

GUIDELINES AND PROCEDURES

HOUSING REHABILITATION PROGRAM

TOWN OF STONINGTON

Approved by:

May 2, 2022

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I. SCOPE

These guidelines and procedures are applicable to the Housing Rehabilitation Loan Program administered by the Town of Stonington's Human Services Department in partnership with ARW Technical Services. The program is funded with \$150,000 through the American Rescue Plan and future loan repayments made by participants in the program. The funds will be allocated as a loan for specific home improvements as outlined in the details below. The program is intended to support investments that help our residents in need and strengthen our community.

In exchange for the loan, the Town will hold a mortgage and put in an affordable housing deed restriction. Please see the Attachments segment below for more details. The loan does not need to be repaid until the borrower sells, refinances, or transfers the property. As a first step, interested residents should fill out a Social Service Intake Form or contact Stonington Human Services for more information.

II. OBJECTIVES

The objective of the Housing Rehabilitation Program is to improve housing units occupied by low- and moderate-income households in the Town of Stonington. The Housing Rehabilitation Revolving Loan Program, offers no and low interest loans to enable residents to make home improvements that they otherwise may not be able to afford. Set-up as a pilot program, this loan program will enhance residents' ability to have improved access to quality housing. In Stonington, 34.8% of all households and 46.6% of rental households are cost-burdened, spending more than 30% of their income on housing. Furthermore, current affordable housing complexes in Stonington have waitlists that range from 2 months to 2 years. Housing impacts so many areas of a person's life, and without access to quality housing the related stressors can reach into so many aspects of a person's life.

III. NON-DISCRIMINATION

Section 109 of the Housing and Community Development Act of 1974, as amended, requires that no one shall, on the grounds of race, color, religious creed, age, marital status, ancestry, national origin, sex, physical disability, mental retardation, or families with children, be excluded from participation in, be denied benefits of, or be subjected to discrimination under any program or activity funded with CDBG resources. Eligible property owners, as a condition to obtaining rehabilitation assistance, must comply with all applicable requirements imposed by or pursuant to regulations effecting Title VI of the Civil Rights Act of 1964 or Title VIII of the Civil Rights Act of 1968 regarding the sale, lease, rental use, or occupancy of their property.

IV. FINANCIAL ASSISTANCE

The program offers loans to low- and moderate-income property owners for eligible housing rehabilitation work. Loans cannot exceed \$30,000. Two types of loans are available:

1. No-Interest Deferred Loans for Owner-Occupants

No-interest deferred loans are available to owner-occupied households earning 80% or less of median household income for the Norwich-New London Metropolitan Statistical Area (see Attachment A for Income Limits). The principal amount shall be repaid to the Town when the property is sold or ownership is transferred.

2. Low-Interest Loans for Investor-Owners

Low-interest loans are available to Investor-Owners. The loan rate shall be at 3% payable monthly, over a five-year term. Low-interest loans require the applicant to make monthly payments directly to the Town of Stonington. Please refer to the section on Eligibility for conditions.

Rehabilitation costs for ARPA-funded projects may be supplemented with personal financing, with other financing sources and/or access to equity in the property. Property owners may also personally finance the estimated cost of any upgrades in materials versus the recommended grade of material.

Please note that “sale” or “transfer” shall include any sale, exchange, quit claim, conveyance, transfer, or assignment for the benefit of creditors, any lease of the premises whereby the ‘owner-occupied’ applicant fails to continue to reside on the property or fails to utilize the property as the principal place of residence, the appointment of a receiver, a foreclosure of any nature, any gift, or any transfer upon death except to the surviving spouse.

V. ELIGIBILITY

1. Property

- a. Properties must be substandard to be eligible for the program. Substandard properties have one or more issues, including, but not limited to code violations of the Rental Housing Code, Building Code, or Property Maintenance Code, as specified by the Town of Stonington Building Inspector or designated Rehabilitation Inspector (Rehab Inspector).
- b. Properties must be residential in nature and use.

- c. Applicants must hold legal title to the property.
- d. Owner-occupied properties being rehabilitated must be the primary residence of the applicant. Primary residence shall be defined as living in the subject property for at least eight months each year.
- e. Applicants must have, and maintain, homeowners' insurance and flood insurance as required. Borrowers will be required to provide copies of their homeowners' policies to the Town annually.
- f. Property taxes, sewer use charges, and trash bill bills must be current. In some cases, assistance may be provided if the applicant has entered into a written payment agreement with the tax collector, or other applicable department, that is acceptable to the Town of Stonington.
- g. Properties that have previously received funding through the Housing Rehabilitation Program are eligible to receive additional rehabilitation funding, as long as the loan has been fully paid back.
- h. Multifamily properties must contain four or fewer dwelling units. This clause shall not exclude trailers or interior work on condominiums from eligibility.
- i. For multifamily properties, the following breakdown of the units must be income-eligible, that is, tenants must have income at or below 80% of median income based on household size as shown in Attachment A.
 - i. Two-family properties will be eligible if at least one unit is income eligible. Three-family properties will need at least 2 eligible units, and four-family units will need 3 units to be income eligible.

2. Income Limitation Requirements

- a. Owner-occupied applicants must meet the income limits as set forth by the United States Department of Housing and Urban Development (HUD) for the CDBG program based on household size (See Attachment A). A household is defined as all persons who occupy the housing unit as a place of residence. Household income shall be established at the time of application and shall include income from all members of the household, whether or not they are related, received in the 12-month period prior to the date of application based on an IRS 1040 form or an employer's income verification. An estimate of current year income may also be requested using recent pay stubs. Applications shall be valid

for one year.

- b. Income shall include the following (less eligible deductions):
 - i. Gross wages and salaries including overtime, part-time earnings, bonuses and commissions, if such constitute established regular or periodic additions to income;
 - ii. Periodic payments received from Social Security, annuities, trusts, retirement benefits, disability benefits and other similar types of payments including payments to dependent children;
 - iii. Payments in lieu of earnings such as unemployment and disability compensation, workman's compensation (except in lump sum payments) and severance pay;
 - iv. Welfare payments;
 - v. Periodic and determinable allowances, such as child support, as directed by the Court;
 - vi. Interest and dividends from all Savings, Stocks, Bonds and similar income-producing assets; and
 - vii. Allowances for clothing, food or housing, provided through military, National Guard or reserve participation.
- c. If joint owners of a property are separate households occupying individual dwelling units within that property, the income of the applicant shall be the average household income of the joint owners.

3. Investor-Owned Rental Properties

- a. A single property owner shall be limited to the subsidized rehabilitation of a maximum of three (3) structures per program year. However, additional units maybe subsidized if funds are available after all property owners on the waiting list have been assisted.
- b. Income limitation requirements contained in section V (1) (i) shall not be applicable to investor- owners seeking assistance under the program. However, the investor-owner must agree in writing to the following conditions:
 - i. To charge "affordable rents" (applicable Fair Market Rents for Stonington)

for a minimum of five (5) years from the date of completion of work, or until the loan is repaid.

- ii. Not to evict the existing tenant for a period of two (2) years from completion of work (if vacant, for two (2) years from date of first occupancy), unless said tenant is evicted for cause.
- iii. Owners of presently vacant properties to be rehabilitated for occupancy under this program shall agree to rent said property to tenants that are at or below 80% of median household income as shown in Attachment A.
- c. Violation of the rental terms contained in section V (3) (b) shall result in a default of the mortgage agreement. Stonington Human Services has the right to do periodic check-ins to ensure rents meet the criteria. If there is a vacancy or change in tenant the landlord shall alert the Stonington Human Services to said change.

