

OWNER'S MANUAL

BARNSTABLE COUNTY HOME CONSORTIUM

HOMEOWNER REHAB PROGRAM

ADMINISTERED BY

HOUSING ASSISTANCE CORPORATION

460 WEST MAIN STREET

HYANNIS, MA. 02631

(508) 771-5400

DATE: DECEMBER 31, 2007

PROGRAM OVERVIEW

WHY DO WE HAVE A HOMEOWNER REHAB PROGRAM?

The HOME Consortium created a Homeowner Rehab Program in order to both preserve the existing affordable housing stock and to enable lower income homeowners to remain in their homes and in their communities rather than face the prospect of moving.

The cost of new home construction is prohibitive to most low income families. Our Program helps to preserve the existing housing stock. Our effort will insure more adequate housing to more low income families because it will help to preserve and stabilize existing communities.

The objectives of the Program are:

- To preserve existing owner occupied housing by bringing it up to current health and safety standards.
- To stabilize neighborhoods and communities by enabling low income owner occupants to remain in their homes.

A. WHO CAN BORROW MONEY?

Homeowners who meet all of the following criteria:

1. The property to be improved is owner-occupied.
2. The property to be improved is either a single-family or two-family structure.
3. The applicant's total gross income (all owners of record) does not exceed 50% of the area median income (2007- \$25,100- 1 person; \$28,700- 2 persons; \$32,250- 3 persons; \$35,850- 4 persons).
4. The property to be improved has an assessed value of less than \$362,790 for a one family and \$438,700 for a two family.
5. The property to be improved does not meet Housing Quality Standards in at least four of the following areas: plumbing, HVAC, electrical, structural, septic, well/water, accessibility, and hazardous materials reduction (primarily lead or asbestos).
6. The applicant is unable to afford the repairs either from their own funds or from borrowing, i.e. home equity loan.

B. WHAT CAN WE FIX-UP?

The Program's basic goal is to create homes that are in substantial compliance with the Local Housing Code governing the condition and maintenance of dwelling.

1. HEALTH AND SAFETY ITEMS
Improvements which insure the health and safety of the occupants or assist in preventing neighborhood blight and exterior repairs that increase the life of the structure or improve the physical appearance are eligible.

2. LEAD HAZARD REDUCTION
The treatment of lead paint hazards is a required repair. In pre-1978 housing, the Rehabilitation Specialist is required to insure that lead hazards are evaluated and eliminated as part of the repair loan.

C. HOW MUCH CAN WE BORROW?

The maximum program loan is \$25,000. Loans have 0% interest with repayment due at property transfer or possibly at refinancing. The loan is secured through a mortgage on the property.

The HOME Consortium has allocated \$100,000 for this program for this year (July 1, 2007- June 30, 2008).

EXAMPLES OF ELIGIBLE AND INELIGIBLE WORK

ELIGIBLE repairs include, but are not limited to, the following:

1. Replacement of faulty private water and sewage systems
2. Repair or replacement of inefficient or dangerous heating systems
3. Repair or upgrading of electrical systems and fixtures
4. Replacement of defective plumbing, including defective sinks, tubs and toilet facilities
5. Elimination of all lead paint hazards in the interior, exterior and soil
6. Elimination of all serious insect and rodent infestations
7. Creation of safe exit ways
8. Attic insulation to R-32
9. Hardwired smoke detectors

INELIGIBLE items include, but are not limited to, the following:

1. Reimbursement for an Owner's Personal Labor
2. Room Additions and extensions (unless family size demands)
3. Appliances (except built-in stove, cook-top and garbage disposal when the existing is deteriorated, hazardous and beyond repair)
4. Purchase, installation or repair of furnishings
5. Demolition that does not improve the existing structure
6. Free standing concrete block walls
7. Interior wood paneling
8. Bookcases
9. Wrought iron security bars
10. Barbecue pits/outdoor fireplaces
11. Bath houses - swimming pools - saunas - hot tubs
12. Burglar alarms
13. Dumbwaiters
14. Flower boxes - greenhouses - greenhouse windows
15. Kennels
16. Photo murals
17. Steam cleaning of exterior
18. TV antennas
19. Tennis courts
20. Valances, cornice boards, drapes
21. Materials, fixtures or equipment of a type or quality exceeding that customarily used on properties of the same general type as the property to be rehabilitated

HOW TO APPLY?

1. Fill in all the blanks in the application form. Call the Housing Assistance Corporation (HAC)- 771-5400 ext. 285- if you need help.
2. Attach proof of your income:

Please remember that ALL HOUSEHOLD income must be counted, even if only one person is obtaining the loan.

In order to be certified eligible for the program, RETURN A COMPLETED application plus the following applicable verifications:

- Eight consecutive pay stubs ending with one month of this application for all working members of the household, 18 years and older.
- Verification of Employment Form from all employers for all working members of the household 18 years and older.
- If a member of your household is 18 YEARS OR OLDER and NOT working, a notarized statement to that effect is needed. This applies to all household members.
- If you have children eligible for child support and you do NOT receive child support, please provide a NOTARIZED statement to that effect.
- Verification of any other household income e.g.: Child support (Copy of Divorce Decree, Child Support Order, Copy of support checks), Social Security, SSI, VA benefits, unemployment benefits, and/or public assistance. We need official statement of monthly amount received for the current year.
- Savings account-Submit bank statements (Savings) for the past 3 months.
- Checking account- Submit bank statements (Checking) for the past 3 months.
- Federal Tax Returns (1040)-Copies of signed tax returns for the years 2004, 2005 and 2006. You MUST provide all three years. We also need W-2's and 1099-R Forms for the most current full year, for example as of February 2008, a 1099-R & W-2 would be needed for 2007. If you have filed your 2007 return, include that instead of 2004.

