Program Summary

The purpose of the City of Hammond Homeowner Emergency Repair Program is to assist homeowners in addressing housing issues that, if not addressed, may constitute an imminent and/or extreme danger to the life, health, and safety of the occupants of a dwelling. It is not the intent of this program to bring a property entirely up to Housing Quality Standards or address all code violations. For this program, the following repairs are deemed eligible for assistance:

- Furnace failure when exterior temperature decreases the interior temperature below 55 degrees (outside temperatures consistently near 40) Fahrenheit;
- Plumbing failure, such as stopped-up or backed-up drain lines that cannot be addressed through rodding. Rodding itself is not an eligible expense in this program.
- Interior flooding due to broken pipes;
- Electrical hazards. Adequate electrical service that is not an immediate threat to life, health, and safety is not an eligible cost;
- Fire damage that is not covered by insurance, but that can be repaired in full through this program and/or in conjunction with other financing that is being used to eliminate the immediate danger;
- All other workers deemed by the City to present a danger to the life, health, and safety of the home.

The City will provide up to $5,000 in financial assistance to eligible homeowners to make needed repairs to their property in accordance with the policies below. The assistance will be structured as a deferred loan.

Eligibility Requirements

1. Assistance is available to homeowners within the City of Hammond. Applicant must be an owner and occupy a 1-unit residence within the City of Hammond. Contract purchases are not eligible.
2. Applicant must meet the income by family size guidelines as per the Emergency Loan Table.
3. Applicants whose properties are delinquent in taxes, uninsured, have judgments (other than medical), or are in a foreclosure proceeding are ineligible.
4. Applicants with insurance coverage applicable to the specific emergency repair items are not eligible. Suppose the applicant's insurance coverage is being contested. In that case, the applicant must sign an affidavit requiring payment in full to the City of Hammond Emergency Repair Program if payment by their insurance company occurs.

Amount of Assistance and Disbursement

- The maximum amount of assistance for each homeowner is $5,000.
- In special circumstances, the Community Development Director and the Executive Director of Planning and Development may authorize an amount of assistance of more than $5,000 after receiving approval from the Redevelopment Commission.
- All assistance will be paid directly to the approved contractor for work and materials, and then only upon satisfactory completion of the work specified in the contract documents.
- The assistance will be structured as a deferred loan based on the following:
    - Households with an annual income at or below 80% of the current income limits will receive a deferred payment loan with a lien attached to the property. The lien will be removed upon repayment of the loan.

Application Process

1. **Complete the Application**
   Applicant shall fill out an application and schedule an interview with the Loan Officer. Interviews will only be held during normal working hours 8:30 AM to 4:30 PM. At the time of the interview, applicants must provide the following information:

   a. Income (signed IRS 1040 form and W-2 Income Tax Forms, Pay stubs, Social Security benefits, Bank statements)

   b. Driver's License/ State I.D. (must match the address on the deed/mortgage)

   c. Proof of Property Insurance

   d. Proof of Ownership (Deed, Mortgage)

   e. Proof of Property Tax Payment (Real Estate Tax Receipt)

   f. Cost Estimate (optional)

2. **Program Review**
   The Loan Officer will explain to the applicant the goals of the program and the availability and benefits of the Emergency Repair Program and the condition under which loans are made. The Loan Officer will also explain that a mortgage (lien) will be attached to the property and that applicants with an income of 80% or below the median income will have a deferred loan.

3. **Credit Check**
   A credit report shall be required for applicant scheduled to receive a loan. If the applicant has a credit score below 580, the applicant, may be denied the loan because of bad credit. Non-medical judgments shall be cause for loan denial. Medically related open accounts will not be considered as poor credit.

4. **Income Determination**
   Household income includes income from all members 18 or older within the applicant's household. Applicants must provide supporting documentation, such as previous year's tax return (1040 and W-2s), pay stubs, bank statements, or comparable information.

5. **Loan/Grant Determination**
   Based on the household income and type of assistance, the Loan Officer will determine the type of assistance provided. The term of the mortgage will be based on the household's disposable income and shall not exceed five years with the exception of special circumstances which may allow for up to a ten-year term. Any mortgage term in excess of five years shall require Redevelopment Commission approval. If the household's disposable income cannot be determined immediately, and applicants are in need of immediate repair work, the department may will require applicants to sign a promissory note in lieu of income information.

