

MANUFACTURED HOME REPAIR LOAN - PROGRAM PROCESS

1. **Application Process:** Homeowner completes application and returns it to Community Development Office. Program staff reviews the application, credit report, property information, etc. to verify basic qualifications.
2. **Loan Determination:** If applicant meets eligibility for a Manufactured Home Repair Deferred Loan, the applicant is notified by mail of the determination.
3. **Home Inspections:** Once qualified, the homeowner is directed to schedule a home inspection with a certified inspector to assess the current condition of the home. Based on this inspection, staff prepares a preliminary work list and sends it to the homeowner for review. The work list is critical as a "road map" for the project. It helps the homeowner prioritize and organize before the contractors come on-site to give their opinions. After reviewing the home inspection and preliminary work list, the homeowner schedules a site visit with staff.
4. **Site Visit:** Program Staff and the homeowner meet on-site to discuss the process, home inspection results, and review the preliminary work list. Lead-based paint screening may be conducted if the home was built prior to 1978.
5. **Bid Process:** Staff prepares a Request for Bid with blank areas for the contractors to fill in and explain their bid prices. Homeowner(s) seek at least three written contractor bids for each rehab work item. Homeowners may have any contractor bid on the rehabilitation work, provided they are experienced in renovation. Contractors must have current City of Billings business license, state issued contractor license, proof of liability insurance at the appropriate levels, and worker's compensation insurance, if applicable. Family, friends, and neighbors are a good source of contractor names. The Community Development Division also maintains a list of active contractors that have expressed interest in performing work involving the City of Billings Housing Rehabilitation Programs. Being on the list does not constitute an endorsement by the City of Billings. All applicants are encouraged to check references of the contractors before entering into an agreement.

Homeowners themselves, or their relatives by blood or marriage, are NOT permitted to perform rehab work in the Manufactured Home Repair Loan program.

NOTE: Technical assistance in preparing bid documents, procuring contractor services and project management is available from Community Development.

6. **Bid Review & Contractor Research:** Homeowner schedules a meeting with staff to review the contractor bids. Homeowner is not required to select the low bidder. However, if you select a contractor other than the lowest bidder, the reason for disqualifying the lower bidders must be stated in writing for your file. The contractor must be selected regardless of race, religion, sex, age, national origin, handicap, or otherwise, as provided by applicable laws.

When narrowing in on a choice, staff highly recommends the homeowner take the time to request from contractor a list of his/her three **most recent jobs names, phone numbers, and addresses**. Note: Request three "most recent jobs" as opposed to three "references." Call each of the owners of the recent jobs and ask for details about the contractor's work quality, timeliness, and professionalism.

7. **Contractor Selection:** Homeowner selects contractor(s).
8. **Loan Execution:** Upon approval of homeowner's final work list by the Community Development office, homeowner will sign loan documents to secure the loan to the property. If one contractor will perform a large portion of the work, a pre-construction conference will be held to allow homeowner, contractor, and staff to ensure a "meeting of the minds" on work details. The contractor and homeowner will sign a Construction Agreement, and a Notice to Proceed will be issued to the contractor.
9. **Rehab Process and Payment System:** The loan proceeds are held in an escrow account at American Title & Escrow. Homeowner calls contractor(s) to schedule the work and remind them of the need to obtain building, plumbing and/or electrical permits, if required. Homeowner monitors project and the contractor calls for required building inspections. Progress payments will be made only after the appropriate building inspections are passed, staff inspections are passed, and the homeowner is completely satisfied with the work. Contractors will be notified when progress payments are available for pick-up from the escrow company. Contractors are required to sign waivers to receive their checks.

Final inspections will be completed when all work is done. Projects are usually complete within 3 to 4 months.

Some Things Homeowners Should Consider Before Selecting Contractors

- 1. It is a good idea to get bids from several contractors.**
We require homeowners to get at least three bids. Homeowners should contact several contractors for bids on proposed home improvement work.
- 2. It is a good idea to get contractor references and to look at their work.**
We suggest homeowners ask contractors for contact information for their last three jobs, rather than ask them for “references,” before selecting contractor to perform work. Homeowners should talk with the project owners and take a look at recent work done by the contractors.
- 3. Contractors *MUST* have General Liability Insurance.**
- 4. Contractors *MUST* have a City of Billings Business License and General Contractors must have a Contractor License from the City of Billings.**
- 5. Contractors *MUST* have Workman’s Compensation insurance (or an exemption from the State of Montana).**
State law requires contractors to carry workers’ compensation insurance. This insurance helps protect contractor workers if they should be hurt on the job. Contractors may call the state at 1-800-332-6102 to apply and request the documents be faxed to Community Development (406) 294-7595.
- 6. Homeowners hand out bid packets to contractors.**
A Request for Bid packet will be created for you to hand out to each contractor. Contractors will use it to create their bid proposal.
- 7. Do not discriminate when asking contractors to bid.**
Homeowners cannot discriminate on the basis of race, color, creed, religion, sex, national origin, age, handicap, or otherwise, as provided by applicable law, in the selection of contractors to submit bids.
- 8. The selection of all contractors is the responsibility of the homeowner.**
The City may, however, deny assistance if the work plans and/or bids are unacceptable. To avoid this circumstance, the homeowner is advised to follow the process described in this Manufactured Home Repair Loan Program Process handout.
- 9. Do not sign any contracts with a contractor prior to signing loan documents at the Community Development Office.**
- 11. If your home was built prior to 1978, a lead based paint assessment will be required.**

