

Homeowner's Tracking Sheet and Guide for a Housing Preservation Program Loan

Approved – 9/26/2017, Revision – 05/11/2021

Important Note: Depending upon the complexity of your project, it may take several weeks to several months for your loan to be approved and closed. **Do NOT sign any contracts or proceed with any work until your loan is officially approved, signed, and closed.** Although the entire rehab loan and construction process can be very complex, Housing staff will assist you throughout.

APPLICATION AND ELIGIBILITY

✓	Activity	Comment
☞	Loan funds cannot pay for previous work	Program loan funds cannot be used to pay for work already completed, or materials and items already purchased. Also note that the loan funds cannot be paid directly to you (the homeowner) for purchases or payments.
	Submit Application	Staff will perform a preliminary review of the application, which could take up to 30-days. The homeowner will be notified if additional information is required. Once deemed 'eligible', the completed application is then placed in the construction queue. Applicants are in the queue according to the date on which a completed application is deemed 'eligible'.
	Income Qualification	Staff will perform a preliminary analysis of incomes and assets to determine whether a homeowner qualifies. However, formal certification may not happen until all information is verified, and a preview of the site has taken place. Staff will also review the status of a property's ownership, assessed value, taxes, insurance, etc. to determine that these are in compliance with program policies.
	Project qualification	The property and house must also qualify for the Housing Preservation Program. The house needs to be feasible for rehab within the framework of the loan program for which income/assets qualify, and the assessed value of the home and property needs to be below \$376,000.00. Loans cannot exceed the available equity within the home, with a \$40,000 loan maximum. Projects that require funds greater than this will need to be funded by the homeowner, or items removed from the project scope. It may take an additional month or more to explore options, develop a preliminary budget, and make a determination regarding project feasibility.
	Preview Site Visit	Typically within six to eight weeks after submission of an application (but sometimes it takes months , depending upon the number of applications in the queue), a Housing Rehabilitation Specialist (HRS) will schedule a visit to the home to conduct a preliminary audit (preview) inspection. Audit inspections are scheduled in the order in which completed applications are deemed 'eligible'. However, some projects may proceed at a faster pace than others, depending upon the complexity of the project and/or emergency status. Previews are intended to make a quick evaluation of the condition of a house, and to make a preliminary assessment of the scope of work. Previews are also intended to identify any special challenges with regard to a project.
	Follow-up visit(s)	Depending upon the complexity of the project, it may be necessary to schedule additional site visits to more thoroughly inspect the home, to determine the full scope and details of a project.
	Preliminary Title Report	Housing staff will order a preliminary title report on the property, to see if there are multiple or outstanding liens, restrictions, or easements.

✓	Activity	Comment
	State Historic Preservation	If the house is 45 years or older, Housing staff must notify, and send a report to the State Historic Preservation Office (SHPO) about the work that is being planned for the house. Depending upon the architectural style and historic integrity of the house, SHPO may not allow certain modifications that would jeopardize the historic integrity of the house.

LEAD BASED PAINT

	Lead Hazard, Risk Assessment	<p>If the home was constructed prior to 1978, a Risk Assessor may have to perform a Lead Hazard Risk Assessment. An on-site lead hazard evaluation is typically scheduled within one to three weeks, after the initial site visit. There is no charge to the homeowner for the Assessment.</p> <p>Applicants with pre- 1978 houses potentially have lead-based paint that may be hazardous if mishandled. No activities should be performed on the home that may cause contamination to occupants, family, or a neighboring property. Applicants who knowingly do so are subject to having their loan request cancelled.</p>
	Lead Based Paint Risk Assessment Report	<p>Typically, within 30-days after the risk assessment, a comprehensive report is completed which: (1) identifies any lead paint hazards, (2) presents options for controlling or eliminating these hazards, and (3) provides an initial Occupant Protection Plan.</p> <p>Note: If a homeowner decides to sell or rent the property, owners are required by law to disclose the contents of this report, to <u>ALL</u> potential buyers or renters.</p>
	Occupant Protection Plan	If the project involves lead-based paint, a lead hazard risk assessor will assist the homeowner and the contractor with developing an Occupant Protection Plan. Areas in which lead paint is being disturbed will have to be contained, and, only certified workers are allowed to enter such areas. Homeowners and household occupants will not be able to use contained areas until such areas have been cleared for re-occupancy.
	Temporary Relocation	Depending upon the degree of lead hazards and the scope of work that needs to be done, household occupants may have to move out of the house until certain phases of the work are complete. The County does not pay for temporary relocation; however, loan funds may be used to cover temporary relocation expenses. This is very rare and unexpected.

