Plano
City of Excellence

Housing Rehabilitation Assistance
for Owner-Occupied Housing

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City of Plano

EQUAL HOUSING OPPORTUNITY

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I. OVERVIEW & TYPES OF ASSISTANCE

The City of Plano offers a Housing Rehabilitation Program (Program) funded by the U. S. Department of Housing and Urban Development (HUD). The purpose of this document is to provide a general overview of the Program to help you understand what the City has to offer you and your household.

As an owner and occupant of a house located in Plano, you may be eligible to receive subsidized assistance to repair your home. We offer two special financing opportunities, to assist with certain housing repairs meeting the City's Program standards. These opportunities are listed below:

- **Limited Repairs.** This assistance is made for essential repairs to revitalize the neighborhood, stop further deterioration of your home and improve energy efficiency. These repairs are offered in the form of partially forgivable loans with 10-year terms and competitive rates. The assistance limit is $45,000, but may be less depending on qualifications.

- **Reconstruction.** Homes in significant disrepair, with necessary repair costs exceeding 75% of the structure's value, are considered for reconstruction. Reconstruction demolishes the home and rebuilds a new home in its place.

Step 1. Application & Eligibility

In order to receive assistance, you must complete an application and provide required documentation. Eligibility and approval process are summarized below.

APPLICATION PROCESS

The application process includes:

1. **Screening Calls:** We encourage you to contact a Housing and Community Services Coordinator (Coordinator) by telephone (972-208-8150) prior to submitting an application to gauge eligibility.

2. **Completing the Application Form.** All owners to the home—and persons 18 years and older—must complete the application form and attach the supporting documentation, which is found on page 18 of the application, to the application. The application form may be downloaded from the City's housing rehabilitation web page: www.planorehab.org. Incomplete applications and/or applications without the required supporting documentation will not be processed.

3. **Scheduling an Application Appointment.** After completing the application, call 972-208-8150 to schedule an appointment with a Coordinator. The purpose of the application interview is to ensure your application form is complete and accurate. At the application appointment, the Coordinator will give you a brief overview of the program requirements.

   The application appointment may last up to two hours and is normally scheduled as early as 8:00 am and no later than 3:00 pm. Special accommodations in scheduling may be made if you or a household member has mobility impairments, or severe medical conditions that prevent attendance at the application appointment during the timeframe mentioned above.

MINIMUM HOUSEHOLD ELIGIBILITY REQUIREMENTS

You and all members of your household must meet the following minimum eligibility requirements for consideration:

1. Meet HUD's income limits, adjusted for family size.

2. Owners must be a United States citizen or a legal resident alien; other household members may have temporary legal resident status.

3. Own the residence on the day the application form is signed.

4. Have the title of your home in your name and hold a fee simple title. In the event there are additional owners to the Property than those who completed the application, all non-occupants must be removed from the title and the mortgage prior to approval and as part of the eligibility and underwriting process.

5. Provide proof of financial responsibility for your home (i.e. current property tax payments; mortgage and/or utility payments).

6. All qualified retirement plans, other non-retirement accounts and financial assets must not exceed $100,000.

7. Neither you, nor any member of your household appears on the Patriot Act Watch List.

8. Not be delinquent or defaulted on any federally originated or funded loans, including prior housing rehabilitation loans or student loans;

9. Not be delinquent on property taxes, or federal income taxes;

10. If you have an existing housing rehabilitation loan with the City, that loan must be paid off and released prior to making application for a new housing rehabilitation loan. Also, the program does not permit refinancing of existing housing rehabilitation loans or any other lien. You must not have exhausted the lifetime program caps of $45,000 of combined housing rehabilitation assistance (i.e. limited repairs and/or emergency repairs) and must not have received reconstruction assistance through the housing rehabilitation program.

11. With respect to affordability, the owner must demonstrate to have sufficient monthly surplus income to pay rehabilitation loan and maintain the property.

Note: Keep in mind that if the information you provide is unclear, staff may request additional information to determine eligibility and approval.

