

City of Easton Redevelopment Authority

HOME Rehabilitation Loan Program

OWNER'S GUIDE

It is very important that you understand how the rehabilitation work is to be done and what your responsibilities are in the process. Please read this guide carefully and keep it for future reference as it will help you get the best results from the project.

THE FIRST INSPECTION

The purpose of the first inspection is to develop the scope of work for your project. The Housing Program Coordinator, Property Rehabilitation Specialist or Codes Department Inspector will inspect your property from the ground up. This inspection will include the basement and may include the attic space. Please be sure that the inspector has clear access to all areas of concern in your home. An exterior inspection will also be conducted at this time. You should be prepared to identify any components of your property that may need rehabilitation. It is at this time that the scope of work will be developed. It will be difficult to make changes to the project once this inspection is complete. The scope of work defines what work will be bid on by the contractors. The scope of work may not be altered by the property owner. Once the bids are received, the ERA may alter the scope of work depending on the project costs or the lead inspection. The Scope of Work is the key to the entire rehab process. You, the contractor, and the City will all be using the Scope of Work often in the course of the project to clear up any misunderstandings, to determine if payment should be made, etc.

THE SECOND INSPECTION

The second inspection will be conducted by Criterion Laboratories. A representative of the company will contact you directly to schedule this inspection. A lead based paint risk assessment will be conducted as well as XRF testing. The purpose of this inspection is to determine if lead based paint is present on your property. The presence or absence of lead-based paint in your home will determine how the contractors approach the rehabilitation project. You must read the pamphlet "Protect Your Family From Lead in Your Home" that was sent to you or given to you along with this guide. You must sign the acknowledgement form (attached) and return it the ERA prior to the start of your project.

The ERA will contact you with the results of this inspection. You will receive a summary report in the mail. You will also be required to sign and return an acknowledgement concerning the lead assessment results. The ERA will explain any results that you do not understand.

The purpose of the HOME Rehabilitation Loan Program is assist low-moderate income households make the necessary repairs to their home that may not be affordable to them otherwise. This program in no way is designed to abate (remove) lead hazards in the home.

WHEN THE CONTRACTORS COME TO BID ON THE WORK

The ERA will forward your scope of work to not less than three contractors for them to bid on your project. We require that we receive at least two bids to review and will select the lowest bidder. If there are less than 2 bids received for your project, the ERA will put the project out for bid again.

Contractors must have completed the Lead Safe Work Practices Training session as offered by the Department of Housing and Urban Development.

Do not ask the contractor to bid on extra work that is not included in the Scope of Work. Do not subtract items from the scope of work. This causes confusion with the contractor and often, each contractor, is not told the same thing so the bids for the extra work cannot be fairly compared. You may need to answer some questions for the contractors to help them bid on the specified work, which is fine. Just make sure you give all the contractors the same information.

WHEN THE BIDS ARE SUBMITTED

Contractors will submit itemized bids to the ERA by the designated deadline. We will contact you when we have reviewed these bids and have selected a contractor. Remember, you are required to select the low bidder unless you are willing to pay the difference between the low bidder and your selected bidder.

AFTER THE CONTRACTOR HAS BEEN SELECTED

The contractor, City staff person and you will meet at City Hall after the contractor is selected. During this meeting, the bid is reviewed item by item to make sure everyone understands what is to be done and how. Changes may be made to the contractor's original bid to accommodate additional problems observed by the contractor, to bring the total cost into line with the loan limit, or address other issues. This is your last opportunity to make any minor changes in the project. Significant alterations to the scope of work will require the project to go out for bid again.

After this meeting, the contractor will revise the bid to reflect all agreed upon changes. These revisions become part of the original bid.

BEFORE WORK CAN START

The City will draw up a mortgage and promissory note for the amount of the finalized bid submitted by the contractor as well as other related paperwork. After you have signed these papers, the City will issue the contractor an Order to Proceed. The contractor must start work within 30 days of the date the Order to Proceed is issued, and 90 days from that date to complete the job, unless other arrangements have been made prior to contractor selection.

You should also know that the City may give the contractor additional time to complete work. The City may consider the extension if things happen that is beyond the contractor's control and they have made an effort to complete the job on time. If, for example, an Order to Proceed for a project is issued in November and work includes painting the outside of the house, an extension would be granted due to weather conditions. In this case, the contractor would be expected to complete all the work except for painting within the 90 day time limit.

OWNER'S OPTION ITEMS

Often, rehab work includes items like new doors or flooring where you have a choice of several styles. Generally, the contractor will use an allowance figure in the bid and you will be able to choose from a variety of items within the price bid. When this happens, the contractor will tell you where he/she normally buys the item and you can visit the supplier to choose the specific style and color you want. In this situation, you need to make your

choice in a timely manner so that the contractor can place an order. The choice must also be within the price range indicated by the contractor.

WHEN THE CONTRACTOR IS WORKING ON YOUR HOUSE

It is not easy having contractors working in your house. Expect some inconvenience due to interruptions, equipment, dust, etc., as this is a normal part of rehab. The contractor shall let you know his/her planned work schedule ahead of time. The contractor is responsible for keeping the work areas as clean and safe as reasonably possible. The contractor's responsibilities are spelled out clearly in the contract. For your part, you need provide clear access to the work area, to keep people and pets as clear as possible from the work area, to move furniture and make other reasonable accommodations as needed.

