



Limited Repair Assistance for Investor-Owned Properties



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City of Plano



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I. OVERVIEW & TYPE 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 financial assistance available to investors for the repair of their rental property.

The goals of the Program are to provide assistance for essential repairs to revitalize the neighborhood, stop further deterioration of your property and improve energy efficiency. The assistance limit is \$45,000 per unit and no more than \$75,000 per project.

Step 1. Application & Eligibility

In order to receive financial assistance, you must complete an application, eligibility and approval process summarized below.

APPLICATION PROCESS

The application process includes:

- 1. Screening Calls.** We encourage you to contact a Community Development Coordinator (Coordinator) by telephone 972-208-8150 prior to submitting an application to gauge eligibility.
- 2. Completing the Application Form.** All owners to the property 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, all owners should schedule an appointment with a Housing and Community Services Coordinator (Coordinator). The appointment may be scheduled by dialing 972-208-8150 and asking for 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 Coordinator will also collect a non-refundable application fee.



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 have a mobility impairment, or severe medical

conditions that prevent attendance at the application appointment during the timeframe mentioned above.

MINIMUM OWNER ELIGIBILITY REQUIREMENTS

All owners must meet the following minimum eligibility requirements for consideration:

1. Owners must be a United States citizen or a permanent legal resident alien;
2. Own the property on the day the application form is signed;
3. The ownership may be in the form of a sole proprietor or a legal business entity as defined by the Internal Revenue Code, limited partnership, partnership, corporation, limited liability company, S-Corporation or non-profit;
4. Neither you, nor any other owner to the property appear on the Office of Foreign Assets Control or the Patriot Act Watch List;
5. Neither you, nor any other owner to the property may be debarred from Federal contracting;
6. Owners must not be delinquent or defaulted on any federally originated or funded loans, including prior housing rehabilitation loans or student loans;
7. Not be delinquent on property taxes, or federal income taxes;
8. The Owner-entity will be registered with the State of Texas and be in good standing, per State requirements and will have a DUNS number;
9. The Owner or Owner-entity may not have had property foreclosed upon or given title or deed in lieu thereof in the past seven (7) years nor have been undergoing foreclosure. The Owner must be current on all real estate secured loans (i.e., mortgages and other liens against the property);
10. The Owner or Owner-entity cannot have been declared bankrupt within the past seven (7) years;
11. The Owner or Owner-entity cannot have any outstanding judgment against them that would impact their ability to perform any obligations under the program;
12. Provide proof of financial responsibility for the property (i.e., current property tax payments, mortgage and/or utility payments, if applicable);



13. Meet the Programs loan underwriting criteria (i.e., ratios, credit scores, equity, surplus income thresholds, etc.); and
14. If you have an existing housing rehabilitation loan, that loan must be paid off prior to making application for a new housing rehabilitation loan. Also, the program does not permit refinancing of existing housing rehabilitation loan or any other lien.

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. Only 1 – 4 unit residential rental housing and Household Care Facilities are eligible for the program. Single room occupancy and group homes are ineligible.
3. Must exhibit building code deficiencies that make the dwelling unsafe or unsanitary, or demonstrate the rehabilitation will improve its energy efficiency.
4. Any liens placed on a property by the City for correcting any past code violations (such as high weeds, trash, debris, junk vehicles, etc.) must be paid in full by the time the application processing commences. Any current code violations and fees through the City of Plano must be corrected and paid-off before making application for assistance.
5. Must be serviced by or be accessible to City-approved water supply, sanitary sewer and electrical system.
6. Must meet all of the City of Plano’s land development codes.
7. Must comply with and meet all HUD environmental requirements (i.e., historical, floodplain, noise, etc.).
8. The property must be covered by an approved insurance policy. You must agree to list the City of Plano as mortgagee on the insurance policy.



EXCEPTION: If your property 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. After the completion of construction, the temporary coverage must be converted to permanent coverage.

