



**FRANKLIN COUNTY REGIONAL HOUSING &
REDEVELOPMENT AUTHORITY**
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HOUSING REHABILITATION PROGRAM

STEP - BY - STEP PROCEDURES

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Rental Assistance • Housing Development • Housing Management • Community Development
Municipal Assistance • Rehab Financing • Homeownership • Public Infrastructure

Equal Housing Opportunity



INTRODUCTION

The Housing Rehabilitation Program administered by the Franklin County Regional Housing & Redevelopment Authority (HRA) provides funding to low and moderate income residents for the rehabilitation of single and multi-family owner-occupied and investor-owned properties in participating towns throughout Franklin County. The Program is funded through a Community Development Block Grant (CDBG) awarded to your community by the Massachusetts Department of Housing and Community Development.

The following "Step-by-Step" procedures are designed to guide you through the housing rehabilitation process.

STEP 1: APPLICATION PROCESS

1. An application packet is sent to a prospective applicant that includes Housing Rehabilitation General Information Guidelines, an application, a Step-by-Step Procedures handbook, and a Documentation Checklist.
2. Prospective applicants must read the Housing Rehabilitation General Information Guidelines and Step-by-Step Procedures in order to determine if they are eligible and whether or not they wish to apply to the program.
3. When homeowners have submitted a completed Housing Rehabilitation application along with the requested documentation, they will be called by Jennifer Morrow, CD Administrative Assistant, to schedule an intake appointment. Jen can be reached at 413-863-9781 x 137 with questions or if you require assistance.

The following paperwork (as applicable) is required in order to process the application:

- A. Completed and signed application and initialed Acceptance of Program Terms. Everyone who is listed on the deed will need to sign the application and initial the Acceptance of Program Terms.
- B. Signed Form 4506-T for each adult member of the household. We need a copy of this form even if you did not file taxes in the previous year. Please contact the Community Development department if you need additional copies sent to you.
- C. Copy of Warranty or Quitclaim deed to the property you are looking to rehabilitate. HRA can usually print out a copy for you from www.masslandrecords.com. However, if we are unable to do this, the homeowner will need to obtain a copy from the Franklin County Registry of Deeds, 43 Hope Street, Greenfield, MA.
- D. Proof of Homeowners Property Insurance (certificate of insurance). Your insurance agent can provide this certificate to you.
- E. Copy of your most recent property tax bill. And if applicable, water and sewer tax bills. If any town taxes are in arrears, you must have a statement from the town tax collector stating you have developed a payment schedule acceptable to the town to bring your account current.
- F. Property record card. HRA can usually print out a copy for you from your town's website. However, if we are unable to do this, the homeowner will need to obtain a copy from their town Assessor's Office.

- G. Copy of mortgage statement (if applicable)
- H. Income verification (as applicable):
 - 1. Copies of pay stubs for previous 8 weeks
 - 2. If self-employed, a complete copy of your most recent two years **signed** Federal Income Tax forms, including all schedules
 - 3. Social Security and/or SSDI: Most current letter(s) stating current benefits
 - 4. Unemployment benefits (include a copy of the benefits letter)
 - 5. Rental income for home or other property: copies of complete IRS Tax Returns for previous 2 years, including all Schedules
 - 6. Child Support (include court decree)
 - 7. Alimony (include court decree)
 - 8. TANF (include a copy of the benefits letter)
 - 9. Veteran's benefits (include a copy of benefit letter)
 - 10. Workers' Compensation (include a copy of compensation notice)
 - 11. Retirement income (IRA, 401K): copies of statements for most recent previous 8 weeks/2 months
 - 12. Pension/Annuity: copy of letter from pension/annuity source or copies of statements for most recent 8 weeks/2 months
 - 13. No Income Statement. This form can be requested from the Community Development department and needs to be notarized. Notary services are usually available at the HRA office for no charge.
- I. Financial statements: copies of financial statements for most recent 2 consecutive months or last quarter, including checking accounts, savings accounts, CD accounts, investment income (dividends/interest), retirement income (IRA, 401K), pension or annuity statements
- J. If the property to be rehabbed includes rental units, tenant information forms will be provided to you to give to your tenants. Tenants may also need to verify their income to ensure the property is eligible for the program.

Note: It is extremely important that you provide all requested documentation when submitting your application in order to process your application in a timely manner.

