

HOUSING REHABILITATION IMPLEMENTATION PLAN

Applicant & Co-Applicant Please initial on all lines

HOW DOES THE HOUSING REHAB PROGRAM WORK?

The program is funded through a grant awarded to the Town of Egremont. Up to \$50,000 can be spent on repairs to your home that include

- lead paint abatement
- building and sanitary code violations
- windows, doors, roofs, furnaces
- foundation work
- replacement of failed septic systems
- handicap accessibility
- other critical repairs

Professional staff and experts in their fieldwork with the homeowner through each step of the process, from application to bidding, construction oversight, and project completion.

IS THERE A LOT OF PAPERWORK?

Yes! The grant comes from federal funds so there is significant paperwork required. We are required to obtain documentation to determine an applicant's eligibility to receive funds like going to a bank for a mortgage or home equity loan. Your information is held in a highly secure platform that is HIPPA-certified and confidentiality is maintained throughout the process.

WHAT DOCUMENTATION IS REQUIRED?

Acceptance into the program is based on income eligibility. To prove that you are eligible, you will be asked to fully complete and sign the application forms, provide certified copies of your taxes, document income from **ALL** sources for **ALL** household members, and provide assorted paperwork related to your home. This includes bank statements from all accounts, homeowners' insurance documents, etc. We know that it takes time to gather this information, however, you will not be considered for acceptance until all the documentation is received. A **complete application holds your spot in line**. Staff will assist you as needed and can provide more detailed guidance for what items to submit.

Documenting Household Income for Tenants, Boarders, and Houseguests

The Department of Housing & Urban Development (HUD) defines a household as "*All the people who occupy a housing unit. A household includes the related family members and all the unrelated people, if any, such as lodgers, foster children, wards, or employees who share the housing unit.*" Income documentation is required for **ALL** household members.

There are a few exceptions on counting household income:

- 1) Short-term rentals (3 months maximum) are allowable. If a room is rented for up to 3 months the owner can income qualify the household without the boarder, however, the rental agreement must be provided along with proof that the rent was declared in the homeowner's taxes. Signed notarized statements are also required from the tenant and the homeowner.
- 2) The earned income of minors who are "full-time students" (household members under age 18) are not counted up to an annual amount of \$480.
- 3) Income for full-time students who are 18 years of age or older and are members of the household but away at school is counted the same as "full-time students".
- 4) Government payments for the exclusive purpose of caring for foster children or adults are not counted in the household income.
- 5)

If you have questions regarding your household's eligibility, please contact the housing rehab program manager.

WHEN WILL I BE ACCEPTED INTO THE PROGRAM?

The program operates on a first come/first served basis. When you file a pre-application, you are placed on a waitlist based on the date it was received. When you are near the top of the waitlist, you will be sent a full application to complete.

Acceptance into the program is confirmed only once:

- **ALL** of your required documentation is received;
- Your household successfully income qualifies; **and**
- A site visit has been conducted.

This often includes professional lead paint testing. The initial site visit is completed by the Rehab Specialist, who is a licensed construction supervisor and will spend time in each room of your home, including the basement, evaluating all systems and the building exterior. This site visit sets the priorities for the rehabilitation and provides the homeowner with the information needed to move forward.

ONCE MY APPLICATION IS ACCEPTED, WHAT HAPPENS NEXT?

- A lead paint inspection will be ordered if the home was built before 1978.
- The program Rehab Specialist will come to the home for an initial inspection and "Walk Thru". They will document code violations and conditions of all systems and infrastructure.
- A prioritized "Work Write-Up" will be completed once the lead paint test results are received. This "write-up" outlines the repairs to be made to the house and will be sent to the homeowner for review and approval.
- After homeowner approval, the project will go out to bid (a request for pricing by contractors). Any licensed and insured general contractor can bid on the project. The Program Manager screens contractors to ensure their licenses are active and in good standing.
- A "Contractor Walk Thru" is conducted with all bidders. This allows them to understand the full scope of work to be conducted to prepare pricing.
- Bids received for the work are reviewed by program staff and sent to the homeowner.
- The contractor providing the lowest bid to complete the work will be hired **UNLESS** the homeowner chooses a different bidder. If the homeowner selects a different bidder, they are responsible for paying the difference between the low bid and their preferred contractor.

- A closing on the contract is scheduled between the homeowner and the General Contractor and a construction timeline is reviewed.
- The contractor obtains the required permits and construction begins. The Rehab Specialist inspects work and “progress payments” are made to the contractor with the homeowner’s approval.
- Once the project is completed, a final inspection is conducted, and final payment is made by the program to the contractor.

WILL I HAVE TO LEAVE MY HOME WHILE WORK IS BEING DONE?

It is possible that you won’t be able to stay in your home during construction. Lead paint abatement, replacement of bathrooms and similar work may require that residents temporarily relocate for their health and safety. While it does not happen often, it IS a possibility. Program staff can assist you with this and, if necessary, the cost of temporary relocation can be included in your housing rehab loan in accordance with policy.

HOW LONG DOES THIS TAKE?

THIS PROGRAM TAKES TIME. Although the program does handle occasional emergency repairs, there is a process that must be followed to satisfy the funding source and to operate the program according to state and federal regulations. Our goal is to complete construction within four months of going out to bid for a contractor. Sometimes, depending on the complexity of your project, obtaining products, and how busy the contractor is, it takes longer.

WHAT IS A DEFERRED PAYMENT FORGIVABLE LOAN? WILL I HAVE TO PAY IT BACK?

You will not make any payments on your loan unless you sell your house. Each year, your loan will be automatically “forgiven” by 1/15th. After 15 years, your loan balance is “\$0” without ever paying a penny!

Examples:

IF: You sell your home after five years, at the closing you’ll owe 2/3 of the original loan from the sale proceeds. ***HOWEVER,*** the housing rehab work has increased the value of your home, so this should not be a burden.

IF: You sell your home to an income-eligible person, the loan can transfer to the new homeowner.

IF: The homeowner passes away and leaves the home to a family member, the loan continues and is not paid back.

IS THERE A LIEN PLACED ON MY HOUSE

YES! The Deferred-Payment Loan (DPLs) is secured by a lien placed on the property for a period of 15 years. The interest rate is 0%. The DPL will be forgiven at a rate of 1/15th per year provided the property owner(s) are not in any way in default; therefore, Deferred-Payment Loans do not require monthly loan payments. If a property is sold or transferred within the 15-year period after rehabilitation completion, the funds will be recaptured on a prorated basis. **After the 15-year recapture period expires, the loan is forgiven.**



WHAT HAPPENS IF I WANT TO REFINANCE MY HOME?

If you wish to refinance your home at some point in the future, you should have your new finance company contact the Grant Administrator or the Town Planning Office. They will be asked to submit a "Subordination Form", that will be signed by the Town and returned to them. You must leave enough equity in your home to cover all financing and the balance of your housing rehabilitation loan. Your home equity is reduced by the balance of your housing rehabilitation lien.

I/we have received the program material and understand the requirements and procedures explained to me/us by the Housing Rehab Staff

Borrower Signature(s)

Date

Print Homeowner Name(s)

Property Address

Mailing Address

Email