4. Conflict of Interest

- a. No member of the Town's governing body, any employee or agent of the Town who exercises policy, decision-making functions, or responsibility in the planning and implementation of the Housing Rehabilitation Program shall directly or indirectly benefit from this program. This prohibition shall continue for one year after the member, employee, or agent's association with the Town ends.

5. Significant Assets and other considerations

- a. If the property in question represents a “significant asset” which may be leveraged for funding required of the proposed activity, the assets equity must be used before the program will provide additional funding. Ability to access equity may be judged on a case-by-case basis by the Stonington Housing Rehabilitation Program team.
- b. If the cost of the rehabilitation exceeds the dollar amount available for funding, the project applicant will be required to provide additional funding. If no additional resources are available, the program application will be terminated.

VI. ELIGIBLE WORK

The types of work allowable under the program include the following:

- Energy efficiency and weatherization programs aimed at improving the energy efficiency of homes through additional insulation, weather-stripping, new windows and doors and other similar improvements;
- Handicapped accessibility programs through which improvements, such as installation of ramps and grab bars, are made to homes of persons with disabilities to make the home more accessible;
- Safety and public health code violations or general improvements deemed to enhance the health and safety of the structure as determined by program staff, including preventive maintenance;
- Emergency repair programs that provide for the repair of certain elements of a housing unit in emergency situations, such as repairs to a roof that is leaking, but the whole house is not rehabilitated;
- Façade improvements (including siding, porch repair, stoop repair, wrought iron/wood railings, front or storm door);
- Stormwater system improvements, especially those that reduce connected impervious areas and implement Low Impact Development design.
- Septic system or well repairs
- Heating systems and components
- Electrical systems and components
- Plumbing, including defective sinks, tubs, et cetera
- Insect/Rodent eradication
- Walls, ceilings, floors that are seriously deteriorated
- Roofs
- Gutters and downspouts
- Chimneys
- Foundations
- Stairways

- Environmental hazard mitigation

Additions and new construction are not eligible. Actual eligibility of all work items will be determined by the Town of Stonington.

VII. APPLICATION PROCESS

Stonington Human Services will be available to meet with property owners and/or tenants to explain the program, its requirements, and the rehabilitation process. Interested property owners will be required to fill out a Human Services Application to determine eligibility for funding. Eligible applicants will be placed on the waiting list and will be notified once they reach the top of the list. The waiting list works on a first come, first served basis with one exception—an applicant needing rehabilitation work to correct an emergency condition affecting the health and safety of the household will be moved to the top of the waiting list.

Once a property owner reaches the top of the list they may be asked to verify the application and supporting income documentation. Human Services will determine eligibility as well as apply the underwriting criteria found in Attachment B before applications will be approved. The Town will then inform the applicant of its determination. Delays in processing due to the failure of applicants to provide information will not be allowed to delay the processing of other potential applicants on the waiting list.

VIII. PROPERTY INSPECTION & COST ESTIMATE

1. Property Inspection

Upon a determination that an applicant meets the eligibility requirements, an inspection of the property to be rehabilitated shall be made by the Rehab Inspector, at the direction of the Town, to determine the existence of any violations of applicable codes. If the Inspector determines the need for additional inspections, Town of Stonington will make arrangements for supplementary inspections through independent consultants as needed.

2. Specifications and Cost Estimates

Upon receipt of the Rehab Inspector reports, a meeting shall be held with the property owner to agree upon the scope of work. In the event the homeowner and Town cannot agree on the scope of work, or any item thereof, the final decision on the scope shall be made by the Town. Detailed work specifications shall then be prepared by the Rehab Inspector and reviewed with the property owner.

These specifications will form the basis of all rehabilitation performed on the property and shall be incorporated into the bid documents. The Rehab Inspector shall specify the grade of materials.

Based on the work specifications, the Rehab Inspector shall prepare a detailed cost estimate for each type of work to be performed. All cost estimates shall remain confidential until the contract(s) have been awarded. The owner will be notified of the estimated price range for the work; however, the owner shall not be made aware of the exact cost estimate until all proposals/bids have been submitted.

IX. BIDDING

Once the scope of work has been agreed upon with the homeowner, the Rehab Inspector will prepare bid documents and put the work out to competitive bid in accordance with the following procedures:

1. Contract specifications shall be prepared, and the date and time of the pre-bid construction walk-through shall be set.
2. Qualified, licensed, and insured contractors shall be invited to submit bids. Attendance at the pre-bid walk-through is encouraged. If necessary, specification addendums will be issued to all contractors after the walk-through.
3. The contract shall be awarded to the lowest qualified bidder, provided the bid is deemed acceptable by the Town and Owner, and is within 20% plus or minus of the cost estimate. If the bid is not within 20% plus or minus of the cost estimate, and the contractor can sufficiently document that their bid is a responsible one, the contract may be awarded after further review and consideration by the Town and Owner.
4. For contracts for which the cost estimate is less than \$5,000 or for emergency situations, the bidding procedure may be waived in favor of proposals solicited by the Town of Stonington. However, the provisions regarding variation from cost estimates shall remain in effect.
5. Approval of the Town of Stonington is required prior to awarding a contract to a lone bidder if the bid exceeds the cost estimate by 10%.

X. CONTRACT EXECUTION

Once a winning bid has been determined, the property owner must enter into the following contracts before work can begin:

- A. **Owner/Contractor Agreement** – Once a winning bidder has been determined,

the owner will enter into a Construction Agreement with the contractor awarded the bid. The agreement will detail the scope of work, term of construction, and program requirements and responsibilities of both the owner and contractor.

Although TOWN OF STONINGTON is not a legal party to this contract, the Town shall act as an interested third party to assist in the coordination of the job.

- B. **Owner/Town Agreement** – The agreement will detail the loan amount and Owner and Town responsibilities. An Open End Mortgage Deed (Attachment E), Construction Mortgage Rider (Attachment F) and Promissory Note (Attachment D) shall be recorded with the Town Clerk in the Town's Land Records for the bid amount as evidence of this agreement. These documents shall act as security for the Town to ensure the loan will be repaid.

In addition, each property owner who participates in this program shall insure in writing that they will not discriminate on the basis of race, color, religion, national origin, handicap, sex, or families with children in the selection of tenants, contractors, or in the solicitation of proposals from contractors (Attachment G).

All contractors participating in this program must:

1. be approved by the Town prior to entering into a contract with a participating owner. This approval shall consist of having a contractor's application and references on file with the Town, must provide a certificate of insurance and evidence of workers compensation insurance, naming the owner and Town as additional insurers under the policy, with the coverages and limits as specified in Attachment J to this Guidelines and Procedures.
2. be registered with the State of Connecticut, Department of Consumer Protection or with the appropriate State licensing agency.
3. Where environmental work is in the specifications, additional licensure may be required; All contractors will be EPA Renovation, Repair, and Painting Certified.
4. Currently hold such license or permit for work that requires such specific license or permit in accordance with Town Building Codes.
5. Not be on the State of Connecticut debarred contractor's list or in the federal Excluded Parties Listing Systems database.
6. Contractors will be required to fill out our Town's required disclosure

form. See Attachment H (“Required Disclosure Forum”).