9. Must be economically feasible, as determined by Program guidelines, for rehabilitation.

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 paperwork 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. Eligibility of repairs per the Program's Housing Standards;
5. The approved construction budget;
6. The project meeting the Program Policies;
7. Results of HUD's environmental and risk assessment studies (including lead-based paint);
8. Availability of funds and compliance with regulatory requirements; and
9. The Owner must consent to the Project and to all terms and conditions of the program including but not limited to:
 - a) agreeing that current occupants will not be displaced nor their rent increased as a result of the improvements made under this assistance. The maximum rents allowed will be per the Loan Underwriting and Approval Policy;
 - b) annually ensuring the tenants meet income eligibility as defined in 24 CFR Part 5. The Owner is responsible for conducting annual income certification

on all tenants. The Owner will make available all tenant records to the City for annual Program compliance monitoring;

- c) agreeing rents will not exceed HUD's published Small Area Fair Market Rents, and annual adjustments will be subject to HUD's annual adjustment factor and City approval. Additionally, the Owner will agree to participate in an annual review completed by City staff and provide any required documentation to ensure compliance with the Program requirements;
- d) ensuring all repaired units meet the Program's Housing Standards during the term of the loan; and
- e) abiding by the Federal and State fair housing laws.



Note: Owners of rental property will have a Lifetime Threshold of one (1) Limited Repair, or Reconstruction assistance per property.

UNDERWRITING

Conditional Loan Approval. If all property owners meet the minimum eligibility criteria and general approval guideline above, conditional loan approval will be given subject to:

1. Your creditworthiness and ability to repay the loan;
2. The amount of equity in the property;
3. The property meeting the Program's pre- and post-rehabilitation value; and
4. Meeting other 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 Rehab Project Coordinator (Project Coordinator) will conduct an inspection of your property. The purpose of the inspection is to:

1. Determine if the deficiencies found in your property 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 the property to determine if it will meet the acceptable environmental conditions set forth by HUD. If your property cannot meet HUD's environmental standards, you will be denied financial assistance.

On the day of inspection, you will ensure that the property is fully accessible for inspection by the Project Coordinator to allow 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 of inspection the property is not made ready for inspection. At our discretion, we may disapprove the rehabilitation of your property if an initial inspection is not completed within 60 days of your conditional approval for the rehabilitation assistance.

ELIGIBLE REPAIRS

Property Housing Standards. Eligible repairs are divided into two categories:

1. **Tier 1.** Those repairs that must be completed in order to meet the Program's Minimum Housing Standards.
2. **Tier 2.** Other property deficiencies eligible under the Program policies and related to **ENERGY EFFICIENCY IMPROVEMENTS**. Energy efficiency and weatherization repairs are limited to those repairs recommended by a certified energy auditor and/or City staff.



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 carpet, vinyl or other items which are currently in good condition, 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 Buildings.** 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 Project Coordinator will prepare a detailed report of his/her findings and complete an estimate to determine the cost to repair **only eligible deficiencies**. 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. Availability of HUD funding;
 - b. **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;
 - c. **Property Insurance.** From time to time, some of the approved work may be eligible for coverage under your insurance policy. 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;
 - d. Financial Consideration.
 - The amount of equity in the property; and
 - Your ability to pay back the assistance.



REVIEW AND ACCEPTANCE OF WORK WRITE-UP

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 to ensure that the work write-up is complete and accurate.

It is critical that you fully understand and agree to the scope of work, which will avoid misunderstandings in the construction phase. If you do not accept our repair plan, you may opt out of receiving assistance and participation.

Step 5. Contractor Selection



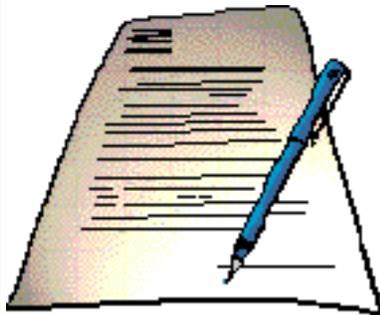
- 1. List of Pre-Approved Contractors.** After you have accepted the City's work write-up and budget, you will be given a list of pre-approved contractors and copies of the bid document. The bid document will include the approved work write-up, without the estimates for the repair.
- 2. Walk-Through.** You and City staff will schedule a walk-through with the contractors appearing on the list. The contractors will meet at your property at a time and date specified by you to inspect the property 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.
- 3. 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. 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; we will retain your application fee. By signing the agreement you obligate yourself to the expenses associated with your property's repair. 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 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.

