exempt)

Activities with no physical impact on the environment, including administrative costs,

environmental studies, and engineering/design, may be classified as Exempt. Grantees may draw CDBG funds only after documenting the exemption and obtaining MSHDA-NDD approval.

Categorically Excluded Subject to Section 58.5–6 (CEST)

Activities exempt from full NEPA review but subject to other environmental laws, such as limited structural modifications and new construction of fewer than five units.

- Homeowner Rehabilitation uses a Tiered Review (Tier I program-level, followed by Tier II site-specific reviews).
- Reconstruction, Unoccupied Rental Rehabilitation, and Manufactured Housing with one to four new units and density increases under 20% use a Non-Tiered Review.

Environmental Assessment (EA)

Activities that are not Exempt or CEST must complete a full Environmental Assessment under NEPA. These include construction of five or more units, substantial density increases over 20%, major structural modifications, and Housing Infrastructure projects. EA projects require:

- Publication of a combined Finding of No Significant Impact (FONSI) and Notice of Intent to Request Release of Funds (NOI/RROF)
- A public comment period
- Submission to and approval by MSHDA-NDD before any construction or procurement

All public notices and comment records must be included in the ERR.

Item 11: Build America, Buy America Act (BABA)

Infrastructure projects funded through CDBG are subject to the Buy America Preference (BAP) under the Build America, Buy America Act (BABA), requiring that iron, steel, construction materials, and manufactured products be produced in the United States unless a specific waiver applies. ****FY 2024 Funding Sources and forward****

The Grantee must ensure BABA compliance for all CDBG-funded infrastructure activities. The Grantee may use staff, consultants, or third-party administrators to assist with documentation and procurement, but the Grantee remains fully responsible for compliance.

BABA Compliance Procedures

1. Early Assessment

Before initiating procurement, the Grantee will determine whether the activity qualifies as an infrastructure project subject to BAP. This includes identifying

materials that fall under the BABA categories and confirming whether any HUD-issued general waivers apply.

2. Procurement and Contracting Requirements

The Grantee will include BABA requirements in bid documents, construction contracts, specifications, and procurement checklists.

Contractors must:

- certify the domestic origin of all covered materials
- submit product information and supporting documentation
- notify the Grantee if any material does not meet BAP requirements

3. Waiver Review and Documentation

If the Grantee identifies materials that cannot comply with BAP, it will:

- determine whether a HUD general applicability waiver covers the material
- when needed, request a project-specific or product-specific waiver through MSHDA for submission to the Made in America Office

All waiver requests and approvals will be kept in the project file.

4. Construction Oversight and Recordkeeping

The Grantee will track and document BABA compliance throughout procurement, construction, and closeout, including:

- contractor certifications
- material invoices
- any approved waivers
- notes from site inspections confirming installed materials

BABA documentation must be included with draw requests and retained in the official project file.

Grantee Implementation Details (to be completed by Grantee)

Person responsible for BABA compliance (Title): Village Manager

Will the Grantee use a consultant for BABA documentation?

☐ Yes ☒ No

Item 12: Confidentiality and Record Retention

The Grantee must maintain confidentiality of all files and records, safeguard personally identifiable information (PII), and ensure secure handling of applicant and project

documentation. Records must be retained for five years after the State of Michigan closes out its grant with HUD for the program year in which the Grantee's funds were awarded. If any audit, litigation, or claim is unresolved at that time, records must be retained until all matters are fully resolved. Records may be stored electronically or in hard-copy form but must be maintained in a secure location with controlled access.

The Grantee will implement the following procedures:

- **Confidentiality and Access Controls:** Limit access to applicant and project files to authorized staff only. PII may not be shared with contractors, developers, or external parties except as required for eligibility verification or as permitted by law.
- **Secure Storage:** Maintain digital files in password-protected systems and physical records in locked, access-controlled storage.
- **Record Retention:** Maintain all CDBG records—including eligibility documentation, environmental review files, financial records, procurement files, labor standards documents, agreements, and monitoring reports—for the required period after State closeout.
- **Organized Filing:** Maintain project documentation in a manner that allows timely retrieval for monitoring, audit, and closeout.
- **Secure Destruction:** After the retention period, records must be destroyed in a manner that preserves confidentiality (e.g., shredding or secure digital deletion).