MINIMUM PROPERTY ELIGIBILITY CRITERIA

Your property must also meet minimum eligibility criteria to qualify for assistance. The property:

1. Must be located in the City of Plano.

2. Must be occupied as your principal residence.

3. Must exhibit building code deficiencies that make the dwelling unsafe or unsanitary.

4. Must be serviced by or be accessible to City-approved water supply, sanitary sewer and electrical system.

5. Must meet all of the City of Plano's land development codes.

6. Must comply with and meet all HUD environmental requirements (i.e., historical, floodplain, noise, etc.);

7. The property must be covered by an approved homeowner's insurance policy. After completion of the project, you must agree to list the City of Plano as mortgagee on the insurance policy.

   If your home is not currently insurable, you must obtain temporary insurance during the construction of the project and provide a certificate of insurance as proof of coverage prior to the commencement of the project. We will provide the documentation requested by your insurer to assist in obtaining said coverage.

8. Must be economically feasible, as determined by program guidelines, for rehabilitation.

9. **This list is not exhaustive. Other criteria may apply to your specific situation, and property structure and design. Please contact a Coordinator to discuss your situation before submitting an application.**

Step 2. Underwriting and General Approval Guidelines

GENERAL APPROVAL GUIDELINES

Approval for receiving assistance includes, but is not limited to the following:

1. Your ability and willingness to provide any information timely that is requested by the City and is necessary for approval. During underwriting, we may determine that additional documents may be necessary to ensure compliance with Program policies. Submission will be required as a condition of acceptance of any given assistance;

2. Attendance at all required appointments;

3. Signing all required Program documents;

4. Completion of inspections necessary to determine the condition of the property, the estimated cost of repairs and the economic feasibility of the project;

5. Eligibility of repairs per the Program's Housing Standards;

6. The approved construction budget;

7. The project meeting the Program Policies;

8. Results of HUD's environmental and risk assessment studies (lead-based paint; and

9. Availability of funds and compliance with regulatory requirements.

UNDERWRITING

1. **Conditional Loan Approval.** Households eligible to receive assistance who meet all minimum eligibility criteria, and the general approval guideline above, will be given conditional loan approval subject to:

   a. Creditworthiness and ability to repay the loan;

b. The amount of equity in the property;

c. The property meeting the Program's pre- and post-rehabilitation value limits; and

d. If applicable, for families with marginal credit history and income and debt structure, meeting the requirements of the Program's Loan approval policy.

DISCLOSURE – Willful misrepresentation and/or fraud are reasons for automatic denial of assistance. In such an event, we will forward any information to the appropriate authorities for further investigation. The investigation may lead to criminal and/or civil prosecution, fines and/or imprisonment.

Step 3. Property Inspection

GENERAL CONDITIONS

After you have received a conditional loan approval, a Housing Rehabilitation Project Coordinator (Estimator) will conduct an inspection of your home. The purpose of the inspection is to:

1. Determine if the deficiencies found in your home are eligible for repair; and

2. Isolate the eligible repairs to generate a work write-up and budget.

Additionally, he/she will perform an environmental study on your home to determine if it will meet the acceptable environmental conditions set forth by HUD. If your home cannot meet HUD's environmental standards, you will be denied assistance.

On the day of inspection, you must ensure that your home is fully accessible to the Estimator, allowing for a full view of all walls, floors, ceilings and other components in order to determine the condition of the Property and/or rehabilitation repair requirements. We may cancel inspection appointments if, on the day and time of inspection, your home is not made ready. You may be disqualified if an initial inspection cannot be completed within 60 days of your conditional approval.

INELIGIBLE REPAIRS

NOT ALL YOUR DESIRED REPAIRS ARE PROGRAM ELIGIBLE. Keep in mind of the following:

1. **Cosmetic Improvements and Remodeling.** We provide neither cosmetic nor remodeling improvements. Cosmetic

improvements are defined as higher-than-standard-grade fixtures; items required only for decoration; replacement of flooring, etc. Remodeling is defined as improvements, renovations and redesigning or altering living or work space that is made for aesthetic reasons and/or do not improve the safety and security of the occupants, structural integrity of the unit, and/or meet Program goals and objectives.