The contractor shall be required to warrant for a period of one year from job completion that all work under the contract shall be free of defects arising from the workmanship of the contractor or any subcontractor and guarantee the quality of materials for the same period. The contractor shall also be required to sign a Non-Collusion Affidavit (see **Attachment I**) as well as submit proof of having obtained a Building Permit for the work to be performed. All work requiring a building permit must be performed under such permit.

Upon completion of these procedures the Town shall issue a written “Notice to Proceed” to the contractor allowing her/him to begin the work.

XI. INSPECTIONS AND CHANGE ORDERS

1. Periodic inspections of the work shall be made by the Rehab Inspector to assure work quality, contract compliance, and compliance with all applicable codes. Such inspections shall be noted in an inspection log. If it is found that the contractor has not complied with the specifications, or has performed inadequately on any item of work, the Rehab Inspector shall issue a Deficiency Report to the Contractor requiring them to correct the noted deficiencies.
2. All contracts shall include a 10% contingency to provide for unforeseen additional work. All additional work shall be approved in accordance with the change order procedure contained in the Construction Agreement.
3. If, after the work has begun, an unexpected problem or unforeseen situation arises, the Rehab Inspector shall prepare an Inspection Detail Report describing the problem or situation and recommended corrective actions.
4. If the recommendation of the inspector is to correct the problem or situation using the contingency amount contained in the contract, a Contract Change Order shall be issued upon the approval of the homeowner, contractor and appropriate TOWN official. All change orders are to be approved by the Stonington Housing Rehabilitation Program team and signed by their designee.
5. Change orders that modify the contract amount may require promissory note and mortgage modification agreement(s) to reflect the increases/decreases to the contract amount.
6. Upon completion of all contract work, a final inspection shall be performed. If all work is found to be satisfactory and in compliance with applicable codes, a Contract

Completion Form shall be signed by the owner, Town, and Rehab Inspector.

XII. PAYMENT TO THE CONTRACTOR

1. All payment checks shall be made payable to the contractor. The Town shall obtain the owner's approval for payment prior to disbursing it to the contractor. The approval of the payment by the owner signifies the owner's acceptance and the satisfactory completion of the work covered by the respective invoice.
2. Progress and final payments to contractors shall be made by the Town in accordance with predetermined payment schedules, after submission of progress payment approval form.
3. Down payments or deposits for work to be completed will not be a part of this program. No program funds will be issued without approval of completed work or proof of stored materials on the site in question.

XIII. GRIEVANCES

1. In the event of a dispute between the parties as to any item claimed by the Owner or the Town to be incomplete or improper, the amount of money required for the completion or repair of said items shall be held by the Town. Once the dispute is resolved the balance of the payment due shall be paid to the Contractor. If a dispute is not resolved, the Town and Owner reserve the right to terminate the current contract, and use the outstanding funding balance to complete the work with other contractors to the greatest extent possible.
2. It is further agreed by the parties that in the event of a dispute arising with reference to materials used, or with reference to the workmanship, between the Homeowner and the Contractor, or any of his agents, or subcontractors, and if the parties cannot reach an agreement regarding such dispute, that the item or items of dispute shall be referred to Stonington Housing Rehabilitation Committee, and any decision regarding such dispute shall be binding on the parties.

XIV. WAIVERS

Unless otherwise specified, no provision of these guidelines may be waived without the written approval of the Town of Stonington.

XV. ATTACHMENTS

The following documents are attached and form a part of these guidelines:

- A. Income Limits and Loan Amount
- B. Underwriting Criteria
- C. Subordination Policy
- D. Promissory Note
- E. Open Ended Mortgage Deed
- F. Construction Rider
- G. Anti-Discrimination Affidavit
- H. Contractor's Required Disclosures
- I. Contractor's Non-Collusion Affidavit
- J. Town of Stonington Required Insurance Coverages and Limits

Attachment A – Income Limits and Loan Amount

	Household Size*					
	1	2	3	4	5	6
80% of Median Income	\$55,950	\$63,950	\$71,950	\$79,900	\$86,300	\$92,700

*Households may be greater than 6 people; the table is not extended here for lack of space.

Data is based on the United States Department of Housing and Urban Development (HUD) income tables for the Norwich-New London Metropolitan Statistical Area, effective in FY 2021. This data is updated yearly. See more [here](#).

Attachment B – Underwriting Criteria

1. The Town of Stonington may directly loan funds to qualifying homeowners and investor-owners. Investor-owners do not have to meet income eligibility requirements but need to attest to the required income restrictions for rentals. The application shall be reviewed by the TOWN OF STONINGTON to determine ability to pay a loan based on debt/income analysis, equity in the property to be rehabilitated and any other relevant factors.
2. Deferred no-interest loans for owner-occupied properties must meet the following criteria:
 - a. The value of the property will be based on the Town of Stonington- Property Listing Report, Total Appraised Value.
 - b. The Existing Mortgage(s), Lien(s), or other encumbrances on the property plus the proposed work to be completed may not exceed 100% of the Total appraised Value.
 - c. For Example:
 1. Total Appraised Value \$400,000.00
 2. Current Mortgage Balance \$350,000.00
 3. No Liens on file
 4. This allows up to \$ 50,000.00 in available value for the new work to be done.
 - d. Should the proposed total rehabilitation costs exceed either available equity and/or the 100% rule, approval from the Stonington Housing Rehabilitation Program¹ team will be required.
 - e. If excessive encumbrances, defined as more than 100% loan to value, preclude the effective securing of a loan/grant, assistance may be denied.
6. Applicants who are in bankruptcy or in the process of declaring bankruptcy or applicants whose property is in the process of foreclosure are not eligible. Any property that has state or federal tax liens is not eligible.
7. In the case of rental units, in order to assure rental units, remain affordable to low- and moderate-income tenants, rents may not exceed applicable Fair Market Rents for the Town, as determined by the State of Connecticut subject to the HUD guidelines.

¹ Stonington Housing Rehabilitation Program team consists of the Director of Human Services, or the Director's designee, the First Selectman, the Director of Finance, and the Director of Community and Economic Development.

- a. Refer to Current Fair Market rental limits provided by the Town of Stonington, office of Human Services from www.huduser.gov/portal/datasets
8. A mortgage and promissory note in the amount of the loan shall secure the loans. Loans shall be approved by the Stonington Housing Rehabilitation Program team, or its designee.
9. The Truth in Lending Act and its procedural and disclosure requirements must be followed as applicable to the rehabilitation loans assisted with Community Development Block Grant Funds.

TOWN OF STONINGTON – HOUSING REHABILITATION PROGRAM

Attachment C – Subordination Policy

It is the policy of the Town of Stonington Housing Rehabilitation Program to consider written requests for subordination. The written request must be presented to the Town no fewer than 15 working days prior to the proposed closing date.

The written request must include: 1) the reason(s) for requesting the subordination agreement; 2) contact information for the applicant, attorney, and loan representative; 3) the applicant's authorization for the lender to release additional information to the Town; and 4) a copy of the loan application and appraisal.

The Town will evaluate each subordination request based on the: 1) purpose of the subordination; 2) loan-to-value ratio of the proposed financing; 3) income-to-debt ratio of the applicant; 4) reputation of the bank providing the financing; 5) applicant's financial need; 6) applicant's loan and tax status with the town; 7) town's initial and current mortgage position; and 8) condition of the property.