Grantee Implementation Details (to be completed by Grantee)

Responsible Staff Person/Department for Record Retention: Village Manager

Location of Official CDBG Project Files (digital, physical, or both): Village of Grass Lake
Village Office at 119 N Lake St, Grass Lake, MI 49240

Method for Securing Confidential Records: Physical lock and key

ATTACHMENT # [] (Item 3. Fair Housing / Non-Discrimination)

[If opting to attach a local policy that matches MSHDA's minimum standards, the policy document must include a statement of the grantee's policy, identity of contact person and contact information. MSHDA will require all grantees, as part of the agency-specific program guidelines outlining MI Neighborhood's procedures, to obtain data about the demographic composition of their selected area(s). Based on this data, the grantee will gain insight into which residents are historically under-served, marginalized, or adversely affected groups that can be served within their jurisdiction. Marketing efforts must contain a documented and demonstrated methodology to notify **all residents** of the MI Neighborhood grant opportunity. If there is a population within the area that is predominantly non- English speaking, marketing materials will need to be prepared in the applicable language.]

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

FAIR HOUSING POLICY STATEMENT

Equal housing opportunity for all persons, regardless of race, color, national origin, religion, age, sex, familial status, marital status, or disability, is a fundamental policy of the Michigan State Housing Development Authority. MSHDA is committed to diligence in assuring equal housing opportunity and non-discrimination to all aspects of its housing financing activities. As a state-created housing financing agency, MSHDA has an ethical as well as legal imperative to work aggressively to ensure that MSHDA financed housing programs comply fully with all state, and federal fair housing laws.

If you believe you are the victim of housing discrimination you can contact the **Michigan Department of Civil Rights** at <https://www.michigan.gov/mdcr> or call their Fair Housing hotline number at **1-800-482-3604**.

If you live in a MSHDA financed development or are applying to live in a MSHDA financed development, and you believe you are the victim of housing discrimination, you can contact Geoffrey Ehnis-Clark at EhnisClarkG@michigan.gov or call him at **(517) 241-2996**.

Michigan Fair Housing agencies:

Fair Housing Center of Western Michigan

20 Hall Street, SE Grand
Rapids, MI 49507
(616) 451-2980
www.fhcwm.org

Fair Housing Center of Southeastern Michigan

P.O. Box 7825
Ann Arbor, MI 48107
(724) 994-3426 or 1-877-979-FAIR
www.fhcmichigan.org

Fair Housing Center of Southeast & Mid-Michigan (FHC)

209 East Washington, Suite 234

Jackson, MI 48903

1-877-979-FAIR (3247)

www.fhemichigan.org

Fair Housing Center of Southwest Michigan

410 E. Michigan Ave

Kalamazoo, MI 49007

(269) 276-9100

www.fhcswm.org

RESOURCES:

Fair Housing Act as Amended (Title VIII)

<https://www.justice.gov/crt/fair-housing-act-1>

HUD's Office of Fair Housing and Equal Opportunity

<https://www.hud.gov/contactus/fairhousing>

HUD FHEO – People with Disabilities

<https://www.hud.gov/contactus/fairhousing#c3>

Fair Housing Act Design Manual

<https://www.huduser.gov/portal/publications/destech/fairhousing.html>

MSHDA Fair Housing Guide

<https://www.michigan.gov/mshda/fairhousing>



MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

CONFLICT OF INTEREST POLICY

The following conflict of interest standards apply to all recipients of and participants in any program administered by the Michigan State Housing Development Authority (the “Authority”) using MI Neighborhood (the “MIN” Program), including, but not limited to, officers and employees of the Authority and any vendors, agents, contractors, and subcontractors working with the Authority in connection with the MIN Program.

