



**Alameda County Community Development Agency (CDA)
Healthy Homes Department
Housing Rehabilitation Program**

Property Owner Manual

2015

Dear Homeowner:

Thank you for your interest in participating in Alameda County Community Development Agency (CDA) Healthy Homes Department's Housing Rehabilitation Program. Our goals are to conserve, preserve and improve the housing and neighborhoods of low and moderate-income families. To this end, we provide loans and grants to property owners who are lower income or who own rental property that is occupied by lower income tenants.

What are the benefits of participating in our programs? We provide low interest loans or grants to qualifying properties and owners. We provide a property inspection to alert you to the condition of your property. We will prepare a scope of work to assist you in the getting bids from contractors. We may assist you in selecting a contractor. We assist you in monitoring the construction.

It should be clearly understood that this role is to educate, strengthen and reinforce *your* decision-making capabilities. This means that you will have the right to negotiate work to be included; you will have the right to select or reject contractors *based on the lowest responsible bid*; you will the have the right to negotiate prices; you will have the right to accept or reject work and to authorize payments.

However, this role is not opening, ended or undefined. The work is financed through CDA or your City or jurisdiction, and as such, we provide the structure to the program. The Owner's Manual is to inform you of the procedures, the documents and definitions that determine what may and may not be done under the program.

Alameda County CDA attempts to provide housing preservation technical assistance and rehabilitation work to the greatest number of eligible clients and encourages an atmosphere of cooperation and safety. As a condition of participation in housing rehabilitation programs, CDA reserves the right to refuse or terminate services under conditions that: a) prevent our Department from performing its duty to its constituents in the most effective and safe manner, or b) prevent the Contractor from performing its contractual obligations. These conditions include, but are not limited to:

- Adversarial conditions,
- Unsanitary or unhealthy conditions,
- Excessive storage, clutter and debris,
- Dangerous conditions,
- Unreasonable demands,
- Inability to make timely decisions,
- Or/and if the Owner/Occupant is unwilling to cooperate with the inspection and risk assessment, repairs and rehabilitation, or vacate persons or property to facilitate repairs or rehabilitation, or if the client interferes with the work.

If these conditions exist, the CDA Construction Manager may propose to terminate and cancel the project. However, clients may appeal their case to the Healthy Homes Department Director.

Please read and understand this manual. If you have questions, call (510) 567-8231. Again thank you for participating in our programs.

Housing Rehabilitation Program

Healthy Homes Department

Alameda County Community Development Agency

Address: 2000 Embarcadero, Suite 300, Oakland, CA 94606

Website: www.achhd.org

1. How to Apply

Before participating in our program, you must first complete and sign an application so that we may determine your eligibility. Why do we require this? Our sources of funding require that all participants must meet certain income requirements and own the property to be rehabilitated. The application is the first step in verifying your eligibility.

We conduct “Application workshops.” During these workshops, which last approximately one hour, we assist you in filling out and completing your application forms to facilitate your housing rehabilitation project. We inform you of dates these workshops are conducted so that you can schedule your appointments appropriately.

When we review an application, we must establish three things: ownership, household income amount and credit worthiness.

We establish ownership by ordering an express title report, performing a title search by using a computerized real estate information service and by verifying with the County recorder. There is a charge for these services, as part of the normal loan fee schedule. These charges may include, but not limited to, the title search, credit report, express title report, loan origination fees, recording fees, and, if applicable, a Living Trust fee. If your loan is approved and closed, these costs are included in your loan. If your loan is not approved, you may still be liable to pay for some minimum charges.

All owners who participate in the program must meet income guidelines, or in the case of rental property, the property must be

occupied by tenants who meet the income guidelines. The guidelines are established by your City or Jurisdiction.

For owner occupied properties, we must verify the income of each member of the household. We require that the verifications be from either a third party, such as a bank or employer; from review of documents such as pay stubs or bank statements; or in certain cases, a notarized statement.

Household income includes the income from all persons who live in the household. Household income includes wages, net income from a business, interest, dividends, and payments from social security, unemployment, disability, AFDC or any other forms of government assistance, child support, alimony, regular received gifts and actual interest received or current market value of household assets. Assets include savings and checking accounts, stocks, bonds, equity in real property or a business, cash value of life insurance policies, etc.