INFORMATION TO PROVIDE THE TENANTS IN PREPARATION FOR CONSTRUCTION

1. Unexpected schedule changes may occur due to severe weather, unforeseen delays in delivery of material or availability of workers, and inspection hold-ups;
2. To allow access into the property at reasonable times and preventing construction delays;



3. In preparation for construction, tenants should remove/store breakable items during construction and cover household items where dust may accumulate; and unless otherwise specified in the work write-up, pack, move and store all furniture, equipment and personal items;

4. Tenants may expect temporary disturbance of the household routines;

5. Tenants may also expect interruption of electrical, plumbing, or heating/cooling systems, service for a few hours at a time; and

6. To keep children and pets away from the construction area.

Note: In certain circumstances, households may be eligible for temporary relocation assistance during construction. Should this be necessary, City staff will have addressed this issue with you and the tenants long before the start of construction.

OWNER/APPLICANT RESPONSIBILITIES DURING DONSTRUCTION

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. 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;
4. Abiding by the "Golden Rule";
5. Supplying and paying for reasonable utility usage;
6. Ensuring against loss by a standard policy for the full value of the property to include all improvements and attachments;
7. Keeping current on all mortgage payments and insurance premiums;
8. Maintaining the property to meet all applicable City code requirements;
9. Honoring the provisions of the construction contract documents; and
10. Complying with all applicable State, Federal and local laws.

CONTRACTOR RESPONSIBILITIES

Contractor's responsibilities during construction include, but are not limited to: Performing services that meet related industry standards of acceptable practices and workmanship;

1. Making an honest attempt at creating happy, satisfied owners;
2. Addressing problems and concerns in a timely conscientious manner;
3. Abiding by the "Golden Rule";



4. Payment of construction related items;
5. Execution and submission of all documents required by the City prior to payment;
6. Supervising the work, and having a competent superintendent/project manager at the project site with full authority to act for the contractor;

7. Taking proper means to protect the property and adjacent or adjoining property which might be insured or seriously affected under the construction contract;
8. Maintaining the work area, including storage areas, free from accumulations of waste materials;
9. Maintaining a healthy, safe work environment; and
10. 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 requirement throughout the life of the project and Program participation;
2. That the project procurement and funding meets Program requirements;
3. Participation 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 Project Coordinator 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 Project Coordinator 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 signed at the commitment appointment. Other documents may also be signed, 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.

ADMINISTRATIVE ISSUES

In the event of a file review, we may discover grammatical or calculation errors, improperly executed documents or forms. We require you to cooperate with City staff to ensure said corrections are completed within 30 days of notice.

Step 9. Warranty Period

1. **One Year Warranty.** The warranty period commences on the day you sign the owner work acceptance form 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 construction contract, the other contract documents, and recognized industry standards.



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

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 warranty 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 the real estate lien note, 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. **Loss of Income.** After the closing of a project, if you experience a permanent, substantial loss of income that may result in delinquency or foreclosure, you should contact us immediately to discuss the terms of your note.
4. **Compliance with HUD Regulations.** At least 51% of the tenants occupying your property will be Low- to Moderate Income Families, as defined by HUD. Rents for the assisted units will not exceed HUD's published Fair Market Rent limits. If the results of the City's annual monitoring visit conclude non-compliance with HUD regulations, you may be required to repay, as established in the real estate lien note and the deed-of-trust, the loan.



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 Program is designed to ensure:

1. Funds are targeted to provide housing improvements 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 repairs eligible.

FAIR HOUSING



In the administration of the all federally-assisted housing programs, the City shall 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

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, Texas 75025, or 972-208-8150.