Conflict of Interest

A conflict of interest occurs when an employee that either works on the MIN Program (i.e. participates in the selection, award, or administration) or is receiving an award from the MIN Program (this includes both permanent or limited term and contract employees; collectively, “Employee”) or an immediate family member of the Employee has a direct, actual financial or ownership interest in a development, program or matter pending before the Authority. In such a case, the Employee or immediate family member must either withdraw from the interest that creates the conflict or remove the matter from the Authority’s consideration. Conflict of interest will be subject to the Authority’s Code of Ethics and may be reviewed by the Authority’s Ethics Committee.

A conflict of interest may also occur if friends, family members, or business associates of an Employee apply for and receive program benefits. To avoid such a conflict, the Employee must disclose any family, friend, or business associate relationship with a program applicant to the Authority’s Director of the MIN Program and/or Operations Manager and must not participate in the processing, approval, underwriting, or administration of such application for assistance, or any other related decision-making.

A conflict of interest may also occur if an Employee or an Employee’s immediate family member receives a gift, gratuity, favor, loan of money, or other thing of value from a person or organization applying to a MIN Program or otherwise doing business with the Authority. An Employee or an Employee’s immediate family member may not solicit or accept any money, gift, loan, services, goods, or other thing of value from a person or organization applying to, or doing business with, the Authority except under the following circumstances:

- a. A de minimis gift of \$20 or less in value.
- b. Meals or beverages paid for by a person or organization doing business with the Authority if incidental to a business meeting, seminar, training session, or other organized function that has a purpose beyond the providing of the meal or beverage.

A conflict of interest may also occur based on the appearance of a conflict, whether or not an actual conflict exists. An Employee must treat any apparent conflict in the same manner as an actual conflict.

If you believe a conflict or potential conflict or the appearance of a conflict exists, please report in writing to the Authority's Director of the MIN Program and/or Operations Manager, the Authority's Director of Legal Affairs, and the United States Department of the Treasury.

Employee and Immediate Family Member Participation in MIN Programs

An Employee of the Authority or the MIN Program and/or that Employee's immediate family member may apply for assistance through a MIN Program. To avoid any actual or perceived favoritism or conflict of interest, the Employee and the Authority must observe the following principles and guidelines:

- a. The Employee and/or the Employee's immediate family member must meet all eligibility criteria required of program participants.
- b. The Employee cannot supervise or participate in the processing of their application.
- c. The Employee's direct subordinates cannot participate in the approval of the Employee's application or in any decision or recommendation regarding the Employee's participation.
- d. The Authority's Director of the MIN Program and/or Operations Manager, the Authority's Director of Legal Affairs, and the United States Department of the Treasury may require additional documentation.
- e. The Authority's Director of the MIN Program and/or Operations Manager must approve the Employee's participation in writing.

Before an Employee and/or the Employee's immediate family member applies for any MIN Program, the Employee must follow the following procedures:

- a. The Employee must notify the Authority's Director of the MIN Program and/or Operations Manager and the Authority's Director of Legal Affairs of their intent to apply for assistance prior to submitting an application.
- b. The Employee must follow all program application procedures. The Authority's MIN Program staff will review and process the Employee's application, with a recommendation to the Authority's Director of the MIN Program and/or Operations Manager and the Authority's Director of Legal Affairs regarding approval.

Definitions

In interpreting the foregoing provisions, the following definitions apply:

"Immediate family member" means an employee's grandparent, grandchild, parent, parent-in-law, stepparent, sibling, spouse, child, or stepchild.¹

"Family member" means an Employee's relative by blood, marriage, partnership or adoption, including an employee's spouse, partner, parent, sibling, grandparent, child, grandchild, aunt or uncle, or cousin, and step-, half- or in-law relations of the same types of family members.

¹ The Authority acknowledges that the Michigan Civil Service Commissions Rule 2-8 does not include grandchild in its definition of immediate family member and the United States Department of Treasury does not include a grandparent in its definitions of immediate family member for 12 CFR 26.2 and 12 CFR 161.25. Out of an abundance of caution, the Authority recommends including both grandchild and grandparent in the definition of immediate family member.

“Friend” means an individual not related by blood, marriage, or partnership with whom an Employee enjoys a close personal relationship.

“Business associate” means a person associated with an Employee to achieve a common financial objective.

