

# TRI HOUSING REHABILITATION

## CONTRACTOR'S MANUAL



# **HOUSING REHABILITATION CONTRACTOR'S MANUAL**

## **INTRODUCTION**

Housing Rehabilitation using CDBG (Community Development Block Grant) funds help tens of thousands of U.S. homeowners and landlords every year. CDBG Housing Rehab programs provide a loan or grant to income qualified low to moderate-income residents or participating landlords to make critical repairs to their homes or rental properties. The program will repair code violations, health and safety issues, replace failed septic systems, aging windows and doors and remediate lead paint and other hazardous materials. The program is not a “beautification” program. We do not provide upgraded kitchens with granite countertops, air conditioning unless medically necessary and we do not do “additions” to a home.

This manual is designed to assist General Contractors and their trade specialists (subs) to understand the rules and rationale for our housing rehab program while creating a template for General Contractors to follow when working. If you have a question regarding bidding on or working with a housing rehab program, please feel free to contact the Housing Rehab Program Manager or Rehab Specialist. If your questions are not answered to your satisfaction you may also contact the Grant Administrator.

Participating as a General Contractor in a housing rehab program is a great way to keep your workers busy on a year-round basis, earn extra income and give back to your community.

## **APPLICATION PROCESS FOR CONTRACTORS**

Because the CDBG housing rehab program is funded with state and federal dollars we follow a strict protocol for accepting General Contractor's into the program. Every General Contractor is eligible to participate and bid on our projects, but you must first complete an application providing your Massachusetts Licensed Construction Supervisor's license number, insurance information and commit to following our rules and regulations.

**Please see Attachment 1: Contractor's Introduction Letter**

## **INSURANCE & LICENSE REQUIREMENTS**

The New Contractor Application contains a list of licenses and requires your insurance information. If you have questions, please contact the Program Manager

**Please see Attachment 2: New Contractor Application & Checklist**

## **BIDDING ON HOUSING REHAB PROJECTS**

Each General Contractor registered with the local Housing Rehab Program will receive an e-mail at least one week in advance of a project going out to bid. The e-mail will list a date, time and address for the G.C. to attend a "Contractor Walk-Thru" of the property to be rehabbed and a Work Write-Up specifying exactly what work has been approved, the exact specifications and scope of the work. The Invitation to Bid E-mail Includes:

- Bid Letter
- Work Write Up
- Blank Bid Sheet
- Bid Cover Sheet
- Non-Collusion Form
- Change Order Policy.

The housing rehab program's *Rehabilitation Specialist*, a licensed construction supervisor with a long and distinguished career in the construction trade, leads the walk thru. The Walk Thru is your chance to ask questions, see the property and the scope of work. Your bid will be due 7-10 days following the Walk Thru and may be dropped off to the Program Manager's office, Mailed or E-Mailed.

At the specified time, the Program Manager opens all bids with a witness. The bids are listed on a spread sheet and distributed to all the General Contractors who bid on the project. Your bid amount becomes part of this "public document". If you have not been a successful bidder, reviewing the bid sheets is a great way to determine how close your bid was and may provide a clue to bidding successfully on the next project.

The homeowner is provided with the bids and normally selects the lowest bidder. On rare occasion the homeowner may choose to personally pay the difference between the low bid and another bidder if they prefer a different contractor.

Once a bidder has been selected the Program Manager develops a contract. The contract is between the General Contractor and the Homeowner, signed by both parties. The Housing Rehab program is not a party to this contract.

**[Please see Attachment 3: Program Perspective & Qualifications](#)**

## **HOW THE PROGRAM WORKS**

Once you are awarded a bid there will be a meeting with the homeowner, the Contractor and the Program Manger. You will discuss the project, determine a start date and a construction timeline. If lead paint is being abated, then relocation of the residents/tenants will be discussed.

The homeowner or landlord will have many questions and may be involved in picking out colors, the materials specified in the Work Write-Up and miscellaneous items. This can be done at a later meeting with the homeowner at your mutual convenience.

We ask that you, the contractor, communicate regularly with the homeowner. We have found that by developing a good relationship with the homeowner you will have far fewer problems and the project can proceed smoothly and well. Occasionally a client will ask that you do additional work outside of the Work Write Up. This is between you and the homeowner however we ask that you a) complete the work funded with CDBG funds first and b) make sure that you sign a separate contract for the additional work with the homeowner. DON'T assume that the housing rehab program will assist in securing payment from the client for additional work and don't assume that the program has approved the work. If you have a question, contact the Program Manager!

## **CONTRACTOR PAYMENT PROCESS**

**Contractor payments are made within one week of your request for payment through the housing rehab program.**

To initiate a payment, you must provide an invoice with a Progress Payment Form. You must also call or e-mail the Program Manager and request an inspection by the Rehab Specialist. Inspections are done weekly and a check is cut soon afterwards. The Rehab Specialist will check your work and insure that you have used the materials specified in the work write-up and followed the Rehab Specialist's specific directions. If there is a discrepancy between the work completed and the work specified in most cases, you will not be paid until the work is corrected.