2. **Free-standing Appliances.** Free-standing appliances, dishwashers or garbage disposals are not eligible for repair or replacement.

3. **Storage Sheds.** These may be demolished, but not repaired or replaced.

Step 4. Work Write-up & Project Cost Estimate

1. **Work Write-up.** After the completion of the inspection(s), the Estimator will prepare a detailed report of his/her findings and complete an estimate to determine the cost to repair <u>only eligible deficiencies</u>. The work-write up and estimate will be utilized in determining the repair budget.

2. **Project Budget.** Approval of the repair budget is subject to:

   a. **Program Limits.** If the property is in such disrepair that the estimate to repair those deficiencies to meet Minimum Housing Standards exceeds the Program limits, the repair assistance may be declined. Additionally, the assistance may not exceed the lifetime program cap of $45,000.

   b. **Homeowner's Insurance.** From time to time, some of the approved work may be eligible for coverage under your homeowner's insurance policy—for example, under-slab leak, roof repairs or replacements, duct work, etc. In such an event, we will work closely with your insurance company in verifying the eligibility and amount of the covered item. The rehabilitation budget will be offset by the difference of the cost to repair and the insurance proceeds.

   c. **Financial Considerations**:

      - The amount of equity in your home.

      - Your ability to pay back the repayable portion of the assistance.

<u>REVIEW AND ACCEPTANCE OF WORK WRITE-UP</u>

After the completion of the work write-up and estimate, we will schedule an appointment with you to review the work write-up and project budget. The

purpose of the appointment is to clarify any questions you may have about the approved repairs, the construction budget and process, moving forward, and for the owner to make selections of repairs based on the budget.

Owner Review/Owner Choice

Prior to the Commitment appointment, you will have an opportunity to review the scope of work and related cost estimate completed by the Project Coordinator, and choose from that list the repair of those deficiencies that: a) meet the Program goals; b) are within the established Minimum Housing Standards, Construction Standards and Loan Underwriting and Approval Policy; c) will not exceed the Program's or your affordability threshold, whichever is less; d) do not negatively affect the structural integrity of the property, or outcome of the project; and e) are in compliance with the City's Building Codes. .

If you do not accept the repair plan, you may opt out of receiving assistance and participation. The City also reserves the right to deny you assistance for failure to accept the City's final determination as to repair eligibility and/or meeting affordability thresholds. Lastly, it is critical that you fully understand and agree to the scope of work, which will avoid misunderstandings in the construction phase.

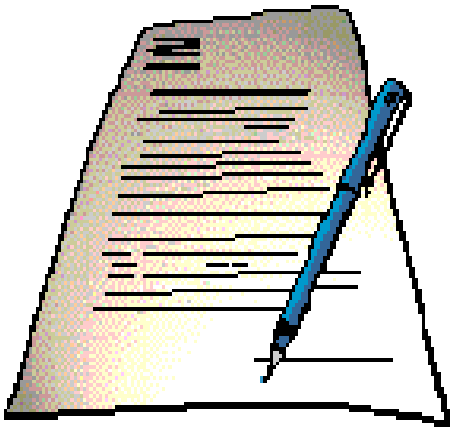
Step 5. Contractor Selection

1. **List of Pre-Approved Contractors.** After you have made repair selections that are within the budget, you will be given a list of pre-approved contractors and copies of the bid document. The bid document will be forwarded to the list of pre-approved contractors.

1. **Walk-Through.** You and City staff will schedule a walk-through with the contractors appearing on the list. The contractors will meet at your home at a time and date specified by you to inspect your home and provide independent bids for the completion of the repairs listed in the bid document. The Estimator will be available at the walk-through to answer technical questions posed by the bidding contractors.