- If you have not filed a tax return for any of the years requested, we need a notarized statement that you have not filed for a particular year and why. For example, you may not have worked in 2004 and therefore did not file a tax return.
- Verification of cash value of all assets (assets are generally non- cash items that can be converted to cash, such as stocks, Certificates of Deposit, IRA's retirement funds). Provide statement including regular amounts received and amount received for most current period. You will also need to provide the surrender value of all retirement funds.

SELF EMPLOYMENT

People who are self-employed will need to submit ALL of the following:

1. Copies of Federal Tax Returns for 2004, 2005, 2006. W-2 & 1099R for 2006 and signed return if filed or after April 16, 2007.
2. Copies of SCHEDULE C for 2004 and 2005, or 2005 and 2006 if filed.
3. A NOTARIZED STATEMENT reflecting your earnings and expenses, to date for 2007. For example, if you are a housecleaner, landscaper, painter, etc. provide a statement that includes date, and address of jobs, names of people you worked for and the amount you were paid. Also include a list of all your expenses. When you subtract your total expenses from your total earnings, the resulting figure will be your income to date.
3. Fill out the Homeowner's Pre-Inspection Checklist.
4. Send the whole package to Housing Assistance Corporation.

WHAT WILL HAPPEN NEXT?

1. **Housing Quality Standards (HQS) Inspection.** Once income eligibility is determined, HAC and a lead hazard Risk Assessor (if necessary) will inspect your property for any HQS violations, lead hazards, and energy requirements.
2. **Work Write-Up.** Once preliminary program eligibility has been determined (income, property value, extent of rehab needed), HAC staff and a lead hazard Risk Assessor (if necessary) will inspect your property and prepare a write-up of the work to be done. This write-up will be designed to address any HQS violations, lead hazards, and energy requirements and provide a cost estimate of the job. Jobs costing more than \$25,000 likely will not be able to be funded. You will approve the final list of work before asking any contractor to bid on the job.
3. **Conditional Loan Approval.** Your complete application, including the work write up and cost estimate, will be reviewed and a conditional loan approved or denied by a committee of HAC and Consortium staff. If there are more eligible applicants than available funds, priority will be given to households at or below 30% of area median income and to properties needing the most areas of repair (within the \$25,000 limit).
4. **Three Bids.** The homeowner with the assistance of HAC staff will solicit at least three contractor proposals. While HAC staff will assist the homeowner in evaluating the bids, the selection of the contractor(s) is the homeowner's decision.
5. **Loan Settlement and Closing.** After you accept the loan and any conditions, HAC will prepare the loan agreement, mortgage, and note for execution and recording. A 10% contingency will be added to the loan amount to cover any change orders. Recording fees are not part of the loan and are covered by the Program; however, the costs of any lead paint inspections will be included as part of the loan.
6. **Construction Contract.** Once the loan has been approved and mortgage recorded, the homeowner can execute the agreement(s) with the selected contractor(s).
7. **Construction Contract and Renovation.** After a portion of the work has been completed and an invoice received and approved by the homeowner, HAC staff will inspect for the Program. If satisfactory, payment will be ordered. A check will be issued to the contractor. Final payment will be handled in the same manner.
8. **Relocation (if necessary).** Because of the program loan limit, it is unlikely that relocation will be necessary. However, because of the extreme danger from very fine lead particles generated during renovation and lead hazard reduction, all major interior jobs involving lead hazard reduction will require off-site relocation of the family, the furniture and all furnishings and belongings. Depending on the size and extent of the job, relocation can range from one week to 90 days. During this time period the Contractor will be responsible for security. Relocation expenses such as furniture moving and storage, packing materials, etc. are all loan eligible expenses.

HOW TO FIND AND HIRE CONTRACTORS

1. Review your work write-up
2. Decide which materials you want and for how long guaranteed.
3. Ask friends, co-workers and HAC staff for rehab contractors to contact.
4. Check your contractor's reputation and background before you accept an estimate by asking for references.
5. Solicit three bids from different contractors using the exact same work write-up. Be careful of a very low estimate – it may be signal an inexperienced contractor.

HOW TO SPEED UP THE PROCESS

1. Fill in the application completely including all attachments.
2. Call contractors every other day until they inspect your home and give you a bid.
3. Respond quickly to all requests for more paperwork.
4. Stay in communication with HAC.

SURVIVING RENOVATION

1. Renovation creates dirt and noise. Remove what you want to protect.
2. Accidents can happen; things can break. Pack all valuables and store in a safe place outside the worksite.
3. When working with your electrical, plumbing or heating system, you may be without the service for several hours or days.
4. Delays can often cause the work to take longer. Products may be out of stock and must be ordered. The weather may be too severe to permit the contractor to work.
5. In the event of any confusion or communication problems with the contractor, contact HAC staff.
6. Your household routine may be disrupted by relocation. This cannot be helped due to Federal Requirements that protect families during dangerous lead hazard reduction.