Typically, most projects have 3 or 4 Progress Payments. When the project is finished, the Rehab Specialist completes a final inspection with the homeowner. The homeowner signs off on all Progress Payments and on the Final Payment.

**Please see Attachment 4: Home Owner Program Guidelines**

## **HAZARDOUS MATERIALS ABATEMENT**

All homes constructed before 1978 are tested for lead paint before preparing the Work Write Up. Lead paint abatement may be completed by the General Contractor if licensed or through a third-party licensed lead paint abatement contractor. This is why we require all of our contractors to have taken both the RRP eight-hour course on how to work on jobs that were built prior to 1978 as well as the four hour “Moderate Risk “add on course that will allow contractors to do most of the lead abatement themselves without having to hire a “High Risk “de-leading firm. This of course is your choice but may make your project numbers higher to hire someone if it is not necessary.

## **CHANGE ORDERS**

Occasionally a change order is necessary due to an unforeseen condition.

Change orders are a rare exception in this program.

**Please see Attachment 5: Change Order Policy**

## **HISTORIC PRESERVATION POLICIES**

Every home that we accept into the program receives a detailed evaluation that is submitted to the Massachusetts Historic Commission before going out to bid. Some of our properties are in historic districts. If this is the case, then the General Contractor is responsible for filing the appropriate paperwork before construction with the Historic Commission. The Rehab Specialist will have specified “replace with in-kind” for some materials.

## **DISPUTES WITH HOMEOWNERS**

This program relies on strong communication between the homeowner, Program Manager, Rehab Specialist and General Contractor. We have completed hundreds of rehab projects over the years and have learned that as soon as a dispute arises the best course of action is to call the Program Manager. Traditionally he or she will have developed a strong relationship with the homeowner and will be able to successfully intercede on your behalf.

While most homeowner/contractor relationships remain very positive occasionally a dispute does happen. Please be assured that we will work with you and the homeowner to solve any issues that may arise.

If the homeowner remains unsatisfied there is a Grievance Procedure that they follow. At each stage of the Grievance Procedure you will be contacted, interviewed and asked for a proposed solution.

## **CONTRACTOR GUARANTEES AND WARRANTIES**

When the project is complete we ask that the Contractor meet with the homeowner to review all warranties, any equipment maintenance and operation of newly installed systems or components. All manuals are to be left with the homeowner. Also, at the completion of a project the homeowner provides an evaluation of the General Contractor and the Program.

**[Please see Attachment 6: GC Acknowledgement & Agreement to Terms](#)**

## **DO YOU KNOW SOMEONE WHO WOULD BENEFIT FROM THIS PROGRAM?**

The Housing Rehab Program helps homeowners stay in their homes when they can't afford critical repairs. If you know someone in one of the towns that we serve that would benefit from this program, please have them contact the Program Manager.

## **CONTRACTOR FORMS**

**Attachment 1: Contractor's Introduction Letter**

**Attachment 2: New Contractor Application & Checklist**

**Attachment 3: Program Perspective & Qualification**

**Attachment 4: Home Owner Program Guidelines**

**Attachment 5: Change Order Policy**

**Attachment 6: GC Acknowledgement & Agreement to Terms**



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Community & Economic Development  
**Housing Rehabilitation Loan Program**

Dear General Contractor:

Thank you for your interest in the Housing Rehabilitation Program. Please find listed below and attached to this letter the following documentation:

1. Contractor Information/Application Checklist
2. Rehab Overview – Included Program Guidelines for Homeowners
3. Contractor Perspective: Please read and retain a copy.
4. Contractor Qualifications Agreement – Please sign return to our office with your application.
5. Change Order Policy - Please read and retain a copy. Please sign return to our office with your application.
6. Contractor Application that should be returned with the following additional information as described in the Contractor Memo and being;
  - a. Copy of Massachusetts Supervisors License.
  - b. Copy of Home Improvement Contractors License
  - c. Copy of RRP and/or Moderate Risk De-Leading License.
  - d. General Liability Insurance Certificate
  - e. Workman's Comp Insurance Certificate

*Please read **thoroughly**, sign and/or fill out where applicable, **retain** copies for your records and return the originals to our office. Please note: should you become a qualified contractor for this program, it is **your responsibility** to become familiar with these procedures and uphold the standards of the program and workmanship customary in the residential construction industry.*

*This application must be submitted one month prior to be eligible to bid.*

Again, thank you for your interest and we look forward to reviewing your application.

Melissa Vincent - Program Manager Housing Rehab



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Please type or print. Completion of all fields are required.