- 4. At your intake appointment, the following will be reviewed and discussed with you in detail:
 - A. The Housing Rehabilitation General Information Guidelines and Step-by-Step Procedures. You will be asked to certify that the entire content of this packet has been explained to you and that you received, read, and understand the information contained in it.
 - B. You will be given a "Renovate Right" lead paint hazard information pamphlet containing information about the hazards and precautions you should be aware of if your house was built prior to 1978. At your appointment you will be asked to sign that you have received the pamphlet.
 - C. A Release Form that will give HRA permission to inquire on your behalf about the availability of funds from the local weatherization assistance program, Community Action!, for possible energy savings and weatherization improvements that you may be eligible for.

- D. Your application and any supporting documentation you have provided will be reviewed for completeness.
- E. You may be asked to sign Income Verification forms in order for this office to verify your income directly (i.e. to your place of employment, public assistance, interest income etc.).
- F. If a new septic system is required we will explain the steps you need to take to begin this process as it is different than other rehabilitation procedures (See General Information Guidelines/Septic Systems).

STEP 2: HRA VERIFICATION/ELIGIBILITY PROCESS AFTER INTAKE APPOINTMENT

- 1. After receipt of all income verification documentation, HRA will make a determination of whether or not you are income eligible for the Program.
- 2. If you are not eligible for the program, HRA staff will notify you in writing.
- 3. **Please note** that if it is determined that you are income eligible for the housing rehabilitation program you are not guaranteed funding of your project, at this time. Funding is not committed until you sign your contracts and close your loans.

STEP 3: LEAD INSPECTION/RISK ASSESSMENT

- 1. If you have a house that was built prior to 1978 a lead paint risk assessment or full lead paint inspection (if there are children under 6 years of age) is **mandatory**. The amount of your loan will also dictate whether a risk assessment or full lead paint inspection is required (see #3 below).
- 2. Homeowners will be required to sign a Lead Paint Risk Assessment or Lead Paint Comprehensive Inspection Release Form at the time of the intake appointment. The release form authorizes HRA to contact a Lead Paint Inspector/Risk Assessor on your behalf. The Lead Paint Inspector/Risk Assessor will schedule an appointment with you to perform a risk assessment or full lead inspection of your property. The program will pay for the assessment.

IF YOUR HOUSEHOLD HAS CHILDREN UNDER SIX YEARS OF AGE: If a child under six (6) resides at your property the property *must* be delead through this program. The scope of work required to delead your house will be discussed with you by the Rehab Specialist or Construction Coordinator after a full lead inspection report is received. Please note that there is a likelihood of having to be temporarily out of your house while the deleading work takes place. It is of utmost importance that you discuss the duration of time you might need to be out of your house with all contractors who bid on your project.

IF YOUR HOUSE WAS BUILT PRIOR TO 1978, BUT NO CHILDREN AGE SIX OR OLDER RESIDE THERE: If you have a house that was built prior to 1978 a lead paint risk assessment is **mandatory**. The risk assessment will identify the areas in your house that contain defective lead paint. Any lead hazards identified on the risk assessment report will need to be addressed through this program.

- 3. **Please note**, if your house was built prior to 1978 *and* if the work required bringing your house up to code is expected to exceed \$25,000, then full deleading will likely be required

even if there are no children under the age of 6 residing in your property. This is a requirement of the CDBG program.

STEP 4: INITIAL SITE INSPECTION

1. If it is determined that you are income eligible for the program and funding remains available, the CD Construction Coordinator or the CD Rehabilitation Specialist will call to schedule an initial site inspection.
2. Control of Pets required: The owner(s) shall restrain all animals any time HRA staff or contractors are on-site.
3. HRA requires that at least one owner of the property is present at the initial site visit. However, we encourage all owners to be present if possible.
4. If applicable, please notify your tenant(s) 24 hours in advance of the date and time of the site visit – the Construction Coordinator or Rehabilitation Specialist will be inspecting the entire building, including your tenants’ apartments.
5. The Construction Coordinator or Rehabilitation Specialist will need clear access to each room and level of your house. The purpose of the inspection is to identify code violations, building components in need of repair or replacement, energy related deficiencies, and any lead paint issues that may need to be addressed. After the walk through inspection, the Construction Coordinator or Rehabilitation Specialist will verbally inform you of his assessment of your structure (i.e. code violations present, methods of correction, and advice on energy related measures, if applicable, which would help reduce fuel consumption). If you have any questions in regard to the eligibility of the work you would like to have done through the Program, now is the time to discuss this work with the Construction Coordinator or Rehabilitation Specialist.
6. After the site visit the Construction Coordinator or Rehab Specialist will rank your project based on the condition of your property and the number of code violations that need to be corrected. This ranking will be combined with other household factors (e.g. total income of household members, number of elderly household members, etc.) to arrive at an overall score for your property.