In most instances the copy of the loan application, outstanding balance of any outstanding debt and appraisal should be enough information for the Town to make a decision. However, the Town may request additional information including, but not limited to: 1) the mortgage rate on the property owner's current mortgage; 2) for debt consolidation: the payoff amount, monthly payment and interest rate for each debt that will be paid off; 3) the truth in lending statement; 4) a copy of the projected settlement costs; 5) income verification; 6) Good Faith Estimate or HUD-1 Settlement Form; 7) the Uniform Underwriting and Transmittal Summary (Fannie Mae Form 1008 or Freddie Mac Form 1007); 8) evidence of debt counseling; and 9) a copy of title insurance commitment.

The Town of Stonington is under no legal obligation to approve requests for subordination and reserves the right to deny any subordination request it deems not in its best interest.

TOWN OF STONINGTON – HOUSING REHABILITATION PROGRAM

Attachment D – Promissory Note

Amount: \$00,000.00

Dated: _____

(The words "you", "your" refer to the Town of Stonington. The words "I", "me", "my" or "us" refer to each person who signs below as a "Borrower" or a "Co-Borrower").

1. AMOUNT OF PAYMENT

For Value Received, I promise to pay you on your order, On Demand, the principal amount of _____ and 00/100 (\$00,000.00) dollars should I default as defined below.

2. DEFAULT

I'll be in default if I die, sell or remortgage the property, transfer any portion of title, the property is no longer my principal place of residence or if any of the property which secures this loan is damaged, lost or destroyed. I will also be in default if I violate any term of any other mortgage note or deed I have to the property or any term of the Memorandum of Agreement between us dated _____, a copy of which is attached as Exhibit A.

I understand you retain the right to waive any default provision upon your review and approval.

3. WHAT SOME OF THE WORDS MEAN

"Security Interest": Your "security interest" in any property means that you have the right to take and/or sell it to help pay what I owe under this note. You can do that, but only if I default. The mortgage which secures this note is a "type" of "security interest".

What I owe under this note: What I owe under this note is the sum of my remaining payments, and unpaid late charges, any interest you charge me after I default, and your collection expenses.

Collection expenses: Your "collection expenses" are the sum of the cost of taking and/or selling any of the property in which you have a security interest, the fees of your collection agency and, if you sue me, your court costs and attorney's fees as awarded by the court.

4. DEMAND/DEFAULT

I understand that you can demand payment at any time when I default. If you do demand payment, you can do one, some or all of the following things:

- (a) You can ask me to pay what I owe under this note at once.
- (b) You can charge me interest each day on that portion of my remaining balance which I haven't paid. The amount of this interest will be figured by you at a rate of 12% per annum.
- (c) You can take and/or sell any property in which you have a security interest.
- (d) You can give this note to a collection agency for collection. If you do that, I'll pay the fees of your collection agency.
- (e) You can sue me. If you do that and get a judgment against me, I'll pay your court costs and attorney's fees awarded by the court.

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5. LIABILITY OF SIGNERS

This note may be signed by more than one person. If a default occurs, you can ask one of us, some of us, or all of us to pay. If a default occurs, you can also sue any one of us, or all of us for what I owe under this note.

6. ACKNOWLEDGMENT OF RECEIPT

I state that I have received a completed filled in copy of this note.

In addition to all terms and conditions contained in this note, I also agree to be bound by all terms and conditions contained in the mortgage deed securing this note.

Owner:

Date

Owner:

Date

This note is Secured
By a Mortgage of Real
Property Located at:

TOWN OF STONINGTON – HOUSING REHABILITATION PROGRAM
EXHIBIT A

TOWN OF STONINGTON

**OWNER - MEMORANDUM OF AGREEMENT
WITH RESPECT TO A
HOUSING REHABILITATION LOAN**

SINGLE FAMILY OWNER OCCUPIED

This Agreement made this _____ of _____, 20____ by and between _____, residing at _____, Stonington, CT 063____, hereinafter throughout called the "Owner" and the Town of Stonington, a municipal corporation having its corporate limits and existence in the County of New London and State of Connecticut, hereinafter throughout called the "Municipality", acting herein by and through the Office of Community Development of the Town of Stonington, hereinafter referred to as "OCD".

WITNESSETH

WHEREAS, the Municipality, acting by and through its Office of Community Development (hereinafter "OCD") has received funding pursuant to the American Rescue Plan to administer a Housing Rehabilitation Program ("HRP"); and,

WHEREAS, the Owner intends and agrees to repair and rehabilitate their property located at _____, Stonington, CT 063____ under the standards of Title I of the Housing and Community Development Act of 1974 (PL 93-383) and HUD Community Development Block Grant Regulations of 24 CFR Part 570, as amended, including historical and architectural rehabilitation guidelines issued pursuant thereto; and,

WHEREAS, this Agreement is further subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968 (12 USC 1701 U) as amended, the HUD regulations issued pursuant thereto at 24 CFR 135, et seq, and any applicable rules and orders of HUD issued thereunder as well as all Federal, State of Connecticut, and Local Regulations; and

WHEREAS, _____, (the Owner) has been found eligible to participate in the HRP; and

WHEREAS, the Owner has been approved for receipt of a Deferred Payment Loan in an amount not to exceed \$_____ and/or a no interest loan in the amount of \$_____, for the purpose of rehabilitating/converting residential property located at _____, Stonington, CT 063____; and,

WHEREAS, it is necessary under the rules and regulations of the HRP that the OCD and the Owner mutually agree to certain conditions relative to the financial assistance provided hereto,

NOW, THEREFORE, the Owner and the OCD for the consideration hereinbefore and hereinafter named, agree as follows:

- I. This agreement shall consist of the general terms, conditions, and references contained herein, the drawings and work write-up, if any, and the specifications incorporated therein, and the Construction Agreement referred to in Paragraph III herein.
- II. The Owner agrees to repair and renovate their property located at _____, Stonington, CT 063____ in conformance with the drawings, work write-up, specifications and contract price including subsequent change orders incorporated therein and progress payments as approved by the OCD.
- III. The Owner agrees to execute and abide by all the terms and conditions of a Construction Agreement in the form to be furnished by the Department of Human Services.

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IV. OCD agrees to remit to the Owner an amount not to exceed _____ and 00/100 (\$00,000.00) dollars in the form of a loan and the Owner agrees to execute a Note and a Mortgage Deed to secure the Municipality's loan in the form furnished by the OCD. Said money will be disbursed by the Municipality in the form of a two-party check made payable to the contractor and the property owner. These payments will conform to the Progress Payment Schedule set-up in the Construction Agreement.

It is further agreed to by the Owner that the Note and/or Mortgage Deed, due to Change Orders in the Construction Agreement, may be increased or decreased by Addendum to the Note and/or Mortgage Deed until execution of the Final Payment Form by the OCD. The execution of the Final Payment Form shall constitute completion of the rehabilitation project. Such increase shall be allowed, subject to funding availability, and only in the event of unforeseeable construction requirements.

