

City of Dearborn Home Rehabilitation Program

Homeowner Handbook

**Economic Development Department
16901 Michigan Avenue, Suite 7
Dearborn, MI 48126
313-943-2172**

HRP Standard Hours of Operation

Monday through Friday
8:00 a.m. to 4:30 p.m.

HRP Representatives:

Regan Webster at rwebster@dearborn.gov or (313) 943-2172

Individuals with disabilities who require special accommodations, auxiliary aids or services to participate in the Home Rehabilitation Program (HRP) should consult with their HRP Representative. Reasonable advance notice is required.



**City of Dearborn
Home Rehabilitation Program
Homeowner Handbook**

The City of Dearborn's Home Rehabilitation Program (HRP) provides financial assistance to qualified homeowners for the repair or rehabilitation of their home. Comprehensive Rehabilitation Assistance is intended to help qualified residents meet the costs that will be incurred to upgrade their dwelling to meet the legal requirements of a local occupancy code inspection. The eligible property must require at least \$1,000 in local code corrections or lead paint hazard reduction. Comprehensive Rehabilitation includes:

1. Local code corrections.
2. Lead paint hazard reduction. (Refer to description later in this handbook.)
3. General Improvements, limited to the following:
 - Barrier-free access measures installed in dwelling units occupied or visited by handicapped, disabled, or elderly persons requiring such measures.
 - Energy conservation measures including insulation, venting, weather-stripping, caulk, appliance replacement (in accordance with HUD Guidance on Eligible Appliance Purchases), replacement windows, and storm windows.
 - Exterior improvements (roof, siding, trim...) to address "eyesore" conditions and designed to enhance the desirability and property values of the surrounding neighborhood.
 - Replacement of aging major household equipment, fixtures or structural components, such as roof, furnace, water heater, electrical or plumbing service, kitchen or bathroom fixtures.
 - Installation of concrete pad and storage shed (not to exceed 10' x 10') where no other accommodation for outdoor storage is present.

An **HRP Representative** will be assigned to each project. As technical agent, the HRP Representative will facilitate required inspections of your property, prepare a work-write up and cost estimate, and assist the homeowner with the contract bid process.

The HRP Representative will perform **work-in-progress inspections** for the protection of the HRP and your home. If the HRP Representative anticipates that work will be done that substantially alters the intentions of the homeowner, injures the property, or violates the specifications of the contract, the HRP Representative may issue **emergency orders** or instructions to the contractor. Upon issuance of such orders or instructions, the HRP Representative will contact the homeowner and the contractor, or subcontractor most directly responsible for the work in question, as quickly as possible. All parties will examine and approve or re-negotiate the work in question before the job proceeds.

The HRP Representative's services and inspections are not a guarantee of any type and do not make the City of Dearborn or the HRP responsible for the quality of work, or responsible for contractor or worker performance. The HRP Representative cannot be personally available for the inspection of each segment of the work performed. The HRP and its employees, supervisors, and directors will reasonably rely on the competence and skill of each individual contractor as is normal in the course of such transactions and the execution of the construction contract.

HRP financial assistance (rehabilitation construction and project support) is provided as a **deferred, interest-free loan**. The homeowner will be required to **execute a mortgage and note** against the property, securing the deferred loan. Borrower shall receive annual earned credits in the amount of 5% each full year that Borrower remains living at the Property as his/her primary residence. No partial year credit will be provided. If Borrower remains living at the Property as his/her primary residence for a period of **Five (5) years** after the date of this Mortgage, and is otherwise not in default of the Home Rehabilitation Program Deferred Mortgage Note, the City shall discount the Principal loan repayment amount by **Twenty-Five percent (25%)**. If Borrower remains living at the Property as his/her primary residence for a period of **Ten (10) years** after the date of this Mortgage, and is otherwise not in default of the Home Rehabilitation Program Deferred Mortgage Note, the City shall discount the Principal loan repayment amount by **Fifty percent (50%)**. If Borrower remains living at the Property as his/her primary residence for a period of **Fifteen (15) years** after the date of this Mortgage, and is otherwise not in default of the Home Rehabilitation Program Deferred Mortgage Note, the City shall discount the Principal loan repayment amount by **Seventy-Five percent (75%)**. If Borrower remains living at the Property as his/her primary residence for a period of **Twenty (20) years** after the date of this Mortgage, and is otherwise not in default of the Home Rehabilitation Program Deferred Mortgage Note, the City shall discount the Principal loan repayment amount at **One Hundred percent (100%)**. **The Principal loan will be completely forgiven and the Note and Mortgage will be fully discharged.**