COMPANY NAME

ADDRESS

TELEPHONE(S) Day Evening Fax

EMPLOYER TAX #

Check Type that best describes your business. Choose all that apply

- 1. General contracting 2. Siding, Roofing, Insulation 3. De-leading 4. Floor covering 5. Painting 6. Electrical 7. Plumbing & Heating 8. Masonry 9. Signs 10. Asbestos Removal 11. Windows 12. Other

Principals of Firm

NAME

ADDRESS

TELEPHONE(S) Day Evening Fax

WORK EXPERIENCE

NAME

ADDRESS

TELEPHONE(S) Day Evening Fax

WORK EXPERIENCE

History of Company

NUMBER OF YEARS IN BUSINESS NUMBER OF EMPLOYEES (If number fluctuates, give average)

HAS YOUR CONTRACTOR'S LICENSE EVER BEEN REVOKED? YES NO IF YES, PROVIDE DETAILS:

ARE YOU A FEMALE OR MINORITY OWNED BUSINESS? YES NO

ARE YOU A SECTION 3 CONTRACTOR? YES NO (See description on Page 3)

ARE YOU A MEMBER OF TRADE OR CIVIC ASSOCIATIONS YES NO IF YES, WHICH ONE(S)?



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HAVE ANY MEMBERS OF THE FIRM BEEN SUED WITHIN THE PAST 18 MONTHS BY SUBCONTRACTORS, SUPPLIERS, OR CUSTOMERS? \_\_\_\_\_ YES \_\_\_\_\_ NO (If yes, give details)

REQUIRED INSURANCE:

Table with 4 columns: TERMS AND LIMITS OF INSURANCE, POLICY #, LIMITS, CARRIER. Rows include PROPERTY DAMAGE, GENERAL LIABILITY, WORKER'S COMPENSATION.

CREDIT REFERENCES:

Supplier information form with columns: SUPPLIER, TYPE OF MATERIALS, PHONE #, CONTACT.

CUSTOMERS FOR WHOM YOU HAVE COMPLETED SIMILAR WORK DURING THE PAST 2 YEARS:

Table for customer references with columns: NAME, TYPE OF JOB, ADDRESS, TELEPHONE.

REFERENCES FROM COMMUNITY DEVELOPMENT PROGRAMS THAT YOU HAVE PERFORMED WORK FOR, IF ANY:

Table for community development references with columns: NAME, TYPE OF JOB, ADDRESS, TELEPHONE.



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**REQUIRED LICENSE INFORMATION:**

Please list the following information for the required license(s) you hold.

TYPE OF LICENSE	STATE LICENSED	LICENSE NUMBER	EXPIRATION DATE
MA CSL			
HIC			
*RRP			
*Moderate Risk De-leading			

*\*These licenses are required to work on homes built prior to 1978 for compliance with the appropriate Federal and State lead laws.*

**Please Note:** Following receipt of a completed application, TRI will review, vet and notify each applicant within fourteen (14) days. Copies of all licenses and insurance binders should be provided upon request. Additional compliance to program guidelines will be reviewed with each applicant prior to final acceptance into the TRI Contractor pool.

I CERTIFY THAT ALL INFORMATION IN THIS STATEMENT AND ALL INFORMATION FURNISHED IN SUPPORT OF THIS STATEMENT IS TRUE AND COMPLETE TO THE BEST OF MY KNOWLEDGE AND BELIEF. I HAVE REVIEWED THE PROGRAM OVERVIEW & GUIDELINES ON THE WEBSITE.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title

**Please return the completed form and its attachment(s) to:**

Dawn Lemon – Housing Rehab Program Manager

Ph: 413-645-3448

[dawn@theresource.org](mailto:dawn@theresource.org)

291 Main Street, Suite 314, Great Barrington MA 01230

Please call Dawn if you have any questions regarding this form or the Housing Rehabilitation Program and procedures.

**Description of section 3 contractor:** A Section 3 contractor/subcontractor is a business concern that provides economic opportunities to low- and very low-income residents of the metropolitan area (or non- metropolitan county), including a business concern that is 51 percent or more owned by low- or very low- income residents; employs a substantial number of low- or very low-income residents, or provides subcontracting or business development opportunities to businesses owned by low or very low-income residents. Low- and very low-income residents include participants in Youth build programs established under Subtitle D of Title IV of the Cranston-Gonzalez National Affordable Housing Act.

The terms “low-income persons” and “very low-income persons” have the same meanings given the terms in section 3(b) (2) of the United States Housing Act of 1937. Low-income persons mean families (including single persons) whose incomes do not exceed 80 per centum of the median income for the area, as determined by the Secretary, with adjustments for smaller and larger families, except that the Secretary may establish income ceilings higher or lower than 80 per centum of the median for the area on the basis of the Secretary’s findings that such variations are necessary because of prevailing levels of construction costs or unusually high or low-income families. Very low-income persons mean low-income families (including single persons) whose incomes do not exceed 50 per centum of the median family income for the area, as determined by the Secretary with adjustments for smaller and larger families, except that the Secretary may establish income ceilings higher or lower than 50 per centum of the median for the area on the basis of the Secretary’s findings that such variations are necessary because of unusually high or low family incomes.