Instructions for Bid Solicitation and Contractor Selection



Homeowner must seek three written contractor bids for each rehab work item. Remember to use the Request for Bid forms provided by the Community Development office when asking for bids. **Contractors may only bid on work itemized in the Request for Bid form.** Solicit the names of potential contractors from friends and family who have had work done, building material supply firms, contractor associations, the phone book, or use the list of contractors provided by Community Development.

Try to have your property open and all areas accessible so contractors can easily estimate the cost of work. The first impression is important in obtaining the best possible bid. A contractor will raise his/her bid if they cannot accurately assess the problem or have to incorporate moving furniture or dealing with excessive clutter to address the work. If your house is clean and accessible, they will see a minimum of time-wasting distractions to keep them from their work, which will result in a more economical bid.

Contractors doing work in this program must be experienced and insured. Be sure your contractor is experienced in remodeling work. Ask the potential contractor for the names and phone numbers of three property owners for whom they have done recent remodeling work. Be sure to call these project owners and ask about the quality and timelines of the work, the general reliability of the contractor, and what problems occurred with the contractor and his/her work. Your contractor and you **MUST** mesh. Depending on the size of your project, he/she may be in your house several weeks. Take every effort to make sure that this seems like the quality of person you want around your house and in contact with your family for this time period.

Allow contractors to take up to fourteen days to prepare their bids.

When selecting a contractor, keep in mind **you will never find a perfect contractor.** The person with the best skills may not be an easy person to deal with and the contractor with a brilliant personality may perform shoddy work. Therefore, select the contractor that provides you with the best value when considering: your time; the quality of work desired; level of disorganization and conflict you can manage; and the bid price.

If you select a contractor other than the lowest bidder, the reason for disqualifying the lower bidders must be stated in writing for your file. The contractor must be selected regardless of race, religion, sex, age, national origin, handicap, or otherwise, as provided by applicable law.

Remember to ask for references. Reputable contractors are always willing to provide the names of previous customers. You should contact at least three of them to confirm or see what kind of experience they had and if they would hire that contractor again.

Do not sign a construction contract without authorization for the Community Development Division. Once the homeowner has chosen a contractor, and the bid and work list have been approved by Community Development, the homeowner will sign loan documents before any work is authorized to be completed.

Working With Your Contractor



Contractors are by and large honest, small-business people who must keep track of many details and are generally overworked. Most contractors will go out of their way to satisfy a homeowner **IF** they believe the homeowner is not creating problems that will force them to lose money. The following information may help you to obtain a good quality job within a reasonable amount of time.

BEFORE THE WORK BEGINS

- Review the work list with the contractor to ensure a mutual understanding of the work to be completed,
- Be sure to go over the finish materials and colors to be used,
- Identify the work schedule and vacating of rooms or areas,
- Review the payment schedule and process, and
- Review the process for proposing, reviewing, and approving changes in the work.

AFTER THE WORK BEGINS

Check the job daily. If you find things that concern you, please talk directly to the contractor, his/her foreman, or their office about the concerns. Do not talk to the workers about problems until you review your concerns with the proper supervisor. Do not expect rough carpentry to be completed with fine wood and to the precision needed in installing the finish trim. Any problems you have with the work or materials being used should be pointed out to the contractor as soon as possible. If the response of the contractor is not satisfactory, then call for an inspection and review by Community Development Program Staff.

Do not spend much time talking to the workers. Providing a cup of coffee once or twice a day is okay, but additional socializing will simply distract the workers. The contractor has estimated a specific number of work hours to complete your job. If you use worker hours in non-productive ways, the contractor will need to find ways to save time in other areas. Generally, try to facilitate the contractor's work any way you can.

Some contractors will need to be called to remind them of the project timelines and schedule. If a contractor is performing well, and generally on time, do not bother him/her with unnecessary phone calls.

PROCESSING PAYMENTS

You are responsible for providing invoices to the Community Development office to facilitate payments. If the contractor receives rapid payments when they are due, you will get better service from the contractor. If you try to force the contractor to do some extra free work before you facilitate payment, you will have a very difficult time getting any warranty corrections or other service from the contractor in the future. On the other hand, never authorize payments until all of the items listed on the invoice have been satisfactorily completed.

Work must follow the outlined Final Work List. Any additions or deletions must go through the Community Development office for authorization.