We also review the borrower's credit history. A poor credit history will not automatically disqualify an applicant. We will request an explanation of the circumstances and we will consider this in our approval process.

Once you are approved for loan funds for the Housing Rehabilitation Program, we require that you not enter into any financial transaction that will affect your approved loan. As an example, if you apply to refinance your new CDA loan, that may trigger our Agency to stop all work. When that happens, we will need to charge appropriate fees and staff costs for this work.

For rental property, we also request a net worth statement from the owner(s), operating expense history of the property, two most recent years of tax returns, a list of tenants and projections of anticipated

income. We also require certification of the tenants' income and we provide the tenants notice of the rehabilitation process and their role in it.

We then review the information submitted. A preliminary qualification will be granted if program guidelines are met. As part of this approval, we will indicate an estimated interest rate, term, amount of loan and a payment amount, if applicable. Your approval will be good for six months. Funds are limited and projects are funded on a first come first served basis. If you are not approved you will also be notified in a letter which will specify the reasons. If you do not agree, you have the right to discuss this with us.

2. Deciding on What Needs to Be Done

The primary objective of the Healthy Homes Department Housing rehabilitation Program is the rehabilitation of housing to standard condition as defined by our Residential Rehabilitation standards.

Once you have been qualified, a Housing Rehabilitation Specialist will be assigned to your project, who will schedule a site visit to your property. He/she will conduct an evaluation of the property based upon our Residential Rehabilitation Standards and note all items and areas that are not in conformance with these standards. Only items that are noted as being not in conformance are eligible to be included in our loans or grants.

3. The Deficiency List

After the inspection, the Housing Rehabilitation Specialist will produce a Deficiency List, with his/her estimates and a work write-up of items that are required to bring the property into conformance with our standards. You will be given a copy of the Deficiency List

to review and approve. The Deficiency List may *include* a room-by-room description of the work to be performed. It is used in conjunction with the Technical Specifications. The Deficiency List will describe what to do and where. The Technical Specifications will define terms, minimum quality standards and the general conditions of the contract. Please read them carefully.

4. The Loan Closing

Your loan amount will be based on the Housing Rehabilitation Specialist's best guess estimates, plus costs to cover special inspections, credit and title fees, loan processing fees, recording fees, Notary fees, Document Preparation fees, other appropriate fees and contingency costs. You will be required to attend a loan closing. You will be asked to sign the loan documents and then you will execute the construction contract. The loan documents include:

- a promissory note for the amount of the loan
- a deed of trust to secure the promissory note
- a statement disclosing the loan terms
- a notice of your right to rescind the loan
- a voucher for payment of fees to CDA

Borrowers receiving loans for rental properties will also be required to execute:

- a rental agreement regulating the use and/or the rents of the property
- a security note and deed of trust to enforce compliance of the terms of the rental agreement

We will also provide you with an itemized list of how the funds will be used and copies of all documents that you execute.

5. Cancellations

By State Law, borrowers have the right to a three-day right of rescission. Should you rescind, or cancel your loan within the three-day period is up, you will need to send us, in writing, your request to rescind the loan. You may be responsible for any advanced fees or charges we incur on your behalf, on matters relating to your housing rehabilitation project. Such charges include, but are not limited to, various inspection fees (termite, chimney, property inspection, etc.) and credit report fees, title reports, etc.

After the three workdays have elapsed, we will contact you to schedule a bid walk.

6. Getting a Price

Your Housing Rehab Specialist will conduct a bid walk in your behalf. Contractors who will express an interest in your project will show up in this bid walk, and submit a bid to CDA for review. *The contractor who submits the lowest responsible bid is normally awarded the job.* We require the contractor chosen to have a current license, carry workers compensation and liability insurance and be "reputable". What is a reputable contractor? We require a contractor to be able to:

- Perform quality work
- Know building codes and laws relating to construction
- Complete work on schedule
- Organize and coordinate construction tradespersons
- Communicate with all parties
- Operate a small business

- Keep appointments and be on time
- Follow-up on complaints
- Negotiate a resolution of disputes,
- Follow program procedures

If the above qualifications are not met by the contractor who has submitted the lowest bid, you will choose the next lowest responsible bid.

