

Town of Skowhegan Housing Program Landlord Guidelines

PURPOSES OF REHABILITATION LOANS

EXEMPT: NO LOAN OR GRANT WILL BE GIVEN TO ANY CHURCH OWNED PROPERTY

I) The necessity of this Rehabilitation Program is based upon the following:

- A) Town wide Project- homes that need rehabilitation have been identified in all sections of Town.
- B) A significant number of homes are owned and occupied by elderly and/or low- income families living on fixed incomes.
- C) The average personal income of many of the residents has not kept pace with the rising cost of home maintenance.
- D) Most of these housing units were built prior to 1950 and lack sufficient insulation, resulting in wasted energy and high fuel bills.

Therefore, it is the purpose of the Rehabilitation Program to assist property owners living in the area in their efforts to provide safe, decent and sanitary living units for themselves, and their families, and to make their homes more energy efficient.

II) Structure of Program

Loans will be given under the following conditions:

A) 6% loans will be offered to landlords of single-family, renter occupied dwellings and of multi-family structures under the following conditions. (CD board can change Interest rate)

- 1) Landlords will be required to sign a statement at the time of the loan application attesting to the fact that they will not raise rent because of cost of the Rehabilitation of the structure. The landlord will be able to increase rent for normal increases such as taxes, electric, water, etc.
- 2) The property income shows that it will cover the full cost of the expenses of the building including the cost of the Rehabilitation Loan.
- 3) That 51% of the living units are occupied by LMI qualified families as determined under Eligibility Requirements below. If a unit is vacant, then the landlord must sign an agreement attesting that they will rent to an LMI family.
- 4) For three years after the completion date of the rehabilitation, no qualified tenant will be displaced through an increase in rent unless such increase is necessitated through additional repairs resulting from the tenants neglect or abuse. Any such displacement must be approved by the Program Director.
- 5) Landlords will be required to sign a mortgage deed.
- 6) All loans become payable upon sale, transfer or assignment of property within terms

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of loan.

III) Administration and Processing of Loan Applications

- A) The Chief Administrator of this program shall be the Program Director, whose duties include daily administration of the Program, including financial, personal and other authority that is necessary to insure that the program precedes smoothly.
- B) Application forms and information will be made available to all those interested upon request. Applications will be taken in at the Skowhegan Community Development Office or when necessary at the applicant's home. In rental situations landlords have to make initial application before tenant can receive application. All verifications on both tenant and landlord will be completed before inspection is scheduled.
- C) An inspection will be made by the Director, accompanied by the owner, to determine the extent and nature of the repairs that are needed to bring the home up to minimum property standards and make the house more efficient.
- D) Work Specifications shall be drawn up by the Director. Then reviewed and signed by the Program Director and Property Owner to insure that all are in agreement and understand the work scope of the project.
- E) The application, work specs and other necessary information are presented to the Community Development Advisory Board (CD Advisory Board) for their consideration. The CD Advisory Board will then approve or disapprove the application.
- F) Upon approval of an application, the work specs will be submitted to all approved contractors or at least a minimum of three or more approved contractors for that specific trade by the Rehab Tech for bidding purposes.
- G) When all bids have been submitted, the CD Advisory Board will make the determination of who gets the job. Contracts will go to the low responsible bidder.
- H) Once the contract is awarded, the Program Director, Contractor, and Property Owner will meet and review the scope of work, time period agreed to and if no problems, sign the contract. Once the contract is signed, there can be no changes, unless specifically authorized by the Program Director and Property Owner. All changes over five hundred (\$500) dollars have to be approved by the Skowhegan CD Advisory Board.
- I) Once the Contract is signed, the preliminary promissory note and CD Mortgage Deed is also signed by the client. This is updated at the close of the project subject to any change orders during the project.
- J) The Director will inspect work to insure that all Codes are being followed and that the scope of work is being followed. If the Property Owner has any complaints or problems they are to inform the CD office right away. Only the CD office has the authority over the contractor and is responsible for insuring that work is performed as specified.
- K) If a Property Owner does not feel their complaints have been acted upon within a reasonable amount of time by the Director, and if after a reasonable time the matter is not taken care of they should contact the CD Advisory Board. If the Property Owner still has a problem they can contact the

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Town Manager about the situation. If they feel that he/she has not done anything about their complaint, they should then go to the Board of Selectmen.