- V. If the Owner should fail to live up to any provision of this Contract contained herein, the OCD may, at its option, demand payment from the Owner for any funds expended by the OCD in the undertaking of this Project including, but not limited to, financial and technical assistance.
- VI. The Owner agrees that all code violations will be corrected as a condition of participating in the Housing Rehabilitation Program, and further, in order of priority for financial and technical assistance from the OCD, code violation correction shall be first; cost-effectiveness, weatherization shall be second and general improvements last.
- VII. Any notice required by this Agreement may be delivered to the party personally, or mailed to him at the address stated herein, until he gives notice to the other party of a change of address.
- VIII. This Agreement shall not be assigned or transferred by the Owner without the prior written consent of the OCD.
- IX. The Owner agrees for himself, his heirs and successors and assigns that there shall be no discrimination upon the basis of race, color, religious creed, age, marital status, sexual orientation, national origin, sex, mental or physical disability, including but not limited to blindness, unless it is shown by the Owner, his heirs, successors and assigns that such disability prevents performance, in the sale, lease or rental or in the use or occupancy of such real property or of any improvements erected thereon or to be erected thereon.
- X. During the period of rehabilitation, all loan proceeds shall be retained by the OCD until such time as a construction progress payment is to be made. Payment to the Contractor shall be made in the manner set forth in the Owner/Contractor Agreement, subject to approval by the OCD as provided for in said Owner/Contractor Agreement.
- XI. The Owner shall occupy a housing unit in the premises, if he/she is the recipient of a Deferred Payment Loan to rehabilitate that housing unit.
- XII. WHEREAS, the Municipality has entered into a Professional Service Contract with _____ (hereinafter referred to as the "Consultant") by which the Consultant shall provide certain services to the Municipality regarding the implementation of a American Rescue Plan-Housing Rehabilitation Program which may directly benefit the Owner.

The Owner agrees that all services offered by the Municipality through the Consultant, which may affect the Owner, are offered by the Municipality in order to assist in the project implementation and the necessary program compliance. The Owner agrees to, upon review and acceptance of such services provided, indemnify, defend, save and hold harmless the Municipality and Consultant, their officers, agents and employees from and against any and all damage, liability, loss, expense, judgment of deficiency of any nature whatsoever (including, without limitation, reasonable attorney's fees and other costs and expenses

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incident to any suit, action or proceeding) incurred or sustained by Municipality or Consultant which shall arise out of or result from Consultant's performance in good faith of services pursuant to the Professional Services Contract. The Owner agrees that the Consultant shall not be liable to the Owner, its heirs, successors or assigns, for any act performed within the duties and scope of employment pursuant to Professional Services Contract.

- XIII. The Owner agrees to uphold and/or carry-out all of the provisions covered in this Agreement.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals as of the date first above written.

Signed, witnessed, and delivered on _____, 20_____, in the presence of:

Witness:

Owner:

Witness:

Owner:

AMERICAN RESCUE PLAN - HOUSING REHABILITATION PROGRAM

Truth-in-Lending Disclosure Statement for Deferred Loans

(The words "we", "us" or "our" refer to the Town of Stonington. The words "you", "your, or "I" refer to _____ of Stonington, CT 063____)

ANNUAL PERCENTAGE RATE	FINANCE CHARGE	AMOUNT FINANCED	TOTAL OF PAYMENTS
The cost of your loan as a yearly rate.	The dollar amount your loan will cost you.	The amount of your loan provided to you or on your behalf	The amount you will have paid after you have made all payments as scheduled.

PAYMENT SCHEDULE:

Your payment schedule will be:

NUMBER OF PAYMENTS	AMOUNT OF PAYMENTS	WHEN PAYMENTS ARE DUE
1	\$	As noted in Promissory Note default provisions

Late Charge:

Only applicable upon demand/default at an interest rate of 12% per annum.

See Contract Documents:

See your promissory note for any additional information about non-repayment, default, any required repayment in full before the schedule date, and repayment refunds

Security:

We are getting a security interest in

_____, CT 063
(Property Address)

I received a copy of these disclosures at the closing.

Date _____ Signature – _____

Date _____ Signature _____

Attachment E – Open End Mortgage Deed

TO ALL PEOPLE TO WHOM THESE PRESENTS SHALL COME, GREETINGS:

This indenture, made this _____ day of _____, 20____, between _____, owner(s) of _____, Stonington, CT 063____, hereinafter referred to as "Mortgagor" and the Town of Stonington, a municipal corporation having its corporate limits and existence with the County of New London and State of Connecticut, acting by and through the _____ of the Town of Stonington, hereinafter referred to as "Mortgagee".

KNOW YE, that the said Mortgagor, for and in consideration of a valuable sum in dollars received to its full satisfaction of the Mortgagee and for the better securing of the payment of the said principal sum of money and the performance of the covenants and agreements herein contained, does by these presents hereby Give, Grant, Bargain, Sell, Assign, Confirm, Convey, Mortgage, and Warrant unto the Mortgagee, its successors or assigns, that certain piece or parcel of land, together with all buildings and other improvements now existing or hereinafter erected thereon, located in the Town of Stonington, County of New London and State of Connecticut, as more particularly described below, referred to hereinafter as the "Premises".

A certain piece or parcel of land situated in the Town of Stonington, State of Connecticut and more fully described as follows:

See Schedule A attached hereto and incorporated herein

Said premises being subject to any and all provisions of any ordinance, municipal regulation, public or private law, zoning, conservation, and inland-wetlands regulation. Subject to all taxes hereinafter coming due, which the grantee(s) herein assume(s) and agree(s) to pay.

Together with the appurtenances thereof and all the improvements now or hereafter erected on the Premises and all fixtures hereafter attached to the Premises, all of which, including replacements and additions thereto, are declared and agreed by Mortgagor to be and remain a part of the property covered by this Mortgage.

To Have And To Hold the Premises, with the above described appurtenances and fixtures, hereinafter referred to collectively as the "Property", unto the said Mortgagee, its successors and assigns, forever, for the purposes and uses herein set forth.

And Furthermore, Mortgagor, does by these presents, bind itself, its successors and assigns, forever to warrant and defend the above granted and bargained to Mortgagee, its successors and assigns, against all claims and demands whatsoever.

THE CONDITION OF THIS DEED IS SUCH, THAT:

Whereas the Mortgagor is justly indebted to the Mortgagee in the principal sum of up to _____ and 00/100 Dollars (\$00,000.00) evidenced by its note of even date herewith, referred to hereinafter as the "Note" (including pre-computed interest at the rate of 0%), said principal and interest being payable on Default as provided in the Note, which Note is identified as being secured hereby by a certificate thereon. The Note and all of its terms are incorporated herein by reference and this conveyance shall secure any and all extensions and/or modifications thereof, however evidenced.

Whereas, the Mortgagee has agreed to lend the sum of \$00,000.00 to the Mortgagor up to the amount stated in the Note of \$00,000.00, hereinafter referred to as the "Rehabilitation Loan", to be paid over to Mortgagor in installments as the work progresses so that when all of the work on the Premises shall have been completed to the satisfaction of Mortgagee, the Mortgagee shall have then be indebted to the Mortgagor up to but in no event more than \$00,000.00.

Whereas, as a condition of the indebtedness evidenced by the Note, Mortgagor agrees to the improvements on the Premises, all in accordance with plans and specifications submitted or to be submitted by Mortgagor to and for the approval of Mortgagee (hereinafter referred to as the "Project"), which building and improvements have been completed.