2. **Contractor Selection.** Within a week of the walk-through, the contractors will submit their bid to you. You are responsible for selecting a contractor whose bid is within 10% of our approved cost estimate. Bids that exceed $45,000 are not eligible for consideration. You will forward the name of the winning contractor and the contractor's bid document to us, after which we will schedule a commitment appointment with you to sign the funding agreement.

Step 6. Commitment to Project



COMMITMENT APPOINTMENT

The purpose of the commitment appointment is to sign the funding agreement, which outlines your responsibility for receiving assistance, as well as other Program requirements. You will also sign other documents (deed-of-trust and real estate lien note) that will secure our interest in extending financial assistance to you for completing the eligible and approved repairs.

The funding agreement signals that you have been approved for assistance, have selected a contractor to complete the repairs, and are ready to continue with the pre-construction appointment and construction process.

Keep in mind that at any point prior to signing the funding agreement, you may withdraw your application at no cost. By signing the agreement you obligate yourself to the expenses associated with your home repair or reconstruction. If you withdraw from participation at any point thereafter, the City will file a lien and deed of trust on the property, covering eligible expenses incurred on your behalf up to the point of withdrawal, with the exception of City staff time expense. You may pay off your lien at any time without penalty, and it will be removed from the property.

PRE-CONSTRUCTION APPOINTMENT

A pre-construction appointment will be scheduled with the contractor of your choice following the commitment appointment. The commitment and pre-construction appointments are scheduled back-to-back. The purpose of the "pre-construction" appointment is to sign a construction contract, notice-to-proceed and other construction documents relevant to the project. The construction contract lists both you and the contractor's responsibility during the construction process.

The construction contract is provided by us; however we provide no legal advice to either you or the contractor in the use of the construction contract. You and contractor are encouraged to seek advice prior to signing the contract. If the contract language is acceptable to neither you nor the contractor, and neither will execute the contract, we will terminate the project and the funding agreement.

Step 7. Construction

Construction will commence as indicated in the notice-to-proceed. You are responsible for the cost of any work started prior to the execution of these documents and the timeframe noted on the notice-to-proceed.

WHAT TO EXPECT DURING CONSTRUCTION

1. Schedules are hard to follow or maintain due to severe weather, unforeseen delays in delivery of material or availability of workers, and inspection hold-ups.

2. Construction breeds dirt and noise. Be prepared for dusty and irritating conditions, removing/storing breakable items elsewhere, and covering household items.

3. Your household routines will be disrupted temporarily.

4. When working with your electrical, plumbing, or heating/cooling systems, you may be without service for a period of time as determined by the nature of the repair.

5. Your contractor is your first point of contact for questions during construction, as they are more familiar with the program requirements than the laborers. If you are still unclear, City staff is there to assist you.

6. During the construction, be prepared for the unforeseen. We are here to help. You should contact us when unsure or problems arise.

7. It is important that you be satisfied with the work done and believe that you have been treated fairly. While we will make every effort to see that work is completed according to the work write-up, homeowners' expectations and personal standards can vary significantly from job to job. We also rely on your active and engaged participation in the process. You, therefore, are equally responsible to review the work completed and ensure it is completed to your satisfaction. You should always feel free to contact the contractor or us with concerns while construction is underway.

OWNER/APPLICANT RESPONSIBILITIES DURING CONSTRUCTION

Your responsibilities during construction also include, but are not limited to:

1. Understanding the scope-of-work, asking questions of the contractor and voicing concerns as early as possible;

2. Inspecting and approving all completed work at draw request inspections.

3. Abiding by the "Golden Rule";

4. Allowing access to your home at reasonable times and preventing construction delays;

5. Effectively communicating with your contractor throughout the construction process, which includes exercising respectful communication when communicating with the contractor, and keeping the work setting free from conditions that would prohibit completion of the work per the work write-up and contract requirements;

6. Keeping children and pets away from the construction area;

7. Supplying and paying for reasonable utility usage;

8. Responsible for safeguarding breakable and perishable items, and unless otherwise specified in the work write-up, packing, moving and storing all furniture, equipment and personal items;