L) If the rehab work is to take longer than 2 weeks, a contractor can request a partial payment for work so far completed. This payment is not to exceed 75% of the total contract and must be approved by the Program Director.

M) When the contractor makes a request for final payment, the Director will inspect the premises to determine compliance with the contract provisions. When the Property Owner and Director have indicated their approval for the work performed, the Program Director shall authorize final payment to be made by check to the contractor, countersigned by the Property Owner and contractor.

N) If the work has been accomplished in a satisfactory manner and in compliance with the contract, and the completed work has been approved by the Director, but the Property Owner refused to endorse the contractor's check, without apparent cause, then the Program Director shall attempt to mediate the conflict and if it is determined that the Property Owner is unjustified in refusing to endorse the check, the Director shall authorize payment to be made by check written to the contractor alone.

O) Amendments- All general conditions listed 1-18 under the contract between Property Owner and Contractor will be followed.

IV) Priorities

Housing units, which pose an imminent threat to the general safety and welfare of the occupants, as determined by the Code Enforcement Officer and/or Fire Chief will receive top priority. Otherwise, selection of applicants for inspection by the Director will be made in the following order from the complete application on file at the Community Development Office;

- 1) Elderly disabled
- 2) Elderly, non- disabled
- 3) Family disabled
- 4) 1 person family disabled
- 5) Family non- disabled
- 6) Others

V) Eligibility Requirements

A) 51% of Tenants meeting income requirements. That 51% of the living units are occupied by LMI qualified families as determined under Eligibility Requirements below. If a unit is vacant, then the landlord must sign an agreement attesting that they will rent to an LMI family.

B) Tenant Income Requirements

Applicant income levels shall not exceed the levels established by HUD for the Section 8 Existing Housing Payments Program. These levels shall remain in effect until such time as HUD amends them.

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Somerset County, ME	1 person	2 person	3 person	4 person	5 person	6 person	7 person	8 person
Low Income	\$27,600	\$31,550	\$35,500	\$39,450	\$42,600	\$45,750	\$48,900	\$52,050

VI) Income Verification

Building income shall include all rental income and any other miscellaneous income from the building and any other statements indicating income earned or received. The Community Development Office will further verify this information. Landlords must also submit a copy of their deed or other proof of legal ownership. This information will be further verified at the Registry of Deeds by the CD office. Applicant will submit a copy of all insurance on building (including flood insurance if in flood plain). Landlord will maintain insurance for the length of the loan, with the Town being named lien holder.

VII) Application Restrictions

- A) All property taxes on the property must be paid in full.
- B) The landlord must have owned the home that is to be worked on for at least six months, or request waiver of six months ownership.
- C) Landlord must carry and maintain property and flood insurance (if required) on the property.
- D) At no time will the landlord's debt load be more than 80% of home value including the Rehabilitation loan.

VIII) Terms and Conditions

LET IT BE KNOWN TO ALL PERSONS OF THE Town of Skowhegan that discrimination in the sale, rental, leasing, financing of housing or land to be used for construction of housing, or in the provision of brokerage services because of race, color, religion, sex or national origin is prohibited by Title VIII of the 1968 Civil Rights Act (Federal Fair Housing Law).

CIVIL RIGHTS: The applicant will be required to comply with Title VI of the Civil Rights Act of 1968, 1974, and 1988 and shall not be discriminated upon the basis of race, color, national origin, sex, age, handicap or familial status in sale; lease rental, or use of occupancy of the subject property.

- A) Loans funds are to be used only to pay for those repairs that are necessary to bring the home up to Section 8 standards as determined by the Rehab Tech. To meet these standards: a bathroom must have a sink, a toilet and either a shower or tub, and a source of ventilation (either a fan or a window). There must be hot and cold running water and drains that work properly. The sanitary system must be operable and sanitary; heating systems and electrical systems must meet state codes. The structure itself must have a weather tight roof, with no leaks, ceiling and floors must be sturdy without any cracks or other defects. Lead base paint must be eliminated where children under six years of age live. General repairs will be undertaken to correct deteriorating steps, walls, ceiling, roofs, chimneys and foundations. Loan funds will also be used to make homes more energy efficient. This will entail caulking or weather-stripping around windows and doors where necessary to eliminate drafts, repair or replace windows and doors. In cases where insulation and siding are

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needed, alternative funding sources will be considered if needed. Limited demolition of sheds, porches, garages will be undertaken only when necessary for the removal of hazards. Loan funds may be used for constructing housing related improvements to meet special needs of handicapped persons. All homes will be equipped with hardwired battery back-up smoke alarms.