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Community & Economic Development  
Housing Rehabilitation Loan Program

## Contractor Perspective/Qualifications

### **BIDDING PROCESS**

1. All interested contractors must be qualified by TRI Program Manager to participate in the bidding process.
2. All qualified contractors wishing to participate will receive a bid package via e-mail. This includes a Bid Letter, the work write-up prepared by our rehab consultant, a Blank Bid sheet, Bid Cover Sheet, non-collusion form and change order policy.
3. It is your responsibility to arrive to the sites on time, familiar with the project and prepared with any questions for the rehab specialist.
4. The site visit is conducted by the rehab specialist. All questions at this point concerning the project will be directed to the rehab specialists.
5. Contractors then generally have 7-10 days to complete a bid and provide an estimated start date.
6. A due date will be provided in the Bid Letter and all bids are due by this time and date. They may be delivered in person, via mail or e-mail.
7. Bid submissions must be received on time, complete and legible to be considered. Those missing any information or are received late will be disqualified.
8. After the bids are received they will be recorded on a bid result sheet, the contractor who is awarded the project will be contacted by phone and all contractors will receive the results via e-mail for review.
9. Once the low bidder has been chosen, the Housing Rehab Program Manager will proceed with the loan closing. The contractor and homeowner will sign a GC/Homeowner Agreement therefore creating a legal and binding document between the two. The Notice to Proceed is provided with a start and completion date. From here on the contractor will deal directly with the homeowner and is required to abide by the stipulations in the contract.
- 10. Contractors are expected to give serious consideration to their schedule of time before committing to a start and completion date.** Once this contract is in place, contractors are expected to adhere to their schedule of completion. It is important to recognize the goal of the program: Community Development. Details are provided in ***GC Qualifications Section***.

### **WORK AND PAYMENTS**

1. There are NO advance payments
2. All permits must be submitted at the onset of the job. Payments are made as the work is completed and all permits have been submitted, 10% of the amount requested is retained until the project passes final inspection. Upon project completion, final inspections signed and the presentation of the release of liens; the retainage is paid
3. Inspections by the rehab specialist and/or the program manager are required prior to all payments

**Our program is very time sensitive and paper intensive.** The arena for these types of grants is extremely competitive and achieving DHCD milestones are a program priority to maintain a revolving stream of funding into our region. We are required to get 80% of the funding spent by late summer to insure funding for the following grant cycle. There is funding for approximately 21+ units for the Oak Bluffs/ Edgartown Grant We aim to move efficiently, swiftly with accuracy and focus through the initial site visits, contractor walk throughs, the bidding process and closing. All projects must be completed by December 26th. This is only an over view of the HR Program. Please call if you have any questions.



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## Community & Economic Development Housing Rehabilitation Loan Program

### **Cont. PROGRAM OVERVIEW AND PROGRAM CONTRACTOR QUALIFICATIONS**

*To maintain a high level of workmanship for the Housing Rehab Loan Program Recipients within the parameters set forth by the DHCD and maintain state funds flowing into our communities the following is a review of the qualifications and guidelines required of all participating General Contractors:*

**CONTRACTOR QUALIFICATIONS-** Maintain qualifications to enter and remain in the bidding pool of contractors

1. Have Mass Supervisor Contractors license
2. Have Workman's Comp Insurance
3. Have Liability Insurance
4. Have RRP Certification and Four-Hour moderate risk lead add on
5. Able to meet the requirements of the program
  - a) Maintain a quality of workmanship that is standard and customary in the residential construction industry as determined by the rehab specialist and the program manager.
  - b) Fulfill the obligations of the Homeowner/GC Agreement.
  - c) Honor start and end dates of contract.
    - i. Contractors are responsible for completing the projects within the stated time frame as documented in the General Contractor/Homeowner Agreement and the Notice to Proceed. Any variation in this schedule must be brought to the attention of the program manager immediately for review and resolution.
    - ii. Set schedule with the homeowner prior to start date and submit to the program manager and rehab specialist.
    - iii. Responsible for obtaining necessary permits and ordering materials within a time frame that allows you to start and complete the projects on time per signed H/GC contract.
  - d) Submit completed documentation required by the program manager/DHCD on time.
    - i. Contractors are responsible to provide necessary documentation and forms upon request of the program manager to maintain files for future audits.
    - ii. No change orders permitted due to change of heart by homeowner-**the answer is no.**
  - e) Past and current performance and scheduling will be considered (if applicable).