NOTE: A deferred payment loan **is not a guarantee at this time.** After the initial site inspection all income eligible properties are ranked according to critical code violations as defined by the Massachusetts State Sanitary Code in 105 CMR 410.750. “conditions deemed to endanger or materially impair the health, safety, or well-being of an occupant”. To ensure that homeowners most in need of repairs are served, the ranking your project receives may be compared to other pending projects when funding is limited.

STEP 5: WORK WRITE-UP PREPARATION

1. After the site visit the Construction Coordinator or Rehabilitation Specialist makes a determination on whether or not your project can be addressed by the program (See General Information Guidelines/Project Feasibility). The feasibility of the project will be based on the expected budget needed to correct all code violations, the ranking of your project, and the total budget remaining for the entire grant that your town is a part of.
2. If your project is not feasible, you will be notified in writing.
3. If it is determined that your project is feasible, the Construction Coordinator or Rehabilitation Specialist will prepare a “work write-up” of code related work that needs to

be done at your house. This list of work is prepared from the initial inspection report, the notes taken at the initial inspection, and the lead report if applicable.

4. The work write-up will be sent to you to review. If an item was omitted or you don't understand the write-up, contact the Construction Coordinator or Rehabilitation Specialist who did your inspection. Otherwise, you must approve and sign the work write-up and send it back to HRA. Once you approve of the work write-up it will be referred to as the Final Work Write-up for the purposes of bidding on your project.

STEP 6: BIDDING PROCESS

1. HRA's Construction Coordinator or Housing Rehabilitation Specialist will compile a Bid Packet for the homeowner to solicit contractor bid(s). The Bid Document Packet was based on the Final Work Write-Up of your project and will include the following:
 - An Instructional Cover Letter
 - *An Invitation to Bid for contractor(s), General Conditions, a Final Work Write-up with specifications for your project, Minimum Performance Specifications and Standards and HRA's Standardized Bid Form which includes spaces for the contractor(s) to list his or her price for each section of the write-up. The contractor(s) whom the homeowner selects to bid on their project must **complete** and **submit** the **Standardized Bid Form** and the **Final work write-up** to the homeowner within the time frame given for securing bids (typically four weeks).*
 - Information on selecting a qualified contractor(s).
 - HRA's Eligible General Contractors List (contractors who have applied and have been approved by HRA to work on CDBG projects).
 - A bidders "log" for the homeowner to document who they contacted to bid on their project.
2. Homeowner's are responsible for securing bid(s) from contractor(s) in a timely fashion. Homeowner(s) will have four (4) weeks from the time you receive your bid packet to when your bids are due at HRA. Homeowner(s) must solicit three (3) bids for the project. Requested extensions of time may be granted on a case by case basis. **Please Note:** Homeowner(s) are responsible to ensure that the contractor(s) are licensed and insured prior to coming to your residence to bid on your work. Contractor licensing and insurance requirements will be listed in your Bid Packet.
 - If your house was built *prior to 1978* you **must** select contractor(s) who are eligible to perform the level of lead paint remediation that is required for your project (*See Step 3 for information on lead paint*). The bid packet will specifically state what type of licensing will be required to do the work on your house. HRA will provide you with a list of eligible contractors who are qualified to do lead paint work; however, you may choose to solicit bids from qualified contractors who are not on HRA's Eligible Lead

Contractor List as long as they have the required licenses and insurance coverage (*See Housing Rehabilitation General Information Guidelines/Insurance/Licenses*).

- If your house was built *in 1978 or later*, it is presumed to be lead-free, therefore, you may choose to solicit bids from any contractor as long as they are properly licensed and insured as determined by HRA.
2. If you are having difficulty in securing a contractor(s), please call HRA's Construction Coordinator or Housing Rehabilitation Specialist who did your inspection and work write-up for assistance.
 3. Homeowners **must submit all bids to HRA by the four (4) week deadline (See Item #2 above)**. Bids received **after the deadline** will **not be accepted**.
 4. HRA's Construction Coordinator or Housing Rehabilitation Specialist will review each bid for accuracy, completeness, and proposal competitiveness.
 - If all bids, submitted to HRA by the Homeowner(s), are found to be inappropriate, incomplete, or 15% above the cost estimate prepared by HRA's Construction Coordinator or Housing Rehabilitation Specialist, **you will be required to solicit three (3) new bids from different contractors**.
 5. If all bids are complete according to all regulations, HRA's Construction Coordinator or Housing Rehabilitation Specialist will contact you to review all bids. The **lowest, qualified bid** must be **taken**. However, an owner may pay the difference between the lowest bid and the bid they wish to accept.
 6. If homeowner(s) project is within budget and it is feasible to complete within the time period, the following steps will be followed:
 - A. HRA's Construction Coordinator or Housing Rehabilitation Specialist will request a final approval by the Director of Community Development for the project. The final approval will be based on the project ranking (*Step 4.5 Initial Site Inspection*) the cost reasonableness of the bid, the qualifications of the contractor, and the availability of funds.