MSHDA FRAUD PREVENTION PLAN

These organization specific program guideline parameters are designed to assist with developing a formal written approach to deter, detect and hopefully prevent and/or mitigate the risk of fraud occurring within this state and/or federally funded program.

- Agencies need to establish and implement effective internal processes to review and inspect certain documents associated with individual beneficiary activities on an informal ongoing basis and formally on a quarterly basis.
- Agencies need to establish and implement a structural processes including both formal guidelines specifying acceptable applicant intake criteria, utilization of MSHDA software, and clearly defining applicant award parameters. This overview is designed to provide transparency to applicants and minimize ambiguities in the selection and award process.
- Agencies need to adopt a formal fraud policy that identifies procedures to be followed for suspected fraud and the methods employees should utilize to report such activities. Note: MSHDA has a fraud hot-line and electronic form that may be utilized.
- Agencies must ensure that effective internal controls are in place and enforced. At a minimum, two check signatures must be required and safeguards put in place to ensure adequate oversight and separation of duties occurs. Entities that have been cited for internal control issues within the past five (5) years must disclose findings to MSHDA as part of the organization's financial review process.
- Agencies must have a formal written document retention policy and records containing Personally Identifiable Information (PII) must be carefully stored in an area accessible only to necessary staff. **All records must be retained until 12/31/2033, according to the MI Neighborhood written agreement requirements.**
- Agencies must have whistleblower procedures in place to encourage reporting without fear of retaliation and/or establishment of anonymous methods of reporting concerns.

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

COMPLAINT PROCEDURE

The purpose of this procedure statement is to outline requirements for MSHDA-NDD grantees to establish a client complaint procedure for consistent resolution of conflicts. Complaints may come from applicants for assistance, owners dissatisfied with work, participating contractors, or other interested parties.

GRANTEE'S CLIENT COMPLAINT PROCEDURE MUST BE PROVIDED AS A SEPARATE DOCUMENT AND IS INCLUDED IN THE LOCAL PROGRAM GUIDELINES AS ATTACHMENT # []

This policy covers the following processes:

- The grantee's client compliant procedures
- Referrals to Dispute Resolution Services
- MSHDA review of complaint
- Resolution determined by MSHDA (if there is no resolution at the local level)

A grantee's client complaint procedures must achieve and adhere to the following:

- 1. Be outlined in the grantee's local program guidelines.** Clients and contractors must be informed of the complaint procedure when they are selected to participate in the program or upon receipt of a written complaint.
- 2. Establish timely response.** Ensure that a client's initial complaint is responded to by the program administrator within 15 working days of the date of the complaint.
- 3. Require that the Chief Executive Officer (CEO) or Executive Director of the grantee be informed of any complaint the program administrator fails to resolve.** The grantee (at its option) may ask the CEO/ED to review the case and recommend a resolution.
- 4. Provide for the establishment of a review committee, comprised of at least three people, which must hear all cases that cannot be successfully resolved by the program administrator (and CEO/ED if he/she is part of the complaint procedure).** The review committee should be comprised of (a.) a person with building/construction expertise (separate from the contractor who is part of the complaint); (b.) a local community representative; and (c.) a representative of the grantee (but should not be the program administrator or related staff).

REFERRAL TO DISPUTE RESOLUTION SERVICES REQUIRED IF CONFLICT NOT SATISFACTORILY RESOLVED

Should the above listed efforts fail to resolve all outstanding issues, subrecipients must seek the services of the closest Dispute Resolution/Mediation Program. The costs, if any, for using mediation to seek resolution of the dispute are eligible administrative costs under MSHDA's