Whereas, any and all amounts paid and payable by Mortgagor to Mortgagee under the Note, the Agreement, hereunder or under any related instrument, document or agreement together with interest thereon are sometimes hereunder collectively referred to as the "Secured Indebtedness";

Whereas, this is an "OPEN END MORTGAGE" and the holder hereof is entitled to the protection to which the holder of an OPEN END MORTGAGE is entitled under Connecticut law, including, without limitation, Section 49-3 of the Connecticut General Statutes; and

Whereas, Mortgagor, does for itself and its successors and assigns, covenant and agree as follows with Mortgagee, its successors and assigns:

1. Charges; Liens. All taxes, assessments, fines, impositions, and other charges against the Property which may attain priority over this Mortgage, shall be promptly paid by Mortgagor. Mortgagor agrees to furnish to Mortgagee all notices of amounts due under this paragraph together with all receipts evidencing such payments. Mortgagor agrees to promptly discharge any lien other than those listed which has or may obtain priority over this Mortgage.

2. Hazard Insurance and Condemnation. The Property shall be insured against loss by fire, hazards (including floods) included within the term "extended coverage," and such hazards as the Mortgagee may require, and in such amounts, for such periods, and on such terms (including designations of loss payee) as Mortgagee may require. Until all sums secured by this Mortgage are paid in full, Mortgagor will not claim any cancellation or return of any fire or other hazard insurance policy or premium therefore covering the Property.

The proceeds of such hazard insurance (including any rebate of unaccrued premiums) and any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of the property, or part thereof, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Mortgagee.

Any application of hazard insurance proceeds or condemnation award or claim to the loan shall not extend or postpone the due date of any payment or, if the Note provides for principal and interest to be paid in monthly or other periodic installments, change the amount of any such installments.

3. Preservation and Maintenance of Property; Condominiums; Planned Unit Developments. The Property shall be maintained in good repair and waste, impairment or deterioration of the Property shall not be permitted. If this Mortgage is of a unit in a condominium or a planned unit development, Mortgagor agrees to perform all of Mortgagor's obligations under the declaration or covenants creating or governing said condominium or planned unit development, the by-laws and regulations of said condominium or planned unit development, and constituent documents. Mortgagor agrees not to use, dispose, store or release any hazardous substances on the property, unless the hazardous substances are appropriate for residential purposes.

4. Protection of Lender's Security. If any of the covenants and agreements contained in this Mortgage are not performed, or if any action or proceeding is commenced that materially affects Mortgagee's interest in the Property, including, but not limited to, eminent domain, insolvency, code enforcement, or arrangements or proceedings involving a bankrupt or descendent, than Mortgagee at Mortgagee's option, without notice to Mortgagor, may make such appearances, disburse such sums and take such action as Mortgagee deems necessary to protect Mortgagee's interest, including, but not limited to, disbursement of reasonable attorney's fees and entry upon the Property to make repairs. Any amounts disbursed by Mortgagee pursuant to this paragraph, with interest thereon, shall become additional indebtedness secured by this Mortgage payable by Mortgagor as required by Mortgagee, and shall bear interest from the date of disbursement at the rate payable from time to time on the outstanding principal under the Note unless payment of interest at such rate would be contrary to applicable law, in which event such amounts shall bear interest at the highest rate permissible under applicable law. Nothing contained in this paragraph shall require Mortgagee to incur any expense or take any action.

5. Inspection. Mortgagee may make or cause to be made reasonable entries upon and inspections of the Property.

6. Forbearance by Lender Not a Waiver. Any forbearance by Mortgagee in exercising any right or remedy under this Mortgage, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy. The procurement of insurance or the payment of taxes or other liens or charges by Mortgagee shall not be a waiver of Mortgagee's right to accelerate the maturity of the indebtedness secured by this Mortgage.

7. Remedies Cumulative. All remedies provided in this Mortgage are distinct and cumulative to any other right or remedy under this Mortgage or afforded by law or equity, and may be exercised concurrently, independently or successively.

8. Successors and Assigns Bound; Captions. The covenants and agreements contained in this mortgage shall bind, and the rights under this mortgage shall inure to, Mortgagor's and Mortgagee's respective heirs, executors, administrators, successors and assigns. The captions and headings of the paragraphs of this Mortgage are for convenience only and shall not be used to define the provisions hereof.

9. Notice. Except for any notice required under applicable law to be given in another manner, (a) any notice to Mortgagor provided for in this Mortgage shall be given by mailing such notice first class mail, postage prepaid, addressed to Mortgagor at the address shown on Mortgagee's records or at such other address as Mortgagor may designate by notice to Mortgagee as provided herein, and (b) any notice to Mortgagee shall be given by certified mail, return receipt requested to Mortgagee's main office or to such other address as Mortgagee may designate by notice to Mortgagor as provided herein. Any notice provided for in this Mortgage shall be deemed to have been given to Mortgagor or Mortgagee when given in the manner designated herein.

10. Governing Law; Severability. This Mortgage shall be governed by the internal laws of the State of Connecticut. In the event that any provision or clause of this Mortgage or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Mortgage or the Note which can be given effect without the conflicting provision, and to this end the provisions of the Mortgage and the Note are declared to be severable.

11. Acceleration; Remedies. All of the sums secured by this Mortgage shall immediately become due and payable on demand upon the occurrence of an event of default under the Note and shall also become immediately due and payable, at Mortgagee's option, without necessity for demand or notice, if any installment or payment required under this Mortgage or the Note is not paid within ten (10) days after due date, or if Mortgagee has reason to believe that Mortgagor might not be able to repay the Note in the future. If Mortgagee declares all sums secured by this Mortgage immediately due and payable pursuant to the provisions of this Mortgage, Mortgagee may invoke any remedies permitted by applicable law.

12. Payments and Proceeds. Any payment made with respect to the Note and any amount received by Mortgagee under Paragraph 2 above, may be applied by Mortgagee to accrued interest, if applicable, other amounts owed under this Mortgage, and the principal of the Note in any order and in such amounts as Mortgagee may decide.

If the Note shall be fully paid in accordance with its terms, and if all of the covenants and agreements contained in this Mortgage are performed, and if Mortgagee shall be fully reimbursed for all sums of money that Mortgagee may have paid under this Mortgage, then this Mortgage is void; otherwise it is to remain in full force and effect.

In Witness Whereof, Mortgagor has executed this Mortgage as of this _____
day of _____, 20____.

Signed, sealed and delivered in the presence of:

Witness:
Date:

Owner: (Insert name)
Date:

Witness:
Date:

Owner: (Insert name)
Date:

State of Connecticut)
) ss: Stonington
County of New London)

On the _____ day of _____, 20____, before me the undersigned officer,
personally appeared _____, known to
me to be the person(s) whose names are subscribed to the within instrument and acknowledged
that he/they executed the same for the purposes therein contained.

IN WITNESS WHEREOF, I hereto set my hand.

Notary Public:

My Commission Expires:

Attachment F- Construction Rider

CONSTRUCTION MORTGAGE RIDER

RIDER to mortgage dated _____ from _____ and ("BORROWER") to the
TOWN OF STONINGTON (LENDER)

The mortgage Deed to which this Rider is attached is a construction mortgage for which the Borrowers have applied to the Lender for a Loan in the principal sum of the Note. In conformity with section 49-3 of the Connecticut General Statutes, the following description of the loan evidenced by the Note is hereby incorporated and made a part of said Mortgage Deed:

"Whereas buildings or improvements on said premises are in the process of construction or repair, or to be erected or repaired; and whereas said Lender has agreed to make the loan herein described to be paid over to the Borrowers in installments as the work progresses, the time and the amount of each advancement to be at the sole discretion and upon the estimate of said Lender, whereas the Borrowers agree to complete the erection or repair of said buildings to the satisfaction of said Lender within a reasonable time from the date hereof or the latest on or before _____.