PROJECT DEVELOPMENT & CONTRACTOR SELECTION

	Scope of Work (SOW)	The HRS will develop a written scope of work, specifications packet, and an estimate for the project. The homeowner will have the opportunity to review, and edit this document prior to sending it out to bid.
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	Preliminary Contractor Search Important Note:	<p>The County will provide a list of potential contractors who are licensed, bonded, and insured. Homeowners may also select contractors that are not on the list; they will need to fill out our contractor's application, and provide the appropriate paper work. County staff will check to make sure the contractors are in good standing with Labor & Industries and the Better Business Bureau. If lead paint is an issue, contractors performing the work must have completed HUD certified training in <u>lead safe work practices</u>, and be licensed as a <u>Certified Renovator</u>. County staff can verify whether a contractor is certified to disturb lead-based paint.</p> <p>Please carefully consider which contractors to invite to submit proposals for the project. The loan program requires fair and open competition. All else being equal, and unless there are additional factors to consider (e.g. better materials, scheduling issues, service differences, experience, etc.) homeowners will be expected to select the contractor who has submitted the lowest responsible price for the project.</p>
☞	Do <u>not</u> sign anything or buy anything	Remember, do <u>NOT</u> sign any contracts. The loan is <u>NOT</u> yet approved. Do not purchase any items or materials for the project.
	Requests for Proposals (RFP)	Once the bid packet is complete, we will distribute the bid packets to qualified contractors of the homeowner's choice. Typically, contractors need three to four weeks to put together a proposal. The homeowner will need to open their house to contractors in order for them to evaluate the project. We would like to obtain at least three proposals for all major aspects of the project.
	Management Review	This program cannot make loans over \$40,000, or over the assessed available home equity. Bids and proposals exceeding \$40,000, or over the available equity must be reviewed by the Community Housing and Development Program Manager, HRS, and homeowner. The review will not result in agreement to increase the loan, and/or finance the project as proposed, but to determine whether the loan must be declined, reduce the scope of work to meet allowable CDBG, HUD and County guidelines, or the homeowner covers the cost difference to meet the Rehab loan amount available.

LOAN CLOSING

	Loan Closing, and Signatures	<p>After the contractor is selected, project costs and work to be done is confirmed. Housing staff will put together loan documents (Promissory Note, Deed of Trust, etc.) and schedule a loan and contract signing with the homeowner. Typically, the signing of the loan documents are done at our office; however, if necessary, staff will arrange for a notary to come to the home.</p> <p>No upfront funds are available, and a <i>3-day Notice of Opportunity to Rescind</i> the Housing Preservation Loan will be provided. This notice to the customer is required by federal law.</p>
	Closing costs	Although the Housing Preservation program does not charge any fees for closing a housing rehab loan, there are other fees that will apply from the title company. These costs include fees for title search, title insurance, escrow services, and recording of the Deed of Trust. Such costs will add up to approximately \$269.00 or more, depending on the title company fees. When the loan is repaid, there is also a fee of approximately \$204.00 for the Deed re-conveyance filing.

CONSTRUCTION

	Construction Contracts and Project Scheduling	<p>A construction contract is usually ready to sign at the time of the loan signing, along with the Notice to Proceed. The Contractor, and HRS will sign the Contract and Notice to Proceed <u>after</u> the 3-day recension period is over.</p> <p>** It is the homeowner's responsibility to schedule and coordinate the project with the contractor. Work must progress at a reasonable rate, with most projects finishing in a 60 to 90 day timeframe. Any changes, additions, and unforeseen costs must be notated by a change order, and signed by the homeowner, contractor, and HRS. Any work done without this, may result in non-payment of services. The construction time frame may be extended to complete the project when necessary (i.e., waiting for better weather to paint, install roofing, or order material, etc.)</p>
☞	Important Note about Responsibility & Dispute Resolution	<p><u>Please remember that the County does NOT guarantee the work of the contractor.</u> The role of this program is to merely provide people with financing they otherwise wouldn't have access to, so that necessary home repairs can be completed. Selection of the contractor is the responsibility of the homeowner, as is the oversight of the work that contractor performs. If an issue or dispute arises with the contractor, the homeowner will be expected to negotiate and resolve it. Limited assistance and budget oversight will be provided by HRS throughout the project. If the project requires a permit, this will be the responsibility of the contractor, along with setting up the required inspections, to meet local jurisdiction and state codes.</p>
	Construction Phase	<p>Fixing up a house can be stressful, but it can also be exciting and satisfying. As a homeowner, you will have various responsibilities that include: making your house, water, and electricity available to contractors; communicating with the contractor and making timely decisions with regard to materials, fixtures, colors, etc. It's your responsibility to also inspect the quality of work.</p> <p>The County does NOT guarantee the work of any contractor, and the County is NOT responsible for the work or actions of the contractor.</p>
☞	Progress Payments and Inspections	<p>Loan funds are held by Clark County Community Services and dispersed directly to the contractor, usually with a draw of 50% of funds at 60% of project completion, with the remaining 40% paid when the job is complete. The HRS will also inspect the work in terms of permits, scope, and function prior to making any payments. Work requiring permits must also pass inspection by the local jurisdictions building department and/or L&I Inspectors, before payment is released. All draws and/or payment requests will require written authorization, and need to be signed by the homeowner, contractor and HRS</p>
	Change Orders	<p><u>Do NOT sign any change orders without first obtaining approval from HRS.</u> The homeowner and/or the contractor are responsible for work and materials <u>not</u> authorized by the Housing Preservation Program, and for construction costs that exceed the amount of the loan.</p>
☞	Final Payment and Project Closeout	<p>Typically, the homeowner, along with the contractor and HRS, will do a final walkthrough of the project. When the project is complete (done in a workman like manner), and/or to the homeowner's satisfaction, all parties will sign-off on the project as "complete". The homeowner will need to ensure that the contractor has provided them with a Homeowner's Manual that contains a list of subcontractors, warranties, manufacturers' instructions, paint specifications, etc.</p> <p>The <i>Promissory Note</i> will be adjusted to the actual cost of the completed project, and the homeowner will need to sign the revised <i>Promissory Note</i> and <i>Truth in Lending Disclosure</i>. The recorded <i>Deed of Trust</i> will not be adjusted.</p>

Clark County Community Services, CDBG Rehabilitation & Housing Preservation Program

Owner’s acknowledgment of receipt of “*Homeowner’s Tracking Sheet and Guide for a Housing Preservation Program Loan*”

Printed Name: _____

Date: _____

Signature: _____

Printed Name: _____

Date: _____

Signature: _____

**** Please return this page only, with your completed Housing Rehabilitation Repair Request (application).**