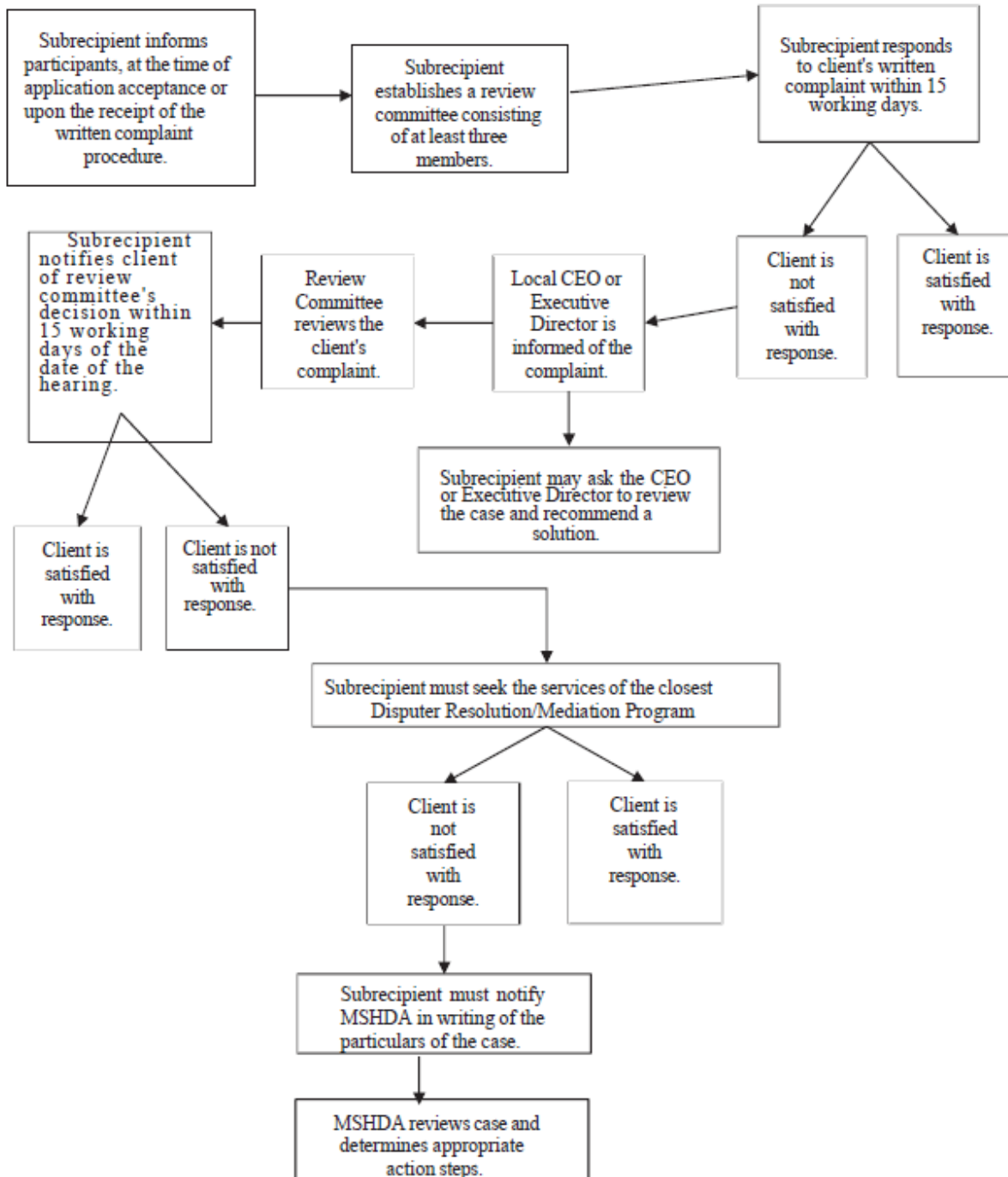
Neighborhood Development Division written agreements. A list of Community Dispute Resolution Program (CDRP) Mediation Centers may be found at <https://www.michiganmediation.org>

See the Client Complaint Procedure Process Map included in this attachment for a typical complaint step-procedure. **MSHDA will review complaints only after this process is complete and the dispute remains unresolved.** If MSHDA is contacted directly by a complainant, they will be referred to the grantee for implementation of the procedures outlined in this attachment and the grantee's client complaint procedure. If all outlined steps have failed to resolve the complaint, the grantee may contact MSHDA in writing, detailing the complaint and verifying its compliance with the above steps.