The loan amount will become due and payable upon the lease, sale, devise or transfer of the property, upon destruction or demolition of the property, upon conversion of the property to any other use than the applicant's principal residence, upon failure to maintain the property in compliance with community residential property maintenance standards and codes, or on that date which is **twenty years** from the date of the mortgage, as stated in the mortgage and note. The loan may be paid off at any time, without penalty.

The HRP mortgage and note shall be superior to all subsequent liens unless the subsequent lien is provided a preferential position in writing by the City of Dearborn. Your ability to finance additional housing debt in the future may be limited or restricted by the terms of the HRP mortgage. Requests for lien subordination will be subject to the **lien subordination** policy in place at the time of request.

Direct costs for **project support services** (such as lead paint inspections and risk assessment, relocation assistance, property inspections, specification writing and construction management), in a total amount not to exceed \$2,500, will be included in the deferred loan amount.

Homeowner Responsibilities

The homeowner has an important role in making the project successful. There are many tasks the homeowner must undertake throughout the course of the project that directly impact progress and completion of the project. The homeowner must provide complete and accurate information required for applications and program related forms; schedule and attend inspections; and make their home available and accessible to inspectors and contractors.

During the course of the rehab project, the homeowner may **not** hire the contractor to complete additional side work items that are not part of the awarded bid specifications which are part of the approved scope of work.

There are a number of **self-help, minor home repair, and housekeeping** items that you may be asked to complete before your formal application will be processed. You may be required to:

- ✓ Install operable smoke detectors in required locations. *Do not place smoke detectors in corners. Use alkaline batteries and check for proper operation at least twice a year.*
- ✓ Install vacuum breakers on laundry and outdoor faucets.
- ✓ Install rigid metal or U.L. approved dryer vent.
- ✓ Obtain heating unit inspection through MichCon or other licensed mechanical contractor.
- ✓ Remove debris, clutter, and unlicensed vehicles from your yard and home. (The entire property must be accessible for inspections.)

NOTE: Completion of self-help items does not guarantee your eligibility for program assistance.

The HRP provides financial and technical assistance and coordinates the contractor hiring process. ***The HRP Representatives will assist the homeowner in approving specifications, to review bids and select a qualified contractor, to sign construction contracts and change orders, inspect the contractor's work, and to approve contractor payments.***

Hiring a Rehab Contractor

- ✓ Review your work write-up; approve work specifications.
- ✓ The HRP Representative will ensure that a licensed and insured rehab contractor who have *completed HUD-approved training and are certified lead abatement contractors are hired for your rehab project.*
- ✓ Check each contractor's reputation and background. Ask for references.
- ✓ Bids solicited from at least three qualified contractors using the approved work specifications.
- ✓ Review bids with your HRP Representative.
- ✓ Attend pre-construction walk-through. Make color and style selections for specified materials. *(The increased cost for materials, fixtures, or equipment of a quality exceeding that customarily used must be paid by the homeowner.)*

Homeowners should **inspect work in progress** as **frequently** as possible without interfering with work performance. Immediately discuss any difficulties or poor workmanship with the contractor and HRP Representative. Once materials are in place, the cost of repair or replacement may be substantial.

Historic Preservation

Depending on age and other factors, homes rehabilitated through the HRP may also be required to meet criteria that preserve their historic character. If your home is 50 years of age or older, project information will be forwarded to the State of Michigan Historic Preservation Office for review and determination.

Lead-Based Paint Requirements

The Home Rehabilitation Program (HRP) is financed with federal funds and must comply with the “Requirements for Notification, Evaluation and Reduction of Lead-Based Paint Hazards...” and other federal regulations. (Properties built after January 1, 1978 are exempt from Lead-Based Paint requirements.)