NOTE: There is a maximum amount of Community Development Block Grant (CDBG) funds that can be used to correct code violations in your property. If the total dollars needed to complete your project exceeds that limit, you may contribute the excess amount and/or HRA will do everything possible to help you access other funding programs if they are available; however, due to Federal Regulations, unless all code violations can be corrected CDBG funds cannot be put into the property. (*See General Information Guidelines/Project Feasibility.*)

- B. If your project has received final approval by the Director of Community Development, HRA's Housing Rehabilitation Specialist will start preparing contract specifications.

- C. If applicable, a Relocation Plan for any tenants that need to be temporarily relocated must be signed by the landlord(s), tenant(s) and HRA prior to receiving your contracts. (*See General Information Guidelines/Relocation*).

STEP 7: CONTRACTS

1. HRA will prepare three (3) copies of the contract (which includes work specifications and warranties) for the contractor who submitted the lowest, qualified bid, unless you have chosen to contribute the difference in bid amounts so that another contractor is awarded the bid.
2. HRA will compile a contract packet for you that will include:
 - A. An instructional cover letter with a checklist of what you need to do with the contracts. The cover letter also includes instructions on contacting your insurance agent and requesting that they enter HRA as an “Additional Mortgagee” on your homeowner’s insurance policy.
 - B. All contracts to be executed between you and the contractor. Contracts will have the following attachments:
 - Instructions to the contractor regarding permits.
 - Permit sign-off forms that the contractor will need to get signed by the appropriate municipal inspector prior to final payment.
 - A Lien Release Affidavit that the contractor will need to submit with his/her final payment request.
 - C. An information bulletin to the homeowner with tips on what to do before and during construction on your property.
3. HRA will contact you by telephone when the contract packet is ready for you to pick up.
4. When you pick up your contract packet at HRA, you will be asked to sign a “Letter of Understanding” confirming that you understand the terms and conditions of the loan. If you wish to review the standard loan closing document forms used, now is the time to request them. Please do not hesitate to ask, we will be happy to provide you with copies.
5. **NO WORK CAN BEGIN PRIOR TO THE LOAN CLOSING.** If work is started prior to this, it will be considered an ineligible portion of the HRA loan.
6. Schedule an appointment with your contractor at your property to sign all (3) copies of the contract. Please use this time to review the work schedule with your contractor (beginning and end dates, length of construction, etc.); materials, treatments, and colors to be used in the project (paint, siding, shingles, etc.); availability of facilities to contractor and workers; and any other questions you may have about your project that have not already been addressed.

STEP 8: LOAN CLOSING

1. When all executed contracts and Relocation Plans (if applicable to your project) are on file at HRA, you will be contacted by telephone to schedule a mutually agreed upon time for your loan closing. When you have a specific time set for closing your loan, you **must** contact your homeowner’s insurance company and request that **HRA gets listed as an additional mortgagee** on your homeowner’s policy. A binder **must** be sent or faxed to HRA for our files. The binder listing HRA on the policy must be on file at HRA **before** the loan closing. All parties to the property deed must sign all loan closing paperwork. An exception to this would be if another person other than the owner has power of attorney

(see General Information Guidelines/Power of Attorney) and if so, HRA must have the Power of Attorney document on file