The Borrowers agree that if the construction or repair of said buildings and improvements on the property which is the subject of the mortgage is discontinued or delayed for such time or in such manner that in the opinion of the Lender, said buildings or improvements will not be constructed or repaired within the time limited above, the Lender, may, at its option, without notice (which may be waived) declare the entire amount of the installment or installments already paid to the Borrowers, together with interest thereon, to be immediately due and payable notwithstanding the provisions of the Mortgage Deed. The Borrowers agree that any assignment by Borrowers of all or any part of the proceeds of said loan prior to full advancement thereof by the Lender shall be void and of no force and effect unless written consent of the Lender is first obtained.

"BORROWER"

Attachment G- Anti-Discrimination Affidavit

_____, the property owner, its agents or assigns does not and shall not discriminate on the basis of race, color, religion (creed), gender, gender expression, age, national origin (ancestry), disability, marital status, sexual orientation, or military status, in any of its activities or operations. These activities include, but are not limited to, Equal Housing Opportunity, Housing applications and proposed tenants, hiring and firing of staff, selection of volunteers and vendors, and provision of services. We are committed to providing equal Housing Opportunities to all of our tenants.

OATH AND AFFIRMATION

I affirm under the penalties for perjury that the foregoing facts and information are true and correct to the best of my knowledge and belief.

Dated this _____ day of _____, 20____,

(Property Owners Name)

By _____

(Title of Person Signing)

Subscribed and sworn to before me this _____ day of _____, 20____.

Notary Public

My Commission Expires:

Attachment H- Contractor Required Disclosures

1. Exceptions to/Clarifications of/Modifications of the INVITATION TO BID

 This proposal does not take exception to or seek to clarify or modify any requirement of the INVITATION TO BID, including but not only any of the Contract Terms set forth in the Standard Instructions to Proposers. **The proposer agrees to each and every requirement, term, provision and condition of this INVITATION TO BID.**

OR

 This proposal takes exception(s) to and/or seeks to clarify or modify certain of the INVITATION TO BID requirements, including but not only the following Contract Terms set forth in the Standard Instructions to Proposers. **Attached is a sheet fully describing each such exception.**

2. State Debarment List

Is the proposer on the State of Connecticut's Debarment List?

 Yes
 No

 Department of Consumer Protection Lic. No.
 CT Secretary of State Business ID No.

3. Occupational Safety and Health Law Violations

Has the proposer or any firm, corporation, partnership or association in which it has an interest (1) been cited for three (3) or more willful or serious violations of any occupational safety and health act or of any standard, order or regulation promulgated pursuant to such act, during the three-year period preceding the proposal (provided such violations were cited in accordance with the provisions of any state occupational safety and health act or the Occupational Safety and Health Act of 1970, and not abated within the time fixed by the citation and such citation has not been set aside following appeal to the appropriate agency or court having jurisdiction) or (2) received one or more criminal convictions related to the injury or death of any employee in the three-year period preceding the proposal?

 Yes
 No

If "yes," attach a sheet fully describing each such matter.

4. Arbitration/Litigation

Has either the proposer or any of its principals (current or former, regardless of place of employment) been involved for the most recent ten (10) years in any pending or resolved arbitration or litigation?

 Yes
 No

If "yes," attach a sheet fully describing each such matter.

5. Criminal Proceedings

Has the proposer or any of its principals (current or former, regardless of place of employment) ever been the subject of any criminal proceedings?

Yes
 No

If "yes," attach a sheet fully describing each such matter.

6. Ethics and Offenses in Public Projects or Contracts

Has either the proposer or any of its principals (current or former, regardless of place of employment) ever been found to have violated any state or local ethics law, regulation, ordinance, code, policy or standard, or to have committed any other offense arising out of the submission of proposals or bids or the performance of work on public works projects or contracts?

Yes
 No

If "yes," attach a sheet fully describing each such matter.

7. Federal Debarment List

Is the proposer on the Federal Government's Debarment List?

Yes
 No
 Federal Duns #

8. MBE/WBE/SBE

Is the proposer an MBE?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the proposer an WBE?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the proposer an SBE?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

END OF REQUIRED DISCLOSURES FORM

Attachment I- Non-Collusion Affidavit Form

PROPERTY OWNERS NON-COLLUSION AFFIDAVIT FORM

PROPOSAL FOR:

The undersigned PROPERTY OWNER, having fully informed himself/herself/itself regarding the accuracy of the statements made herein, certifies that:

- (1) the scope of work is genuine; it is not a collusive or sham proposal;
- (2) the owner helped developed the scope of work independently and submitted it without collusion with, and without any agreement, understanding, communication or planned common course of action with, any other person or entity designed to limit independent competition;
- (3) the owner, its employees and agents have not communicated the contents of the proposal to any person not an employee or agent of the owner and will not communicate the proposal to any such person prior to the official opening of the proposal; and
- (4) no elected or appointed official or other officer or employee of the Town of Stonington is directly or indirectly interested in the owners scope of work, or in the supplies, materials, equipment, work or labor to which it relates, or in any of the profits thereof.

The undersigned owner further certifies that this affidavit is executed for the purpose of inducing the Town of Stonington to consider its application and make an award in accordance therewith.

Legal Name of Owner

(signature)
Owners Representative, Duly Authorized

Name of Owners Authorized
Representative

Title of Owners Authorized Representative

Date

Subscribed and sworn to before me this _____ day of _____,
20____.

Notary Public
My Commission Expires:

END OF OWNERS NON-COLLUSION AFFIDAVIT FORM

Attachment J- Town of Stonington Required Insurance Coverages and Limits

Contractor shall purchase and maintain without interruption from the date of commencement of the Services until the date of final payment for the last Project to be completed and for the additional periods specified herein, the following insurance and all insurance that may be required under any Applicable Laws, written by insurance companies with a rating of at least an "A-VIII" in the latest addition of A.M. Best. If Contractor fails to obtain and keep in force the insurance required hereunder, Owner may obtain and maintain the required insurance in the name of Contractor and the cost thereof shall be payable by Contractor to Owner on demand. Failure to maintain the insurance coverage required or failure to comply fully with any of the insurance provisions as may be necessary to carry out the terms and provisions of the Agreement shall be deemed to be a material breach of the Agreement. Insurance requirements are independent of, and in addition to, Contractor's liability under the Agreement. The limits and coverages set forth in this Exhibit are the minimum requirements under the Agreement. Except for Professional Liability and Workers Compensation insurance which cannot have additional insureds, the inclusion of these minimum requirements shall not be interpreted to restrict the rights of the Additional Insureds to the stated minimum coverage amounts in the event the Contractor maintains coverage at higher limits. Nothing in the Agreement shall be deemed to limit Contractor's liability under the Agreement to the limits of the insurance coverages required hereunder. Contractor shall be solely responsible for payment of all deductible or retention amounts pertaining to any insurance required hereby. If any policy is written on a "Claims Made" basis, the policy must be continually renewed for a minimum of two (2) years from the completion date of the contract. If the policy is replaced and/or the retroactive date is changed, then the expiring policy must be endorsed to extend the reporting period for claims for the policy in effect during the contract for two (2) years from the completion date. Capitalized terms in this Exhibit that are not specifically defined in this Exhibit shall have the meanings set forth in the Agreement to which this Exhibit is attached.