B) Whenever the disposal of any property, real or otherwise, results in the sale of such property, all of the proceeds shall be reported to the Municipal Treasurer. Funds so derived may be used to carry out the purposes and intents of the Housing Rehabilitation Program. The Municipal Officers shall have the right and authority to dispose of any property acquired under the provisions of the Housing Rehabilitation Program, as may be recommended by the Program Director and Community Development Advisory Board and as deemed to be in the best interest of the Town.

C) No property, real or otherwise, shall be taken by eminent domain proceedings with any funds obtained through this Program. Acquisition shall be made by the "willing seller, willing buyer" concept.

D) At the time of acquisition, the owner may be extended a "first option" to re-acquire the land at a cost not to exceed the Town's cost of land acquisition and lot grading, within 30 calendar days of the date the Director determines that demolition is complete and the lot brought to proper grade, under such terms and conditions as the Municipal officers shall deem to be in the best interest of the Town. In the event the owner does not wish to exercise first obtain privilege, the Municipal officers shall have the right to dispose of the land under such terms and conditions as they deem to be in the best interest of the Town.

E) The Director shall be responsible for work specifications, daily and final inspections of the rehab work being performed.

F) If it is found that the applicant has misrepresented any statements on the application form, the Program Director shall reserve the right to cancel any project approved and if work has already started, to issue a stop work order to the contractor. If work has been completed, the applicant will be required to make arrangements to repay any funds used to rehab their property.

G) No Municipal Officer of the Town of Skowhegan who exercises any function or responsibility in connection with the administration of this program shall have any interests, direct or indirect, in the proceeds of any grant, or in any contract for labor or materials entered into by the applicant or any contractor during any grant project. Municipal Officers shall be defined as members of the Community Development Staff, the Board of Selectmen, Town Manager and members of the CD Advisory Board.

H) All applicants shall maintain adequate homeowners insurance on their property for the full term of the loan.

I) If the cost of the rehab work exceeds the amount of financial assistance to be provided because of the overall condition of the unit, the CD Advisory Board will review the work specs and decide if the work called for is necessary to accomplish the program's goals. If they decide that all the work must be accomplished, the Property Owner will be requested to make some arrangements to finance the extra cost of the rehab work. The CD staff will assist the applicant finding and in filling out applications for other funding sources.

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IX) Contractors

A) Heating, Electrical and Plumbing contractors shall possess current licenses issued by the appropriate State agency.

B) Contractors wishing to participate in the Housing Rehabilitation Program are required to carry sufficient full and complete Worker's Compensation Insurance, and must supply the CD office with proof of this. The Contractor shall furnish evidence of a Comprehensive Liability Insurance coverage protecting the owner for not less than \$100,000 - \$300,000 Bodily Injury or Property damage arising out of the work performed by the Contractor. Contractor must also provide the office with three references, one supplier and two homeowners familiar with Contractors work. Any contractor who is on HUD's list of disbarred or ineligible contractors will be prohibited from participating in this program.

C) All contractors must agree to guarantee their work for one year from date of completion.

D) All contractors working on heating systems will be licensed by the Maine Solid Fuel Board.

X) Definitions

A) Penalty Charge - for any loan payment over 60 days late there will be a 10% interest late charge for the outstanding late payments.

B) Amendments- Any amendment to the Town of Skowhegan Housing Rehabilitation Program Guidelines, which is recommended by Community Development staff, must be approved by the Town of Skowhegan Community Development Advisory Committee.

C) Deferred Loan- this is a loan that the client would not be required to pay the money back until the property ownership changed or the primary residence was no longer at the housing unit. At the time of ownership change the loan would be paid back with interest if required by the loan agreement.

D) Family- this refers to all persons living within the housing unit if their primary residence is within the housing unit.

E) Total Household Income- for the purpose of this program, total household income shall include earned income from any household member at least nineteen (19) years old and all unearned income regardless of household members age.

F) The term disabled- shall be construed to mean a physical condition or impairment which requires special structure modifications, such as, but not limited to, ramps, widened doorways, toilet and light fixtures or other similar improvements to facilitate ready access to and use by disabled occupants, i.e., persons confined to a wheelchair or requiring the use of crutches or other similar devices to assist those incapable of negotiating steps into the structure because of old age or physical infirmity.