2. The loan closing will be held at HRA offices located at 42 Canal Road in Turners Falls, MA
3. There are no out-of-pocket closing costs unless you are contributing private funds to the loan amount to cover the total cost of your rehab work.
4. A \$175.00 loan recording fee is incorporated into the loan amount to cover the cost of recording the mortgage at the Franklin County Registry of Deeds.
5. If you are contributing private funds to the project you must bring a check payable to Franklin County Regional Housing & Redevelopment Authority (HRA) to the loan closing.
6. At the loan closing, you will sign the following:
 - A.) Promissory Note stating the amount of the loan and listing HRA as the holder of the mortgage.
 - B.) Assignment of Funds and Authorization to Disburse which assigns the funds to HRA and authorizes us to disburse the funds to your contractors directly on your behalf and with your approval.
 - C.) Mortgage that will be recorded. This includes the amount of the loan, the loan terms, a description of the property involved and a list of other outstanding mortgages or liens upon the property.
 - D.) Rental Agreements (if applicable to your project).
7. If you are an owner-occupant, at the loan closing you will be given a document called "Right of Rescission" (See General Information Guidelines/Right of Rescission). This document allows you to cancel the documents you signed at the loan closing within three (3) business days. You can send your copy of the Right of Rescission back to us stating that you wish to cancel the loan. If you do not wish to cancel the loan you don't need to do anything. HRA will take this as confirmation that you desire to go through with the loan. . However, if a contractor begins work and you cancel your loan during the Right of Rescission period, HRA will not be responsible for any payments to the contractor(s).
8. You will receive executed copies of all documents at the loan closing.

STEP 9: CONSTRUCTION PHASE

1. After the loan closing and your three day right of rescission period, HRA will send out a "Notice to Proceed" to your contractor. Contractors are responsible to schedule the work with the owner. All work is to be completed within four months of the loan closing.
2. If part of your work includes Lead Paint Abatement (deleading), you may not remain in the structure while this work is in process. In all likelihood you will need to be out of your house for up to two weeks. It is extremely important to discuss this with the contractors who bid on your project (See Step 2). Owner-occupants are not entitled to relocation benefits.
3. If applicable, tenants will be temporarily relocated during the lead paint abatement process. Tenants are eligible for relocation benefits (See General Information Guidelines/Temporary Relocation). The landlord will pay for all costs associated with temporary relocation of tenants and will be required to follow an approved relocation plan. All efforts will be made to accomplish the work while the occupant may be out of the house for the day (i.e. employment); however, this will depend on the amount of work needed and the type of work to be done.
4. As the work proceeds:

- A.) The contractor will submit progress payment invoices for work that has been completed.
- B.) If you receive bills directly from the contractor, it is your responsibility, as the homeowner, to submit these bills to HRA immediately.
- C.) The HRA Construction Coordinator or Rehabilitation Specialist will arrange a mutually convenient time with you to conduct an inspection of the work completed.
- D.) If the work completed is satisfactory to the homeowner and the Construction Coordinator or Rehabilitation Specialist, you will sign an "Authorization to Disburse Funds" form for that portion of the work completed and the contractor will be paid by HRA.
- E.) HRA bi-weekly payment schedule to contractors is:
 - 1. HRA must receive bill(s) Wednesday by noon.
 - 2. Inspections will be scheduled for Thursday, Friday and Mondays.
 - 3. If work is satisfactory, HRA has contractor's payments ready by Tuesdays after 3:00 p.m.
- 5. If applicable, it is the contractor's responsibility to submit a signed HRA Local Inspector Final Inspection Form (which was provided to the contractor with the contract), by the respective local inspector with the contractor's final payment request.
- 6. The contractor will also be required to submit a Lien Release Affidavit with his/her final payment request which states that no liens can be placed on your property by the contractor's subcontractors or suppliers for unpaid services or materials related to your project.

DISPUTE RESOLUTION: The contractor and owner agree in advance that in the event either party has a dispute concerning the contract the parties shall abide by the provisions of Chapter 142A Section 4 (a)-(e) for private arbitration. In the event of a dispute, the Authority shall withhold payment until either (1) the dispute has been resolved under Chapter 142A Section 4 (a)-(e) with no further rights of appeal or (2) a written authorization for payment is received by the Authority, signed by both parties. Owners and contractors shall hold the Authority harmless for the withholding of funds under the conditions of this provision. Unless otherwise agreed in writing, dispute resolution shall not relieve the parties of their obligations under the contract.

STEP 10: POST CONSTRUCTION PHASE

When construction is complete, the program will ask you to complete and return an evaluation form.

TO BE SIGNED AT THE INTAKE APPOINTMENT

I (we) hereby certify that I (we) have received, read, and understand the "Housing Rehabilitation General Information Guidelines" and the "Step-by-Step" Procedures Handbook of the Housing Rehabilitation Program. I (we) further certify that the HRA representative, named below, explained in detail all the contents of the Housing Rehabilitation General Information Guidelines/Procedures Handbooks.

Date

Signature of Applicant

Date

Signature of Applicant

(FOR OFFICE USE ONLY)

Applicant's Name

Date and Time of Intake Appointment

Application Number

HRA Representative

I certify that I have met with the above-mentioned referenced applicant(s) in person and I have explained all information contained in this packet.

Date

Signature, HRA Representative