1. **Commercial General Liability ("CGL")** insurance on an "occurrence" basis for bodily injury and property damage that may arise out of or result from Contractor's operations and completed operations under the Agreement, whether such operations be by Contractor or by anyone directly or indirectly employed by the Contractor, or by anyone for whose acts the Contractor may be liable. Such insurance shall include, along with other coverages available to the Contractor or under the CGL policy, each of the following:
 - (a) At a minimum, the following limits and coverages:
 - (i) \$1,000,000 each occurrence or the full per occurrence limits of the policy, whichever is greater
 - (ii) \$1,000,000 personal and advertising injury or the full personal and advertising injury limits of the policy, whichever is greater
 - (iii) \$5,000,000 general aggregate or the full general aggregate limits of the policy, whichever is greater
 - (iv) \$300,000 damage to rented premises
 - (v) \$10,000 Medical Expenses
 - (b) Coverage for ongoing operations, independent Contractors, and any persons or entities performing work on behalf of Contractor.
 - (c) Products and completed operations coverage, which coverage shall be maintained in effect for a period equivalent to the statute of repose for the state in which the Project is located.
 - (d) An appropriate endorsement acceptable to Owner stating that "limits apply per

- project.”
- (e) Contractual liability coverage.
 - (f) Contain a severability or separation of insureds clause.
 - (g) The insurance maintained by Contractor shall be primary and noncontributory, and any other insurance or self-insurance maintained by Owner or the Additional Insureds is in excess and shall not contribute to Contractor’s insurance in all instances regardless of any like insurance that Owner or the Additional Insureds may have.
 - (h) No exclusion or limitation for residential construction.
 - (i) Waiver of Subrogation endorsement in favor of Owner.
2. **Commercial Automobile Liability** coverage to include owned, hired and non-owned automobile liability insurance covering all use of all automobiles, trucks and other motor vehicles utilized by Contractor, including each of the following:
- (a) A combined single limit for bodily injury and property damage of \$1,000,000 per accident.
 - (b) Coverage for upset, overturn and collision coverage related to pollution events (applying to the vehicle, trailer or other attachments to vehicle and extend to cargo/waste carried and to Contractors or others providing services to Contractor).
 - (c) Waiver of Subrogation endorsement in favor of Owner.
3. Follow-form **umbrella (excess) liability** insurance with a limit of \$5,000,000 each occurrence in excess of the general liability, employer’s liability, workers’ compensation liability, and business automobile liability coverages required of Contractor under this Exhibit. Such insurance shall contain a provision that it will not be more restrictive than the primary insurance. Aggregate limits of liability shall apply separately with respect to the Project.
4. **Workers’ Compensation insurance**, including employer’s liability, for all persons whom Contractor employs (or uses as contract labor if the Contractor is uninsured) in carrying out any Work. Such insurance shall be in strict compliance with the requirements of the most current and applicable workers’ compensation insurance laws in effect from time to time in the state(s) where the Services are performed, and shall include the following:
- (a) Coverage A (Workers’ Compensation) - Statutory
 - (b) Coverage B (Employer’s Liability)
At a minimum, the following limits and coverages:
 - (i) \$500,000 for each accident, for bodily injury by accident
 - (ii) \$500,000 for each employee, for bodily injury by disease
 - (iii) \$500,000 for each disease policy limit
 - (c) Waiver of Subrogation endorsement in favor of Owner.
 - (d) Contain endorsements that provide:
 - (i) Voluntary Compensation
5. **Property insurance** providing coverage for property in which Contractor retains the risk of loss including their own equipment, (stationary or mobile), tools (including employee tools), supplies, materials, or any other property owned or leased by Contractor. If Contractor chooses to self-insure any of the property described under this Paragraph, it is agreed that Contractor

shall hold Owner and its representatives, agents and employees harmless for any loss sustained by the Contractor or its equipment, tools, supplies, materials and other property of Contractor whether owned or leased.

6. **Additional Insureds:** Commercial General Liability, Umbrella Liability and Comprehensive Automobile Liability insurance policies will name the Owner, and its respective employees, agents and representatives as additional insureds. Certificates of Insurance showing such coverages and additional insureds, along with copies of appropriate additional insured endorsements will be filed with the Owner on or before the execution of the Agreement. At any time requested by the Owner, the Contractor will provide to the Owner a copy of any of the aforementioned policies, and any endorsements or amendments thereto.
7. **Contractor's pollution liability insurance:** N/A
8. **Notice of Cancellation:** The Contractor shall provide written notification to the Owner of the cancellation or expiration of any insurance required by this Exhibit. The Contractor shall provide such written notice within five (5) business days of the date the Contractor is first aware of the cancellation or expiration or is first aware that the cancellation or expiration is threatened or otherwise may occur, whichever comes first. Each insurance policy will state that the insurance company agrees to investigate and defend the insured against all claims for damages to the extent that all alleged damages might be covered by insurance.
9. **Contractors and Contractors Insurance:** Contractor shall require that each Contractor and sub-contractor under contract with the Contractor comply with the insurance requirements above, except that a Contractor or sub-contractor that provides no professional services for any Project shall not be required to provide Professional Services Liability Insurance. Before permitting any of its Contractors or sub-contractors to perform any Services, Contractor shall obtain a certificate of insurance from each such Contractor and sub-contractor evidencing that such Contractor or sub-contractor, as applicable, has obtained the required minimum insurance and has added those entities as additional insureds with respect to the Commercial General Liability, umbrella liability, and Commercial Automobile Liability insurance, and all other insurances as required herein. All policies of Contractors and sub-contractors shall include a waiver of any right of subrogation of the insurers thereunder against Contractor, the Owner and the other Additional Insureds.

INSURANCE REQUIREMENTS FOR SUBCONTRACTORS

The Contractor shall ensure that all tiers of their subcontractors shall procure and maintain insurance in like form and amounts including the Additional Insured requirements, as set forth above. Copies of the certificates of insurance must be provided to the Town prior to the subcontractor entering the jobsite.

CERTIFICATES ON INSURANCE & POLICY ENDORSEMENTS

Original, completed Certificates of Insurance must be presented to the Town prior to contract issuance, and must name the Town as an additional insured. The Contractor agrees to provide replacement/renewal certificates at least 60 days prior to the expiration of any policy. Should any of the above-described policies be cancelled before the expiration date, written notice must be given to the Town 30 days prior to cancellation. *A copy of the insurance endorsement naming the Town as an*

additional insured must also be provided to the Finance Director along with copies of the endorsements within the policy naming the Town as an additional insured. Required limits are scheduled out below:

REQUIRED LIMITS

		its)
General Liability*	Each Occurrence	\$1,000,000
	General Aggregate	\$5,000,000
	Products/Completed Operations Aggregate	\$5,000,000
	Personal and ADV Injury	
	Damage to Rented Premises	
	Medical Expense (anyone person)	
Auto Liability*	Combined Single Limit	
	Each Accident	\$1,000,000
	Aggregate	\$1,000,000
Umbrella*	Each Occurrence	\$5,000,000
Excess Liability)	Aggregate	\$5,000,000
Contractor's Pollution Liability Insurance	Each Occurrence / Aggregate	
Workers' Compensation and Employers' Liability	WC Statutory Limits	
	EL Each Accident	\$ 500,000
	EL Disease Each Employee	\$ 500,000
	EL Disease Policy Limit	\$ 500,000