

1. **Application Process:** Homeowner reviews and completes application and returns it to Community Development Office. Staff reviews application to verify basic qualifications.
2. **Credit Determination:** If applicant meets eligibility for a Deferred Loan, staff reviews credit report to ensure sufficient qualification for program standards. Applicant will be notified via mail of the determination.
3. **Home Inspections:** Once qualified, a home inspection will be scheduled with a certified inspector to assess the current condition of the home and all systems. Based on this inspection, staff prepares a preliminary work list prioritizing the work and sends it to the homeowner for review. Physical improvements to the dwelling will be considered on a priority basis and must be an eligible activity. Improvements will be approved in the following order of importance.
 - Correction of major code violations which constitute immediate health and safety hazards. Health or safety items found in the home inspection **must** be corrected as a condition of funding.
 - Electrical System –100-amp service, with no unsafe conditions.
 - Plumbing (including hot water) – must be in good working order and be safe and sanitary.
 - Stable and weather tight roof.
 - Heating system – must be adequate and safe with a reasonable (three year) useful life.
 - Egress in accordance with local health and safety codes.
 - Structural soundness and integrity including measures to prevent water penetration that may impact structural integrity.
 - Architectural barrier removal to improve accessibility for disabled individuals including widening of doors, installation of ramps, accessible showers, installing permanently attached fixtures such as grab bars, medically necessary air-conditioning, etc.
 - Energy conservation measures including weather stripping/caulking, attic and exterior wall insulation, new siding, storm doors, and doors.
 - Improvements which eliminate exterior deterioration (including exterior paint). Exterior improvements must meet historic review requirements, if applicable.
 - Repair or replacement of windows not presenting a health or safety hazard. Window replacement must meet historic review requirements, if applicable.
 - Adding or enlarging bedrooms, where overcrowded conditions exist as defined in the Uniform Housing Code.
 - General property improvements that contribute to the basic livability and habitability of the property **after** safety, code, accessibility, systems, preservation and energy conservation improvements have been addressed. Staff will authorize which items can be considered property improvements after priority items have been addressed.

After reviewing the home inspection and preliminary work list, the homeowner schedules a site visit with staff.

4. **Site Visit:** Staff and the homeowner meet to discuss the results of the home inspection, including current condition of home and all systems. Together, homeowner and staff review the program requirements, preliminary work list, and discuss homeowner desires for their home improvement project. If the home is 50-years-old or older, a historic preservation review will be conducted. In addition, a lead-based paint screening, inspection, and/or risk assessment will be conducted in order to determine which contractors will be eligible to perform repairs.
4. **Work List:** Utilizing all the information received from the home inspection, site visit, historic review, and lead screening, staff prepares a finalized preliminary work list and sends it to homeowner for review, correcting and approval. Homeowner returns approved work list to staff. 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.

5. **Quote Process:** Based on the finalized preliminary work list, staff prepares a Request for Quote form listing the rehab work with blank lines for the contractors to insert notes and price quotes.

Homeowner must seek at least two written contractor bids for each rehab work item. Homeowners may have any firm bid on the rehabilitation work, provided the firm qualifies in terms of insurance and hold licenses for the work and are experienced in renovation. Contractors must be licensed by the City and State and carry liability insurance and worker's compensation insurance, if applicable. Family, friends, and neighbors are the best source of contractor names. The Community Development Division also maintains a list of active contractors that have expressed an interest in performing work involving the City of Billings Housing Rehabilitation Program. 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.

If the home has tested positively for lead-based paint, or the homeowner is presuming lead-based paint is present, contractors disturbing painted surfaces are required to have undergone lead safe work methods training.

Homeowner is allowed to perform rehab work of which they are experienced on self-help basis whereby loan funds pay material costs only, **no labor is paid to the homeowner.**

Note: Technical assistance in preparing quote documents, procuring contractor services, and project management is available from Community Development staff.

6. **Quote Review & Contractor Research:** Homeowner schedules a meeting with staff to review the contractor quotes. 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 bidder(s) must be stated in writing for your file. The contractor must be selected regardless of race, religion, sex, age, or national origin.

When narrowing in on a choice, staff highly recommends that homeowner take the time at this point to request from favored 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. 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 minds on the details of the work. The contractor and homeowner will sign a *Construction Agreement*, and *Notice to Proceed* will be issued to the contractor. **Deferred Loans:** homeowner will sign loan documents at the Community Development Office, which will secure the loan to the property.
9. **Rehab Process and Payment System:** Homeowner calls contractor(s) to schedule their work and remind them of the need to obtain building permit(s), if required. Homeowner monitors project and the contractor calls for required inspections.

Once the loan has closed, rehab projects are usually complete within 3 to 6 months, but may take longer.

During project construction, no up-front payments are made with the exception of ordering flooring, cabinets, or windows. 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. Final inspections will be completed when all work is complete.

The deferred loan proceeds are held in program fund account at American Title & Escrow. **Original bills for completed work must be in Community Development Office by noon on Monday in order to have a check prepared by Friday.** Homeowner should sign checks issued by the Title Company only after any desired work corrections are made, warranties are received, and lien waivers are signed. After homeowner has signed checks, homeowner should notify those contractors that their checks are ready at to be picked up. The contractors are required to sign lien waivers to receive their checks.