### **PROBLEM SOLVING/ CONFLICT RESOLUTION**

1. Maintain open communication of projects with the rehab Specialists and Program Managers regarding all changes, homeowner conflicts and problems:
  - Questions pertaining to specific scheduling of work must be coordinated with the homeowner.
  - Questions pertaining specifically to the approved WWU should be directed to the rehab specialist.
  - Any questions/problems with this policy should be directed to the program manager.
  - Questions pertaining to payment and policy should be directed to the program manager
  - Particularly difficult questions/problems with any of the above parties or situations that may jeopardize the project completing on time should be brought to the program managers' attention immediately for resolution.



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## Community & Economic Development

### Housing Rehabilitation Loan Program

2. Any questions or problems pertaining to any of the program projects or any of the project participants (including the program manager) should be handled as follows:
  - Brought directly to the program manager for resolution.
  - If unsuccessful, it is the program manager's responsibility to schedule a meeting with the Grant Administrator.
  - If no resolution can be found at this point all parties will follow the official grievance procedures.

*This flow is essential to maintain productive and successful relationships that are necessary for the program and all parties involved to continue to thrive.*

#### **PROGRESS MONITORING**

Attached is a survey sent to all participating homeowners to evaluate their experience with the Housing Rehab Program. This is one tool that is used in helping to determine whether a General Contractor is maintaining his/her qualifications in the program. **Consistent low scores on these surveys could affect future participation in the bidding process.** If it is determined that a GC has become non-compliant with the program/contractor protocol as stated and with the Program Guidelines as laid out by the MA Department of Housing and Community Development, the Program Manger has discretion to limit or suspend participation in future bids or bid awards until the issue is corrected. Examples of non-compliance includes but is not limited to the following:

- A contractor consistently falls behind in the completion of his/her projects for unapproved reasons i.e.:
  - Over commits to projects in one or more programs- combined total or
  - Lack of timely communication with the Homeowner, Rehab Specialist and/or Program Manger
  - Causes unnecessary delays in contract completion –fails to order materials on schedule
  - Is consistently unable to reign in challenging homeowners
- A contractor is unable to produce/provide the necessary documentation/forms on a consistent basis.
- Fails to deliver quality workmanship as defined by the Rehabilitation Specialist and Program Manager.
- Unable to resolve construction issues in a timely manner.

**A suspension is not viewed as exclusion but simply as a time to regroup and get back on schedule**, which could be achieved by one or more of the following: project completion, presentation of the schedule to bring the project to completion in a timely fashion or providing missing documentation. Once that has been achieved a contractor is welcome to join in the bidding process once again. This policy does not apply to unforeseen circumstances, extreme weather, delays caused by historic commission issues, suppliers etc. Therefore, such an edict is not decided lightly, and all circumstances will be reviewed on a case by case basis.

#### **CONCLUSION**

It is the intention of the program to operate in an environment of respect, responsibility, and cooperation for the program to thrive and expand in the years to come. The vision is to continue to maintain the richness of our community by improving the lives of our residents. By providing quality service, workmanship and jobs in an efficient and timely manners ensures continued funded for this program and the possibility of new opportunities for all.



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Community & Economic Development  
**Housing Rehabilitation Loan Program**

**CDBG GRANT**

Serving year-round LMI (low-moderate income) residents of  
Egremont, Monterey and Great Barrington.

To be funded through a Community Development  
Block Grant (CDBG) from the  
MA Department of Housing and Community Development (DHCD)

**PRIORITIES OF THE PROGRAM ARE TO:**

⚙️Correct and update health/safety codes, building envelope updates, energy efficiency  
upgrades, address lead paint hazards in residences owned and occupied year-round by LMI  
residents⚙️

⚙️Improve the supply of affordable-rent units for year-round LMI tenants⚙️

**Up to \$40,000 per unit is available for properties in Egremont, Monterey and Great  
Barrington.**

**PROGRAM GUIDELINES FOR HOMEOWNERS**

The Housing Rehab Loan Program is funded through an annual Community Development Block Grant awarded by the MA Department of Housing and Community Development (DHCD) to help preserve existing housing stock for year-round residents of Egremont, Monterey and Great Barrington. The program addresses critical repairs on private homes, owner-occupied and investor owned rental units - who income qualifies according to LMI (low-moderate income) guidelines set by HUD (per income tables at the end of this document).

TRI-The resource Inc is a non-profit agency which over the past few decades has been involved in the delivery of several grant rounds of CDBG Funds. This responsibility includes all implementation, monitoring and reporting tasks according to DHCD guidelines on behalf of the Grantee. The grantees are: The Town(s) of Egremont, Monterey and Great Barrington.