9. In the event of completing lead-hazard mitigation work within the interior of the property, as the Program is voluntary, we will not pay for relocation assistance and you will be responsible, if necessary or required, for finding alternative accommodations during completion of said work;

10. Keeping current on all mortgage payments and insurance premiums;

11. Maintaining the property to meet all applicable City code requirements; and

12. Honoring the provisions of the construction contract documents.

CONTRACTOR RESPONSIBILITIES

Contractor responsibilities during construction include, but are not limited to:

1. Performing services that meet related industry standards of acceptable practices and workmanship;

2. Making an honest attempt at creating happy, satisfied owners;

3. Addressing problems and concerns in a timely conscientious manner;

4. Abiding by the "Golden Rule";

5. Payment of construction related items;

6. Execution and submission of all documents required by the City prior to payment;

7. Supervising the work, and having a competent superintendent/project manager at the project site with full authority to act for the contractor;

8. Taking proper means to protect the home and adjacent or adjoining property which might be insured or seriously affected under the construction contract;

9. Maintaining the work area, including storage areas, free from accumulations of waste materials;

10. Maintaining a healthy, safe work environment; and

11. Honoring the provisions of the construction contract documents.

CITY RESPONSIBILITIES

The City is but one piece of the rehabilitation process. Aside from providing financing, our responsibilities under the Program are limited to ensuring:

1. That you and the contractor meet the established Program qualification parameters and comply with Program requirements throughout the life of the project and Program participation;

2. That the project procurement and funding meets Program requirements;

3. Participate in resolving disputes per Program requirements; and

4. Monitoring progress and performance of work by the contractor through periodic on-site inspections until work is completed as specified in the contract documents.

CONTRACTOR PAYMENT

Contractors may request up to five draws during the construction process for completed work. You, the Estimator and City's Building Inspections department should be satisfied with the work prior to contractor payment.

Step 8. Project Close-out

FINAL WALK-THROUGH PRIOR TO PROJECT CLOSE-OUT

Project close-out consists of a final walk-through with the City Estimator, the Housing and Community Services Supervisor and your contractor to ensure that the completed work meets the work write-up and industry standards.

CLOSING APPOINTMENT

The closing appointment is scheduled with the Coordinator after the completion of the final walk-through. At closing, a new Deed-of-Trust and real estate lien note will be executed to reflect the actual project cost and replace the security instruments executed at the commitment appointment. Other documents may also be executed, as appropriate. Lastly, you will complete a customer satisfaction survey.

The City will file the deed-of-trust with the county.

It is the contractor's responsibility to provide you with all manufacturers' warranty document specifications for all equipment and appliances replaced in the property.

Step 9. Warranty Period

1. One Year Warranty. The warranty period commences on the day of the project close-out and terminates 12 months after that date.

All components repaired or replaced, and labor for repair or replacement during rehabilitation of the project are covered by a one (1) year warranty from the completion of the project. The contractor warrants for one (1) year that all materials provided to the owner/applicant under the construction contract will be new unless otherwise approved in advance by the City and that all work will be of good quality, free from faults and defects, and in conformance with the contract documents, and recognized industry standards.

2. Manufacturer's Warranty. After the expiration of the one (1) year warranty noted above, all heating, air conditioning, water heater, appliances and other mechanical equipment replaced should be covered as specified by their respective manufacturers' warranties. The City is not a part of the manufacturers' warranty.

2. **Owner's Home Warranty Policy.** You may select a homeowner's warranty insurance policy of your choice from a third party source. The policy will be capped at $500 and will be made part of the project costs. You may select a policy from the following web site:

   http://www.homewarrantyreviews.com/reviews.

   You may also conduct your own research and provide the name of a homeowner's warranty company to us prior to the closing date and executing the final real estate lien note for the project.