   In order to initiate work immediately, a waiver, written in the applicants' own words explaining in as much detail as possible, as to the reason(s) why they believe they have a "bona fide personal emergency" which will not allow them to wait out the customary rescission time period before repairs are begun, must be submitted to the Rehabilitation Section.

6. **<u>Inspection of Property</u>**

   a. The Rehabilitation Inspector shall arrange for an inspection of the property, and his inspection report shall include all emergency repairs required.

   b. The Rehabilitation Inspector shall verify that the housing issues that, if not addressed, may constitute an imminent and/or extreme danger to the life, health and safety of the occupants and prepare a cost estimate for the scope of work. Should it be determined that upon completion of the emergency rehabilitation work, the property continues to be uninhabitable, the request for financing would be denied.

   c. The Rehabilitation Inspector has sole discretion to determine if the property and scope of work qualify for the program. If the Rehabilitation Inspector deems the scope of work ineligible for the program, the applicant may appeal the decision to the Building Commissioner. The Building Commissioner shall review the decision and his determination thereof shall be final.

   d. If the Rehabilitation Inspector notes additional work above and beyond that needed to address the emergency situation, the Inspector will forward the appropriate information to other City-funded rehabilitation programs, as applicable.

7. **<u>Contractor Selection</u>**

   a. The Rehabilitation Inspector will solicit proposals from one or more approved contractors to complete the work as specified by the Rehabilitation Inspector. The lowest responsive proposal shall be awarded the work and will enter into a contract agreement with the owner.

   b. The City reserves the right to re-bid the work if the winning bid is excessive, contains unwarranted costs, or jeopardizes the completion of all contract work items.

   c. All contractors involved with a scope of work that entails disturbance of painted surfaces in homes built before 1978 must comply with all Lead Safe Work practices and regulations.

8. **<u>Contract Execution</u>**

   a. The Contract shall consist of the following documents:

      i. Bid/Proposal/Specifications

      ii. Exhibit to Contractor's Contract

      iii. Notice to Proceed

      iv. Guarantee Provision and Procedure Sheet

      v. Contract Time of Completion Sheet

      vi. EEO Notice

      vii. Lead Base Paint Prevention Notification

      viii. Right to Cancel

b. In situations where emergency repair is necessary (e g. furnace no longer functional and temperature is 0 degrees) the contractor may sign an Emergency Repair Program contract that is filled out by hand.

9. <u>Contract Oversight and Payment</u>

a. Contractor must obtain and display appropriate permits, as applicable, at the job site. Work may not begin until a Notice to Proceed is signed by the owner.

b. Agency shall inspect work during progress and at completion to ensure that work is performed to code and the agreed-upon scope of work.

c. Payment is to be made by agency check drawn to the contractor. The agency will not disburse a check until the following documents are received:

i. Final Waiver of Lien Appropriate guarantee and warranties to the owner through the agency.

ii. Final inspection report (Certificate of Final Inspection): Delivery and Acceptance of work. The contractor should furnish the owner with warranties and guarantees, and the Rehabilitation Inspector should maintain copies in the owner's file. Contractor Eligibility

Approved Contractors

Contractors who wish to participate in the program as an approved contractor must meet the following criteria and provide the following information for review.

- Possess a current license with the City of Hammond in the appropriate trade.
- Possess appropriate insurance coverage as determined by the City.

Loan Servicing

Under a Deferred Loan, no interest shall accrue, and no payments shall be due, unless one of the contingencies stated in Note occurs. The property to be rehabilitated must be owner-occupied. Owner-occupied is a structure in which the owner resides in a one dwelling unit after rehabilitation. Own the structure with title to the property located within the City Boundaries.

Recordkeeping

File folder shall be kept for each processed application, and this file shall include, but not be limited to, the following:

- Application
- Income Verification
- Verification of Ownership (Title/Deed)
- Property Inspection
- Work Write-up and Specifications
- Bids/Proposals

- Emergency Loan Application
- Agreement/General Conditions
- Notice to Proceed
- Certificate of Final Inspection
- Delivery and Acceptance of Work
- Copy of Warranties and Guarantees
- Final Waiver of Loan
- Credit Report (Trans Union) (Include cost in total amount)
- 6230 - Loan Form
- Mortgage - Promissory Note