**GRANT PRACTICES AND PRIORITIES:**

It is part of the TRI's mandate to identify and solicit eligible applications from property owners in the above towns. We do this through a variety of outreach initiatives, which include working with the active support of community partners in the participating towns.

Regional CDBG Grant guidelines

**Applications for loans are processed on a first-come, first-served basis.** Once qualified, a project may be assessed and ranked against other qualified applications in terms of code priorities; any emergency need takes priority (e.g. failed heating system in winter). On occasion, TRI must reject applications despite the presence of eligible work. Reasons for this may include: lack of program funds; conditions requiring substantial rehab beyond scope of the program; costs exceeding program limits; title issues; ineligible tenants; factors that suggest the borrower may be unable to comply with the terms of the program.

## **I. PROPERTY GUIDELINES**

### **A. Owner-Occupied Single-Family Units (Primary Residence)**

1. Declining loans structured as mortgages are made to owner-occupied single-family units to cover essential upgrades on a primary residence. The declining loan is secured by a property lien recorded at the Berkshire County Registry of Deeds. This lien is removed by a mortgage discharge after 15 years of compliance by the borrower has passed; the loan balance declines by 1/15<sup>th</sup> in each year of compliance until it reaches zero.
2. Borrowers must hold title to the property (LMI life tenants may apply if owner agrees and signs).
3. All those named on a deed must agree to the loan by signing all legal documents even if they do not occupy the premises.
4. The maximum loan amount of \$40,000 is available to rehab dwellings only.
5. All loans are developed within a “moderate” rehabilitation framework for code, health and safety upgrades.
6. Borrowers must meet LMI income guidelines set out in the chart below according to household size.
7. Borrowers whose property does not remain their primary residence throughout the loan term must either pay back the loan balance or rent the property to an LMI tenant year-round at a fair market rent set by HUD.
8. No penalties will be assigned if borrowers remain in compliance and notify TRI of any changes of property status. (Participating Towns will document compliance annually, by letter, for the term.)
9. The borrower may sell the property during the 15-year term. Upon the sale or transfer of the property the owner will repay the unforgiven portion of the loan. (Participating Towns allocates this income to community projects.)
10. Direct heirs may assume the loan and its obligations if title to the property transfers before term ends. They may live in the property, find eligible LMI year-round tenants for the property, or sell the property and pay back the remaining balance due.
11. On occasion borrowers are permitted or may be required to provide a portion of total costs; such funds are the sole responsibility of the property owner and must be verified prior to loan approval.

### **B. Rental Units: Single, Multi--Family, or Accessory Units in a Single-Family Residence**

1. Declining loans structured as mortgages are made to owners of units in existing buildings to be upgraded rental units that house LMI (low-moderate income) tenants year-round at fair market rents set by HUD.
2. The loan is secured by a property lien recorded at the Berkshire County Registry of Deeds. This lien is removed by a mortgage discharge after 15 years of compliance by the borrower has passed; the loan declines in each year of compliance by 1/15<sup>th</sup> until the balance reaches zero.
3. The 15-year deed restriction remains with the property for the full term of the loan. In the event of a sale, the buyer must assume the rental restriction on the property for the remainder of term of the loan.
4. Direct heirs may assume the loan and its obligations if title to the property transfers before term ends.
5. Properties with up to 7 rental unit(s) may be eligible for funding of up to \$40,000 per unit if they are not already deed-restricted as “affordable.” Decisions on rental units are based on the income of the owner and tenant(s) in the property, the degree of construction required, and availability of program funds.
6. Landlords who qualify within LMI guidelines are eligible to apply for loans which will cover 100% of the rehab costs.
7. Landlords must have income-certified existing or prospective tenant(s) to qualify for a loan. TRI provides forms for certification; tenant selection otherwise is the sole responsibility of the landlord.

8. Participating Towns perform an annual audit by letter, including verification of tenants and rents, throughout the 15-year term of the loan. (Non-compliance by owners risks default penalties.)
9. Acquisition of zoning variances and special permits are the sole responsibility of the property owner.

## II. HOUSING REHABILITATION LOAN TERMS

- A. Up to \$40,000 per owner-occupied or rental unit are conveyed in a declining Deferred Forgivable Loan (DFL) @ 0% interest for a 15-year term, secured by a property lien recorded at the Berkshire County Registry of Deeds.
- B. The 0% DFL is forgiven (declines) by 1/15<sup>th</sup> annually, if the borrower(s) remain in compliance. The entire loan is forgiven, and the recorded mortgage discharged at term end.
- C. Loan-related costs are included in the DFL and reflected in closing documents, including but not limited to recording fee, credit check, and lead inspection fees. Closing costs range between \$200 and \$1000.
- D. A key aspect of this program is the ability to “leverage” funds to supplement funding by the TRI Housing Rehabilitation Loan Program. Sources of leveraged funds include: property owner’s funds, Martha’s Vineyard Savings Bank, Cape Cod Five Program, Cape Light Compact, Southeastern Middlesex Opportunity Council and USDA Section 504 loan/grant program.