7. Selecting a Contractor

It is ideal that at least three contractors submit bids for your project. Once the bids are received, we send a notification of bid results to all bidders. Then, we review them with you. As the funding agency for the loan, we have a responsibility to insure that our funds are used efficiently and responsibly. We will not approve a loan if the bid is too high for the work involved, too low to complete the work according to our standards, or if the contractor is not able to assure us that, they are competent to complete the type of repairs involved.

8. Contract Signing and Notice to Proceed

We will notify the contractor you select. They will be requested to attend a pre construction meeting with us and supply us with an item-by-item breakdown of the cost of the project. We need this if there are additions or deletions to the work. You, with our assistance, will review and discuss the work with the contractor. The goal is to answer your questions to minimize any potential misunderstandings regarding the work. At this time, you should resolve issues such as colors, finishes, patterns, etc. After these issues have been resolved, you and the contractor can enter into contract.

The construction contract is our standard document. The contract covers start and finish dates, payment procedures, workmanship, government requirements and other general conditions. Also included as part of the contract are the work write-up and the Technical Specifications.

9. Construction

It is between you and the contractor, with our assistance, to agree on a schedule for work. Remember, having work done on your property will not always be easy.

- Problems may arise.
- Schedules are hard to follow at times.
- Construction is messy.
- Accidents may happen.
- Delays may happen.
- Products may be out of stock.
- The weather may interfere with the work.
- Your power or water may be interrupted if the contractor needs to work on those systems.
- Unforeseen circumstances may occur.

If problems arise, communicate with the contractor directly. Subcontractors or workers may not always have the whole story. The County does not accept liability for the contractor's work. However, we are available to assist you and help solve problems.

10. Making Changes in the Contract

The contract may be changed after the closing if unforeseen work is needed. Some problems are difficult to detect until construction is underway. The contract is changed by a "Change Order" which adds or subtracts work from the contract. All change orders must be requested in writing. We have a form for the request. The form must be signed by the owner, the contractor and CDA before the changes are made or it will not be approved. Change orders will not be approved just to spend the contingency or for unnecessary work.

11. Getting the Contractor Paid

When the contractor has completed the work or a substantial portion of it, you will be asked to sign a Request for Payment. It should list the work that has been completed in detail sufficient so that you can understand it. Under no circumstances should you feel pressured into signing the voucher if you are not satisfied. If there are problems or questions, we will assist you in resolving them.

Remember that you have a contract and that if the contractor has completed the work per the contract, they have a right to be paid. Similarly, if the work is not completed according to the contract, you have the right to refuse to pay.

Upon receipt of a payment request, we will schedule an inspection. The work authorized and completed will be reviewed. If the work meets CDA standards and industry standards, we will sign the payment voucher and process it for payment. If the work does not meet our standards, the contractor will not be paid. They must correct any problems. If they do not correct them, the contract could be terminated. We will also hold back a minimum of 10% of the amount requested for payment to be released when the job is complete.

Once the voucher has been approved by the borrower and by the Housing Rehab Specialist or Technician, it is forwarded for issuance of a check. Checks are issued on a weekly basis to contractors.

12. Closing out the Project

When the project is completed, a Notice of Completion is filed with the County of Alameda Recorder's Office. Thirty-five days after recording, we will release the final payment due the contractor. You will also be requested to sign a voucher for the return of any funds that were not used in the construction. This is usually the contingency. These funds will be applied towards your loan balance and your promissory note will be reduced accordingly.

13. The Contractor's Warranty

For one year after the Notice of Completion, you have a warranty for all work performed. The contractor should also provide you with all manufacturer's or appliance warranties. If you have problems, always call the contractor. You may call us if they do not respond, and we will attempt to resolve the issue. If we determine the issue is legitimate, and the contractor refuses to respond to legitimate warranty items, sanctions may be enforced against the contractor. This may include suspension from future bidding opportunities.

14. A Final Note

Our goal is to assist you, the homeowner, and provide the support needed to ensure that the rehabilitation of your home is a satisfying as well as rewarding experience.

Acknowledgement:

(Please remove this page only and submit with the rest of the application form for housing rehabilitation.)

I have received a copy of the Homeowner Manual:

Homeowner/Applicant

Date