Housing Rehab Program
Common Questions and Answers



1. What is the Housing Rehab Loan Program?

The City of Billings – Housing Rehab Loan Program can provide you an affordable way to make improvements and repairs to your home through a no interest, deferred payment loan.

2. What is the purpose of the Housing Rehab Loan Program?

The purpose of the program is to preserve and improve existing housing in the City of Billings, and to eliminate health and safety problems. The program targets low-income owner-occupants who require home improvements and who are unable to obtain financial assistance through commercial lenders.

3. Do I have to own my own home to qualify?

Yes, you must own your own home and use it as your primary residence. The house must be located within the Billings city limits to qualify. Other program eligibility requirements also apply.

4. What kind of repairs can I get done to my home?

All repairs that address health and safety issues qualify. Items such as roofs, plumbing, electrical, and structural all qualify. Rehabilitation to improve accessibility for disabled individuals is also allowed, as are energy efficiency upgrades and improvements that eliminate exterior deterioration. General property improvements that contribute to the basic livability and habitability of the property may be addressed **after** safety, code accessibility systems, preservation and energy conservation improvement have been addressed.

5. Do I get to decide what I want fixed?

Yes and no. The Housing Rehab Loan Program is designed to help homeowners make improvements to their home. Repair items that address health, safety, code, and energy efficiency will be priority items.

6. Who does the work?

The Community Development Division maintains a list of active contractors that have expressed an interest in performing work through the Housing Rehab Program. Being on the list does not constitute and endorsement by the City of Billings. You may have any contractor bid on the rehabilitation work, provided the contractor qualifies in terms of insurance, hold licenses for performing the work, and are experienced in renovation.

7. Can I do the work myself or can family members do the project?

Self-help work is allowed, but will be reviewed on an individual basis by Program Staff. The homeowner will need to demonstrate that he/she has the skills, knowledge, and time to proceed with the project. The program will only reimburse the homeowner for materials used; no labor costs are paid to the homeowner. The homeowner is required to have qualified and licensed contractors completed plumbing, heating and electrical work.

8. How much are the loans for?

The maximum loan amount is \$25,000.

9. When does the loan get paid back?

The loan is due and payable upon the sale of the home or when there is a title transfer, when the homeowner no longer lives at the property, or when the home is refinanced to remove equity.

Some Things Homeowners Should Consider Before Selecting Contractors

- 1. It's a good idea to get quotes from at least three contractors.**
We require that homeowners receive at least two bids, and homeowners are strongly encourage to obtain three or more contractor quotes on proposed home improvement work.
- 2. It's a good idea to get contractor references and to look at their work.**
We suggest that homeowners check contractor references before selecting contractor to perform work. Homeowners should talk with the references 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 have a current Montana Contractor's License from the State of Montana.**
- 5. Contractors *must* have Workers Compensation insurance (or a documented exemption).**
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 657-8327.
- 6. Homeowner hands out Request for Quote forms to contractors.**
A Request for Quote form will be created for you to hand out to each contractor to use for submitting their quote / proposal.
- 7. Don't discriminate when asking contractors to quote your project.**
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 quotes are unacceptable. To avoid this circumstance, the homeowner is advised to follow the process described in the Repair Program Process handout.
- 9. Do not sign any contracts with a contractor prior to execution of your housing rehab loan documents and Community Development staff has facilitated a Final Work List and Construction Agreement for your project.**
- 10. If your home was built prior to 1950, a historic preservation review will be conducted.**
Homeowners must ensure contractors they select are willing to adhere to the historic preservation restrictions placed on the project, if required. Repairs made which do not follow historic preservation guidelines established will not be paid for by the City.
- 11. If your home has tested positively for lead based paint, contractors disturbing painted surfaces are required to have undergone lead safe work methods training.**

Instructions for Quote Solicitation and Contractor Selection

Homeowner must seek two to three written contractor quotes for each rehab work item. Remember to use the Request for Quote forms provided by the Community Development office when asking for quotes. **Contractors can only quote work itemized in the Request for Quote 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 the contractor can easily estimate the cost of work. The first impression is important in obtaining the best possible quote. A contractor will raise his/her quote if they cannot accurately assess the problem or may have to incorporate moving furniture or deal 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 quote.

Allow contractors to take up to fourteen days to prepare their quotes. **Do not sign a construction contract** until the quote and contract have been reviewed and approved by the Community Development office and your loan has been finalized and approved.

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 the references and ask about the quality and timelines for the work performed, 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 the contractor seems like the quality of person you want around your house and your family for this time period.

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 who 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. You will be in constant contact with the contractor for one to three months, so try to find someone you can work with. A personality conflict or lack of communication can destroy a job before your project is completed.

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, or national origin.

A note on self-help projects: Occasionally, homeowners will ask friends and family to help with project items on a “self-help basis”. Although most people mean well when volunteering to help with projects, individuals have their own priorities that may limit their ability to complete all of the work necessary for a rehab project within time limits. **Homeowners wanting to act as their own contractor must prove he/she has the skills, knowledge, time and assets in order to perform the work.**



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 and owner **IF** they believe the owner 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.
- 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 or changes 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 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 in any way you can.

Cooperate with your contractor in order to help him/her complete the work as soon as possible. Avoid distractions that may make the contractor uneasy about working on your property (frightening dogs, arguments with family/friends, etc.). Maintain the cleanliness of your home during the project and have areas open and accessible to the contractor as requested to avoid unnecessary delays.

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 signed invoices to the Community Development office in order 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 are completed.

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