Because of the nature of this type of work, your contractor may not be able to work on your house continuously from start to finish. The contractor is, however, required to start and finish the work within the 90 day time frame specified in the contract. Again, the contractor should give you a good idea of when he will be working so arrangements can be made for him to get into the house. You will be expected to be available to permit the contractor(s) access to your home. Please indicate to the contractor who will be home during the construction process. If you are not available, you will need to make arrangements with someone to be available. This person must be a responsible party and should refer the contractor to you in order to answer any questions that may arise during the time they are there.

One of the most important elements of a successful project is good communication between you, the contractor, and the City. If you have a problem with the contractor or one of the workers, your first step is to talk it over with the contractor immediately. State your concerns clearly and try to work it out together. If you are unable to work out the problem, the next step is to call City staff Lisa Borick at 610 250 6718 or Tina Woolverton 610 250 6721 (to be directed to another staff member) to explain what is going on. Staff will talk over the situation with both you and the contractor and will come to the work site, if needed, to resolve the situation. Remember, it is important to raise your concerns in a timely manner. If you let much time slip by, it may be too late to do anything.

PAYMENT TO CONTRACTORS

The City is responsible for issuing payments to contractors. Generally, contractors will get one or two payments on one job. Payment is not made until the contractor has satisfactorily completed the work for which he wants to be paid, but he can request the money ahead of work completion. Both you and the City approve the payment. Your contractor will be given a few contractor drawdown request forms. These forms must be filled out by the contractor and signed by you in order for a drawdown to be made. The contractor must have his/her invoice attached to this form in order to receive payment.

Please read this form carefully. If the form is not filled out correctly, the drawdown will not be made. Also, do not sign this form if you are not satisfied with the work. A signed form gives us authorization to draw and disburse the funds.

Our office must inspect the work before any money is drawn down.

AFTER THE WORK IS COMPLETED

The contractor is responsible for giving you manufacturer's warranty information as applicable on items installed. The contractor also provides a one-year guarantee on work done as part of the contract. If you have a problem with any work done during the first

year after the work is finished, notify the contractor so the problem can be taken care of. The City will not mediate disputes between property owners and contractors.

You should also be aware that, as a condition of your loan, you are required to keep the home in good, code compliant condition and insured for as long as you live in the home.

The City will annually send a letter to you for your signature. This will verify that you still own and occupy the home. Depending on the funding source, an annual inspection may be required for the first five or ten years of this loan period.

LOAN REPAYMENT

The loan you have received from the City is at 0% interest, deferred payment loan. Conditions of repayment are as follows:

1. When you sell the house or transfer the deed over to a third party, the full amount of the loan is due to the City at that time.
2. If you no longer live in the house but still own it, the full amount of the loan is due the City at the time you move out.

In other words, you must own and occupy the property.

Homeowners often ask if it is possible to repay the City loan before they sell the house. If you wish to do this, the payment would have to be large enough to make it reasonable for the City to process it. For example, it would not be practical for the City to handle a repayment of \$30.00 per month. However, if you were able to pay a larger amount, like \$1,000 once a year, the City may be willing to consider repayment.

MORTGAGE SUBORDINATION

Occasionally, people who get loans from the City want to take an additional mortgage from a bank later on to finance other purchases with a home equity loan or to refinance their original bank mortgage.

When this happens, the bank will contact the City to see if the City is willing to subordinate the rehab mortgage. Many banks will not consider mortgages unless they have the first position (the City/ERA subordinates their position). The City of Easton and the Easton Redevelopment Authority is not required to subordinate ever. But there are some circumstances that we will. Examples would be to cover the cost of uninsured medical expenses in relation to catastrophic injury or disease, to refinance the home for a more favorable interest rate, or selected home repair items. The City will not subordinate for "cash out" to pay credit card bills, auto loans, college tuition, etc.

In all cases of subordination, the homeowners income must still be at or below 80% of the current median income.

If you have any questions or concerns about this program or the document you have just read, please contact Lisa Borick, Housing Program Coordinator at 610 250 6718 prior to proceeding any further in the HOME Loan Program. This program may not meet your individual needs and it is best if this is determined prior to the involvement of outside contractors.

Receipt of Information Documentation (Property Owner's Copy)

I understand that the information provided on my original application and verbally to the City representatives will be held in strict confidence, will be used only for operational and research purposes of the Easton Redevelopment Authority's HOME Rehabilitation Loan Program, and will not be disclosed or released for any purposes without my prior consent, except as required by law.

Initial _____

I certify that all information I have provided as set forth in my original application, addendums and verbally is accurate and complete to the best of my knowledge. The penalty for making false statements in conjunction with a federally funded program is prescribed in Section 1001 of Title 18 of the U. S. Code.

Initial _____

I certify that I will notify Lisa Borick, of the Easton Redevelopment Authority, of any changes in my income situation as I complete the loan application process. Such change in income may result in my being income ineligible for participation in the HOME Rehabilitation Loan Program.

Initial _____

I certify that I have read and understand the attached City of Easton Redevelopment Authority, HOME Rehabilitation Loan Program, OWNER'S GUIDE. I am providing a copy of this certification, without the attachments, to the City for my rehab file.

Initial _____

I certify that I have been given a copy of and have read the "Protect Your Family From Lead In Your Home" brochure. (Reprint of EPA Publication No. 747-K-99-001, June 2003)

Initial _____

I certify that I do not, nor does anyone residing in the property to be rehabilitated, need any social service referral information.

Initial _____

Owner

Date

Owner

Date

City/ERA Staff

Date

Receipt of Information Documentation (File Copy)

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