NOTE: All liability to third parties, loss or damage as a result of claims, demands, costs, or judgments arising out of activities, such as direct service delivery, to be carried out by the grantee in the performance of its NDD funded written grant agreement shall be the responsibility of the grantee, and not the responsibility of MSHDA, if the liability, loss, or damage is caused by, or arises out of, the actions or failure to act on the part of the grantee, any subcontractor, anyone directly or indirectly employed by the grantee, provided that nothing herein shall be construed as a waiver of any governmental immunity that has been provided to the grantee or its employees by statute or court decisions.

(cont.)

CLIENT COMPLAINT PROCEDURE





Village of Grass Lake

Community Development Block Grant (CDBG) Homeowner Rehabilitation Program

Client Complaint Procedure & Dispute Resolution Policy

Section I: Overview & Distribution

The Village of Grass Lake is committed to ensuring fair, transparent, and prompt resolution of all client and contractor grievances arising under its Michigan State Housing Development Authority (MSHDA) CDBG-funded programs.

This policy applies to all program applicants, selected participants, property owners, and contracted service providers.

- **Distribution Requirement:** A copy of this Client Complaint Procedure shall be provided in writing to all selected clients and participating contractors upon selection to participate in the program.
- **Issuance Upon Complaint:** In the event of an oral or written complaint, a copy of this procedure will be provided immediately to the complainant.

Section II: Stage 1 – Program Administrator Initial Review

1. **Submission:** All complaints must be submitted in writing to the Village CDBG Program Administrator detailing the nature of the grievance, specific facts, dates, and requested remedies.
2. **Timely Response:** The CDBG Program Administrator must review the grievance and issue a written initial response to the complainant within **fifteen (15) working days** of the date the complaint was received.
3. **Documentation:** The Program Administrator shall maintain a log of all written complaints, supporting evidence, and issued responses.

Section III: Stage 2 – Village President Review

1. **Escalation:** If the CDBG Program Administrator fails to resolve the complaint to the complainant's satisfaction within the 15-working-day window, or if the nature of the grievance requires executive intervention, the Program Administrator must immediately inform the Village President of the unresolved complaint.
2. **Executive Option:** At the Village's option, the Village President may independently review the case files, consult with the parties, and issue a written recommendation for resolution.

Section IV: Stage 3 – Complaint Review Committee Hearing

If the complaint remains unresolved following the initial administrator response (and Village President review, if exercised), the matter shall be referred to the **Village CDBG Review Committee**.

1. Committee Structure & Terms

The Review Committee shall consist of at least three (3) designated members serving staggered **two-year terms**:

- **Building/Construction Expert:** A qualified individual with construction knowledge who is completely independent and separate from the contractor involved in the complaint.
- **Local Community Representative:** A resident or representative from the local community.
- **Grantee Representative:** A designated representative of the Village of Grass Lake who is **not** an administrator or direct staff member of the CDBG housing program.

2. Hearing Procedure

- **Notice:** The Committee shall schedule a review hearing and notify the claimant in writing of the date, time, and location.
- **Presentation Options:** The claimant has the right to present their case in person or submit a written statement accompanied by relevant documentation and evidence.
- **Decision:** The Committee shall issue a written determination following the review.

Section V: Stage 4 – Referral to Dispute Resolution Services

1. **Mandatory Referral:** If the conflict is not satisfactorily resolved by the Review Committee, the matter **must** be referred to a certified local Dispute Resolution Center (DRC) or mediation service.

2. **Mediation Process:** Neutral third-party mediation will be conducted in accordance with Michigan Dispute Resolution System guidelines to attempt a mutually agreeable settlement between the Village, the contractor, and the client.

Section VI: Stage 5 – MSHDA Review & Final Resolution

1. **MSHDA Referral:** If mediation through Dispute Resolution Services fails to yield a resolution, or if the grievance involves unresolved compliance issues with MSHDA CDBG guidelines, the complete record of the complaint, hearing notes, and mediation outcomes will be submitted to MSHDA for formal administrative review.
2. **Final Determination:** MSHDA will review the administrative record under CDBG Chapter 1 guidelines and issue a formal written determination. **The resolution determined by MSHDA shall be final and binding on all participating parties.**