3. **Warranty Disputes.** In the unlikely event that your contractor refuses to comply with the warranty requirements and timeframes (72 hours for emergencies and 20 days for non-emergencies, i.e., leaky water heater versus defective siding) stipulated in the construction contract, please follow these steps:

   a. Notify City staff in writing either by mail or e-mail. Include a list of disputed items, dates and times you notified the contractor in writing and by telephone, and any contractor response.

   b. Request that City staff inspect the disputed item(s), as appropriate.

   c. Allow City staff adequate time to review the original work specifications to ensure that the disputed item is eligible under the warranty dispute resolution process.

   d. Wait for results from the City. City staff will forward their determination to you and the contractor by mail and e-mail, as to the eligibility of the item and provide a timeframe by which the contractor will complete the repairs included in the City's determination, if any.

   NOTE: Remember, request for warranty dispute resolution will not be considered if the request is made after the completion of the 12-month period.

Step 10. Loan Servicing

The City of Plano completes all loan servicing functions related to your lien and deed-of-trust. The following apply for loan servicing.

1. **Owner/Applicant Responsibilities.** You will be responsible for property maintenance, timely payments on all real estate liens on the property, maintaining a homeowner's insurance policy during the life of the loan, and calling the contractor for all warranty deficiencies.

2. **Sale of Property.** In the event you sell the property prior to maturity of the note, your loan will become due immediately.

3. **Discontinuation of Residency.** In the event you no longer reside in your home due to death or a permanent medical condition and the heirs/grantee decide to sell the property, we will accept payment of the entire remaining loan balance (both payable and forgivable) owed at the time of your death, or the date you were no longer able to reside in your home due to medical reasons.

4. **Loss of Household Income.** After the closing of a project, if you experience a permanent, substantial loss of household income, you should contact us immediately to discuss the terms of your note. We will make every reasonable effort to work with you to avoid foreclosure and will examine each situation on a case-by-case basis.

Step 11. Other Program Information

BACKGROUND

The City of Plano's Program is funded by the U. S. Department of Housing and Urban Development (HUD). The Program is administered by the City's Community Services Division located at the Neighborhood Services Department, 7501 – A Independence Pkwy, Plano TX 75025.

The goals of the Program are to: preserve existing affordable housing; ensure that eligible properties are safe, secure and sanitary; provide energy efficiency improvements; and enhance and revitalize neighborhoods within the City's boundaries.

The Program is designed to ensure:

1. Funds are targeted to households that are low-, very low- and extremely low-income as defined by HUD;

2. Funds are provided for housing repairs considered essential to income-qualified families' health, safety and welfare and to meet Program goals;

3. The Program's procurement actions are in full compliance with applicable Federal, State, and local laws and regulations;

4. With respect to loan approval, consistency and fairness in consideration of loans to include compliance with Fair Housing laws; and

5. A prequalified list of available contractors is maintained to complete eligible repairs, as specified in the Program's Housing Standards.

6. Both the owner occupancy and the term of the deed-of trust run sided by side at a period of 10 years for Limited Repair assistance and 15 years for reconstruction projects.

7. Sell or Rent: In the event that owner-occupant sells or rents the property prior to the end of the 10 years requirements, the remaining balance of the loan will become due in full.

FAIR HOUSING

In the administration of the all federally-assisted housing programs, the City will not discriminate on the basis of race, color, religion, sex, age, handicap, familial status, or national origin. Fair Housing information may be found at:

http://portal.hud.gov/hudportal/HUD?src=/program_offices/fair_housing_equal_opp/FHLaws/yourrights

EQUAL HOUSING OPPORTUNITY

The City takes fair housing complaints from citizens and forwards those complaints to HUD. To report fair housing complaints, you may either contact the City at 972-208-8150 for assistance, or file a complaint directly with HUD online at:

http://www.hud.gov/offices/fheo/nov108online-complaint.cfm.

PROGRAM DISCLOSURES

Programs funded with federal dollars are subject to many more requirements than outlined in this overview. For additional questions, please contact the City at: Neighborhood Services Department, 7501 Independence Parkway - A, Plano, TX 75025, or at 972-208-8150