

REHABILITATION PROGRAM

Application, Loan and Rehabilitation Process

The following is the process used when you apply for and receive a loan from the City for rehabilitation of your home.

1. All loans will be processed by a First Come – First Served Waiting List System. Placement on the list will be determined by the date that **fully completed** Applications Packets are returned to the HRA. If an Application packet is returned but does not contain all required forms completed and signed plus **all** other requested information, that application will be moved down to the bottom of the list until **all** missing or incomplete forms and information is received.
2. Upon review of the application for eligibility, applicants will be contacted by a letter or phone call that they have been determined to **appear eligible** at this point and asked to contact the HRA to schedule a Housing Rehabilitation Standards Inspection plus a Lead Based Paint Inspection/Assessment of homes built through the end of 1977. The Lead Based Paint Inspection/Assessment fee be around **\$600 plus lab fees** which will be wrapped into the loan. However, a check for the inspection will be required up front and returned at the time of closing.
3. The HRA Housing Inspectors, who will determine whether the property is suitable for rehab, will conduct inspections and Assessments. Suitable for rehabilitation is defined as: A building is suitable for rehabilitation when it is structurally sound. To be rehab, a building should be vertically plumb within three degrees and shall have no significant rot on the majority of the floor joists, studs or rafters that are weight bearing. Foundations and basement walls shall not be deteriorated to the extent or so out of alignment that they do not adequately support the building and can not be corrected without complete replacement.
4. After the inspections and the house appears to be reasonably suitable for rehabilitation, the Housing Inspector will write work specifications for the rehabilitation to be done to the property. The Homeowner will be asked to review the specifications for approval. If there are any concerns about the specifications, the Homeowner and the Housing Inspector will meet to discuss the concerns.
5. Once the specifications have been approved, the Homeowner will choose which contractors to have the specifications sent to. There will be a deadline date chosen for bids to be turned in to the HRA office. After the deadline date, the bids will be opened by the HRA staff and the Homeowner.
6. After contractor selection and a total project cost have been determined, the loan package will be presented to the HRA Loan Review Committee for approval.
7. **If approved**, the Homeowner will be required to sign all loan papers, including a Mortgage (**there will be a lien against the property**) that will be filed at the County Recorder's Office. At the time of the loan closing the Homeowner will be required to pay a \$46 or current fee for the filing fee per loan, and if required, an owner match payment to the City of Hutchinson.
8. On the same day, there will be a Homeowner-Contractor meeting with HRA Staff, so that all parties fully understand and agree upon the work to be done. There will be an execution of a Homeowner-Contractor Warranty before a Notice to Proceed is issued. (This meeting will usually be conducted at the home on the same day as the Mortgage papers are executed).
9. Work normally shall be complete in 90 days from issuance of Notice to Proceed. However, depending on the Lead Based Paint Assessment, time of year, or foreseen difficulties that may arise, some projects may need an extension of time for project completion. Change orders must be executed for all extensions.
10. Once a work item is completed, and approved by both the Housing Inspector and Homeowner, a Contractor will be able to submit a bill for payment to the HRA. The Homeowner will approve Contractor payments before processing by the HRA and the City Finance Department.
11. The City will issue all payment checks to the Contractor. Completion Certificates also need to be sign by the Homeowner, Contractor and HRA Staff, as well as Lien Waivers and Sworn Construction Statements signed by the Contractor, before the check issuance.
12. Once all the work is completed, received lead clearance, all required forms signed, and all payments to the Contractor made, the project will be considered closed and completed by the City and the HRA.

THE ABOVE HAS BEEN READ AND UNDERSTOOD BY THE UNDERSIGNED.

Homeowner Signature

Date

Homeowner Signature

Date