All applicants for the Home Rehabilitation Program receive a copy of the US Environmental Protection Agency pamphlet entitled “**The Lead-Safe Certified Guide to Renovate Right**”. Federal law requires that individuals receive certain information before renting, buying, or renovating pre-1978 housing. Please contact your HRP Representative if you have questions or would like another copy of the pamphlet.

Your HRP project may include a paint inspection. A **paint inspection** tells you the lead content of different types of painted surfaces in your home. It does not tell you whether the paint is a hazard or how you should deal with it. In the absence of a paint inspection, the HRP will presume that all painted surfaces are coated with lead-based paint. If lead-based paint is identified (or presumed) the work write-up and construction contract will require the use of safe work practices and the repair of any painted surface that is disturbed.

Many HRP projects will include a lead risk assessment. A **risk assessment** tells you if there are any sources of serious lead exposure (such as peeling paint and lead dust). It also tells you what actions to take to address these hazards.

All lead hazards that are identified in the risk assessment must be eliminated as part of the rehabilitation project. This could potentially increase the amount of money required to complete your project. If all hazards are not eliminated, the project cannot be done.

Your HRP project will include interim controls or abatement of all lead-based paint hazards identified in the risk assessment and any lead hazards created as a result of the rehabilitation work.

To protect your family, you are responsible for the future, proper maintenance of painted surfaces to ensure that new hazards do not occur.

Clearance testing will be performed at the conclusion of lead hazard control activities or other rehabilitation work that may create lead hazards. Clearance testing is performed by state certified personnel and includes visual assessment, dust sampling, submission of samples for analysis for lead, interpretation of sampling results, and preparation of a report.

Occupants shall not be permitted to re-enter the work-site during hazard reduction activities, until after the work has been completed and clearance has been achieved.

Homeowners will receive formal **notice of all evaluation and hazard reduction activities**. You are required to disclose this information upon sale or lease of your home. **Sellers** have to disclose known information on lead-based paint and lead-based paint hazards before selling a house. **Landlords** have to disclose known information on lead-based paint and lead-based paint hazards before leases take effect.

Temporary Relocation

You may be required to temporarily relocate during lead hazard reduction work. **Temporary housing arrangements and the costs associated with temporary housing are the responsibility of the homeowner.**

Temporary relocation may be required when:

1. A child under the age of 6 occupies the home, unless the lead hazard reduction work can be completed within one period of 8-daytime hours.
2. Lead hazard reduction work takes place in the kitchen or in the bathroom (if there is only 1 bathroom available) and cannot be completed within one period of 8-daytime hours.
3. Lead hazard reduction work will require more than five calendar days to complete.
4. Debris and dust cannot be contained in the work site and may spread to occupied areas.

[Relocation requirements may be waived for elderly occupants, provided that informed consent is given by that occupant.]

Occupants will not be allowed to enter the work-site during lead hazard reduction work. Re-entry is permitted only after such work is completed, the unit has passed required clearance testing, and **approval to re-occupy** has been granted by your HRP Representative.

Relocation Allowance

To offset the financial burden of the move, the homeowner may opt to receive a relocation allowance of up to \$75/day, not to exceed \$750 total (\$150/day, \$1500 maximum for family of five or more).

This optional relocation allowance is part of the overall assistance limitation and will be included in the program's deferred loan.

If the lead hazard work takes longer than anticipated in the contractor's work schedule, the contractor may be assessed liquidated damages in the amount of \$75/day (\$150/day for large families). Liquidated damages will not be assessed for days covered by the standard relocation allowance. The value of these liquidated damages will be deducted from the contract balance and will reduce the program's deferred loan. In cases of extreme hardship, the liquidated damages may be paid to the homeowner with no reduction to the program's deferred loan.

Preparing Your Home for Lead Hazard Reduction Work

The homeowner is responsible and expected to prepare the home for the lead hazard reduction work and for removing all articles of value before the contractor begins the work. Failure to comply with this responsibility may result in the homeowner being asked to pay for additional contractor expenses.

