

WASHINGTON COUNTY HOME REHABILITATION LOAN PROGRAM CONSUMER GUIDELINES FOR HOMEOWNERS

The U.S. Department of Housing and Urban Development has made Community Development Block Grant and Home Investment Partnership Program assistance available to Washington County for projects and activities, which principally benefit low and moderate income persons.

Consistent with the objectives of the Federal Community Development Block Grant Program and Home Investment partnership Program, the County Commissioners have established a program of housing rehabilitation loans designed to assist low and middle income homeowners in making needed repairs and improvements to their properties.

The material that follows fully describes the mechanics of the Program and the procedures that must be followed to apply for and receive assistance under this Program when funding is available.

WHAT IS THE PURPOSE OF THE LOAN?

The Loan may be used to correct present, or soon to be present, housing problems, and for energy conservation improvements. In general, most repairs are eligible except for unnecessary luxuries or strictly cosmetic repairs. All properties funded will, at a minimum, meet International Code Council (ICC) International Property Maintenance Code for existing housing upon completion. The loan may not be used to refinance existing debt.

WHO IS ELIGIBLE FOR REHABILITATION LOAN ASSISTANCE?

Homeowners who:

- occupy a residence within the County
- meet certain income requirements
- are current with property taxes and have no municipal, state, or federal liens
- have a home value, after rehabilitation, that does not exceed \$152,000 based on assessed value (which is subject to change without notice)

Applicants in bankruptcy or foreclosure will not be eligible for assistance. Owners of mobile homes may be eligible for assistance if they hold title to the mobile home and own the land on which the mobile home is attached.

Income categories have been established for participation in the Program in accordance with HUD's statistical guidelines. Maximum income allowances are adjusted according to the size of the family:

FAMILY SIZE	Maximum Income * 80 % Median						
1	2	3	4	5	6	7	8+
\$40,700	\$46,500	\$52,300	\$58,100	\$62,750	\$67,400	\$72,050	\$76,700

*Income limits may change periodically

In compliance with Section 504 of the Rehabilitation Act of 1973, as amended, RACW does not discriminate on the basis of handicap, in admission or access to, or treatment or employment in, its federally assisted programs and activities.

HOW MUCH CAN I BORROW?

Eligible households may borrow up to \$24,500.00.

WHAT ARE THE REPAYMENT TERMS OF THE LOAN?

Borrowers are eligible for a deferred loan at 0% interest, meaning that no monthly payments are required, but the principal amount of the loan would become due and payable to the County when the property is sold. A special provision of this loan is that this loan will be unconditionally forgiven at a rate of 10% of the loan amount each year if the borrower continues to own and occupy the property for 10 years after the loan is made. This loan will be secured by a Mortgage. Please be advised that we will not subordinate our mortgage to allow additional debt to be placed ahead of our loan and depending on the funding source we may not subordinate at all. The amount of the new private mortgage cannot exceed the payoff balance of the existing loan plus reasonable closing costs of a mortgage of record ahead of RACW's Mortgage. *Therefore, if you are planning to refinance your existing mortgage, you may want to consider doing so prior to participating in this program.* Processing fees will be charged by RACW and our solicitor for the review and/or preparation of the documentation necessary to determine if a mortgage subordination request meets our policy.

In addition, processing fees to cover our administrative and legal costs for the review of gas and oil leases and subordination documents will be charged by RACW.

WHO WILL ADMINISTER AND MANAGE THE HOME REHABILITATION LOAN PROGRAM?

REDEVELOPMENT AUTHORITY OF THE
COUNTY OF WASHINGTON
100 West Beau Street, Suite 603
Washington, Pennsylvania 15301

WHO WILL SELECT THE CONTRACTOR?

The **HOMEOWNER** will be responsible for selecting the contractor. The homeowner will distribute copies of the corrective specifications and invitations for bid proposals, prepared by RACW, to qualified contractors of his/her choice. Owners are required to obtain at least three (3) bids unless otherwise directed. RACW does not guarantee the work of any contractor. It is highly recommended that you check references and are comfortable with the contractor you select to submit bids for your work. *You will not be happy with the outcome of the program if you are not satisfied with the quality of the work.*

RACW will prepare a construction contract between the homeowner and the lowest responsible bidder, which shall include the scope of work from the General Work Specifications (GWS). Should the owner choose to contract with the higher bidder, RACW will pay the cost of the low bid.

In instances where ICC International Property Maintenance Code performance requirements cannot be achieved within the maximum loan limitations, the property owner must provide evidence of financial capacity to complete the work in an amount up to \$499. Should the cost of corrective work be \$25,000 or more, RACW will not undertake the rehabilitation of the subject property. The

additional funding needed must be placed in escrow at the time of loan closing. **Contracts of \$25,000 or more require the use of lead abatement procedures and possibly prevailing wages.** No rehabilitation loans will be made by RACW unless all ICC International Property Maintenance Code standards are met either within allowable loan limitations or through the provision of homeowner resources. If it is not possible to bring the property to ICC International Property Maintenance Code standards using available funding, RACW will not undertake the rehabilitation of the subject property.

WHEN CAN THE WORK BEGIN

Once the low bidding contractor has been chosen and the final scope of work and cost are agreed upon, a loan closing and preconstruction conference will be scheduled. This important meeting gives the owner, contractor, and RACW staff a chance to carefully examine the final work specifications and the time schedule. When this is completed, a contract is executed by the homeowner and contractor and the necessary loan documents are signed. One document signed will be a letter from the owner instructing the contractor to begin work. The contractor will not begin the work until the owner issues this Proceed Order directing him to do so.

HOW WILL THE FEDERAL LEAD-BASED PAINT REGULATIONS OF 1999 AFFECT ME?

If lead-based paint or lead hazards are detected in your home, you may be required to vacate your home during the course of the rehabilitation work. Also, the contractor that you select must be trained to perform work in a lead-safe manner. **Please be advised that clutter and poor housekeeping can increase the contractor's cost which may prevent you from participating in the program.**

HOW DO I APPLY FOR ASSISTANCE?

Pre-applications may be obtained at the office of the Redevelopment Authority, 100 West Beau Street, Suite 603, Washington, Pennsylvania 15301, by mail upon request by calling RACW at 724-228-6875, or from our website at www.racw.net. Applications are also available at the City or Borough buildings in Monongahela, Washington, Canonsburg, Charleroi, and Donora.

All pre-applications must be mailed to RACW. Owners are urged not to delay in mailing, as applications are accepted on a first-come first-served basis. Federal funding for this program is limited.

Applicants will be notified as soon as possible. Accepted applicants will be scheduled for building inspections and financial interviews by the RACW rehabilitation staff. Contractors should not be contacted before the inspection.

QUESTIONS?

Please contact the RACW Rehabilitation Staff at 724-228-6875.