### E. PROPERTY CODE, HEALTH AND SAFETY REPAIRS AND UPGRADES

Priority of the program is to correct all code violations, structural and sanitary; this includes de-leading if circumstances require it. Within DHCD guidelines, the program covers the repairing/upgrading of exterior items, including roofs, trim, gutters, entry doors, et al. Improving energy efficiency is also a key program goal. All repairs and upgrades must align with State, Federal and local building and safety codes and be approved according to state and local historic and environmental regulations. Some examples of typical rehabilitation work performed include: roof and siding replacement or repairs, window and door upgrades, well and septic replacements, weatherization and heating upgrades, electrical and plumbing upgrades, handicapped accessibility, and egress improvements.

Certain code failures must be addressed regardless of client expectations if program funds are to be made available at all. These are determined in advance as part of an overall work plan agreed with the client. Typical small maintenance repairs, cosmetic upgrades and/or remodeling are not program approved use of CDBG funds.

## III. PROGRAM TECHNICAL ASSISTANCE ON PROJECT DEVELOPMENT AND IMPLEMENTATION

The Housing Rehabilitation Loan Program develops and implements projects through the services of licensed and insured rehab specialists and general contractors who have registered their credentials, including excellent references, to the staff program manager. The housing rehab specialist inspects the property and prepares a work write-up based on code issues that are present, in consultation with the homeowner and within DHCD budget limits. The work write-up is submitted to the homeowner for review and agreement before being sent out to bid by general contractors registered with the program. Once a project is under contract and construction, the TRI rehab consultant and program manager, or their designee, inspect the ongoing work through to completion of the project.

## IV. REQUIRED INCOME-DOCUMENTATION FOR APPLICANTS

In addition to providing information requested on the application form, complete, accurate and up-to-date documentation of income is required of all applicants according to your circumstances.

*We recommend that you read completely through the notes charted on page 4 to understand what is required. Please call the Program Manager with questions so that she can help you avoid unnecessary delays.*

- ❖ *Income documentation is required for all members of the household 18+ years old and must be submitted before TRI can perform the initial review.*
- ❖ *Provide photocopies of all documents, not originals.*
- ❖ *Some documentation requires notarization. Notaries can be found at most local banks and Town offices.*

Please return a fully completed, signed and dated application form, including all information requested, *along with the following valid documents:*

**Salaried income or Unemployment income - for all Household Members 18+ years old**

1. Pay stubs for most recent 8-week period for every member of your household working for an employer.
2. Pay stubs for most recent 8-week period weeks of Unemployment Benefits.
3. Full-time students or unemployed household member must provide a notarized statement affirming this status.

**Self-employment income - for all Household Members 18+ years old**

1. Copies of your entire IRS Tax Return 1040 for 2020 and 2021.
2. If the self-employed earner does not file taxes, a **Notarized Statement** reflecting earnings and expenses for 2019 including dates, addresses of jobs, amounts paid, related expenses - to determine net profit.

**OTHER INCOME: verification of other income as applicable to Household Members 18+ years old**

**Benefit statements** for Public Assistance, VA, Unemployment, SS, SSI, disability and a verification letter or periodic statement from each pension/investment income source stating the amount and frequency of benefits.

**Child Support**, either 1) Child Support Order and Divorce Decree; or 2) Notarized Statement that you are not receiving child support.

**ALL applicants and household members 18+ years old must submit:**

1. **Complete financial statements:** spanning the past 2 months: --for any/all checking, savings, investment and retirement accounts.

2. **IRS “1040 Return Transcripts” for every adult for tax years 2020 and 2021: You are responsible for completing and sending to the IRS Request for Transcript form (Form 4506T) included in this packet, requesting 1040 “Return Transcripts” for tax years 2020 & 2021.** Done by mail or fax, the transcripts are sent directly to the homeowner in about 10 days. Done by phone (1 800 908 9946), asking for a “1040 Return Transcript” for 2020 and 2021, they are sent to you. Send in the form even if you have not filed.

**INCOME GUIDELINES**

**LMI (low-moderate income) limits for Dukes County**

Below are the total allowable LMI (low-moderate income) limits per size of household for qualifying for the Housing Rehab Loan Program. LMI limits are set by HUD at 80% average median income for Berkshire. Total income means income from all Adults 18 years old or over living in the household. Household size means *and children living in a household regardless of their relationship*.

Landlords or potential landlords who are above LMI Income are eligible to provide and receive matching funds up to \$40,000 per unit to rehab or create a unit for year-round rental to house LMI tenants per HUD guidelines.

Family Size	1	2	3	4	5	6	7	8
Low Income	52,750	60,250	67,800	75,300	81,350	87,350	93,400	99,400



the resource inc.

Community & Economic Development

**Housing Rehabilitation Loan Program**

RE: **CHANGE ORDERS**

Dear Contractors,

Please review and acknowledge the terms and conditions for changes made to your General Contractor and Homeowner Agreement; i.e. WWU, Bids, and Progress Payment Schedule:

- Changes permitted to be made to the scope of work and/or schedule of completion are:
  1. Unforeseen conditions arising on a project that; affect the safety of the homeowner and/or reveal code violations.
  2. Force Majeure- causes beyond reasonable control; i.e. inclement weather, delivery delays of material etc.
  3. Unexpected availability of third party leveraged funds.
- When such a circumstance arises, it is expected that the Homeowner, Rehab Specialist and Program Manager be informed immediately.
- Change order forms must be completed and signed by all parties (homeowner, contractor), approved by the Rehab Specialist and **authorized by TRI before** the changes can be made. The change order should include a narrative describing the changes and a dollar value for the changes.
- Photographs illustrating the condition to be changed are **required** before approval can be issued.
- Changes that affect the scope of work and/or the contract time which are made **before** a change order is delivered to and approved by TRI and the Rehab Specialists will **NOT** be paid for.
- Changes that do not interfere with the contract price but effects some other term of the contract; that have not had a change order submitted and approved will **NOT** be paid for.
- A verbal authorization is **NOT** enough to make the changes.
- TRI and the homeowner will **NOT** be responsible for the work outside of the approved scope of work. Contractors making changes and doing the work before submitting a change order will be 100% responsible for all costs and liability incurred by said work.
- Additional work requested by the homeowner that is not covered in your contract is not funded by this grant.
- It is in **the contractor's** best interest to submit the completed change order/s to the Program Manager immediately. A response to the change order will be issued in the timeliest manner possible.
- **There will be no exceptions to this policy**

Melissa Vincent - Program Manager

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**Contractor Signature** (I have read the above statement and I understand it completely)

**Date**

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**Printed name of contractor**



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**Housing Rehabilitation Loan Program**

**PROGRAM OVERVIEW AND GENERAL CONTRACTOR AGREEMENT**

I/We \_\_\_\_\_ have read the attached Program Overview and the Program Contractor Qualifications of the Housing Rehab Program and the guidelines for participating in the Program which is funded by the Massachusetts Department of Housing and Community Development. I/we \_\_\_\_\_ understand the requirements, and understand that I/we \_\_\_\_\_ may be temporarily or permanently suspended from future bidding opportunities, should I/we fail to maintain the required qualifications.

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(Signature) \_\_\_\_\_ Date \_\_\_\_\_  
General Contractor – Position

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(Signature) \_\_\_\_\_ Date \_\_\_\_\_  
Melissa Vincent – TRI Program Manager

**TRI- THE RESOURCE INC**  
**Housing Rehab Program**

**GRIEVANCE POLICY & PROCEDURE**

- A. The TRI Program Manager will be responsible for handling any initial grievance with a goal of resolving any issues.
- B. The Grant Administrator will be responsible for overseeing the investigation of any grievance or serious complaint lodged against the grant employees or programs, or not resolved at the program level.
- C. Grievances should be submitted to the Grant Administrator in writing. Individuals interested in filing a grievance may contact the Grant Administrator for assistance in doing so.
- D. The Grant Administrator has ten (10) business days to investigate the grievance and respond in writing to the party filing the grievance. The Grant Administrator will gather all facts and information to the best of his or her ability. Persons named in the grievance shall be interviewed. The DHCD CDBG Program Representative will be notified of any grievance.
- E. The Grant Administrator will initiate a file that includes the original grievance, a report of findings, and a copy of the Grant Administrator's determination and notification. The outcome of the grievance will also be documented.
- F. If the person or group filing the grievance does not agree with the outcome, an appeal may be filed. The Town Administrator will conduct his/her own investigation and report their findings to the filer of the grievance within ten (10) business days.
- G. If the person or group filing the grievance does not agree with the outcome, an appeal may be filed. The Board of Selectmen will conduct their own investigation and report their findings to the filer of the grievance within ten (10) business days. The findings of the Board of Selectmen are final.

Assistance is provided, if necessary, to facilitate any individual in participating in this grievance process.

\_\_\_\_\_  
TRI- Program Manager

Grant Administrator contact information

Alice Boyd  
Bailey Boyd Associates  
9 Hillside Road Scituate, MA 02066

Tel: 508 430 4499 ext 1  
Email: [aboyd@baileyboyd.com](mailto:aboyd@baileyboyd.com)

I/We have read and understand the grievance procedure.

Signed: \_\_\_\_\_ Date \_\_\_\_\_

Signed: \_\_\_\_\_  
\_\_\_\_\_ Date \_\_\_\_\_