After the scope of lead hazard reduction work has been identified, your HRP Representative will let you know how to prepare your home. For example, in rooms where work will take place you may be required to:

- ✓ Remove curtains, drapery, window blinds, wall hangings
- ✓ Remove throw rugs, runners, and mats
- ✓ Remove toys and sports equipment
- ✓ Remove clothing and shoes from closets
- ✓ Remove items from shelves and mantels
- ✓ Pack breakable items to avoid damage
- ✓ Remove furniture and other moveable objects (or place in center of room)
- ✓ In kitchen area, remove all food items, dishes, pots and pans
- ✓ Clean floors and walls
- ✓ Remove plants

Window Air Conditioner Units

If the rehabilitation specifications require window replacement and there is a window air conditioner unit in one of the windows to be replaced, it will be the responsibility of the homeowner to remove the air conditioner unit before the window is replaced. Once the new window is installed, it will be the homeowner responsibility to re-install the air conditioner unit back into the window. **The contractor will not remove or replace a window air conditioner unit at no time during the rehabilitation.**

The rehabilitation contractor will be required to protect your belongings from dust-lead hazards and debris during construction. This may be accomplished by covering items that you have moved to the center of the room with an impermeable covering.

Security

The rehabilitation contractor will properly secure your home at the end of each workday. The homeowner is responsible to acquire and pay for any additional security that may be desired.

Items to take with you

You will not be allowed to re-enter the unit until the lead hazard reduction work is complete (including required clearance testing). Please be sure to take necessary/valuable items with you:

- | | |
|-------------------------------|-------------------------|
| ✓ Personal hygiene items | ✓ Pets and pet supplies |
| ✓ Basic first aid items | ✓ Computers |
| ✓ Medications | ✓ Electronic Devices |
| ✓ Clothing | ✓ Jewelry/Coins |
| ✓ Toothpaste and Toothbrushes | ✓ Furs |
| ✓ Shampoo, hairspray... | ✓ Stamp Collection |
| ✓ Other necessities | ✓ Other Valuables |

Consider making a detailed inventory of items left in the home:

- | | |
|----------------------|-------------------|
| ✓ Furnishings | ✓ Microwave |
| ✓ Television | ✓ Air Conditioner |
| ✓ DVD/VCR/DVD | ✓ Other |
| ✓ Desktop Computer | ✓ |
| ✓ Electronic Devices | ✓ |

Contract Late Fees/Liquidated Damages

The Rehabilitation Contract document contains language allowing "liquidated damages" to be assessed against the contract balance for certain instances of contractor non-performance. Damages for failure to complete work in a timely fashion are intended to offset the homeowner's hardship and will be used to reduce the program's deferred loan. Other damages are intended to offset additional administrative and support costs to the program and will not reduce the program's deferred loan.

Late fees will not be assessed for delays beyond the control of the contractor, for delays that may occur as the result of accommodating the homeowner's schedule, color or product choices, or changes in the scope of work, or delays that may occur as a result of disputes resolution.

Contract Disputes

In the event of a dispute between the Homeowner and the Contractor involving work under the contract, the HRP Representative will act as a mediator of the dispute. As a mediator, the HRP Representative will offer opinions and resolutions that are consistent with the intent of the contract documents. The role of mediator will be directed toward settling the dispute without partiality to either the Homeowner or the Contractor. This mediation is offered as an effort to resolve conflicts with the least possible cost to the Homeowner and/or the Contractor.

Disputes must be brought forth in a timely manner and as outlined in the contract. The existence of a dispute shall not interfere with work progress. Payments may be withheld for portions of the work in dispute.

Complaints that cannot be resolved by the HRP Representative will be directed to the HRP Program Administrator for further mediation and resolution. If the homeowner is not satisfied with the resolution presented by the HRP Program Administrator they shall be given the opportunity to submit their complaint in writing, addressed to:

City of Dearborn
Attn: Director of Economic Development (Home Rehabilitation Program)
Economic Development Department
16901 Michigan Avenue, Suite 7
Dearborn, Michigan 48126-2899

The Director will provide a written response within fifteen (15) working days of receipt of the written complaint. The response shall include information regarding additional steps available if they remain unsatisfied.

If the homeowner is not satisfied with the resolution presented in the written response, they may request (in writing to address above) a hearing by the HRP Review Committee. A copy of the written request for hearing will be forwarded to the Mayor's Office for the purpose of information and disclosure.

The HRP Review Committee shall consist of the Director of Economic Development (or his/her designee), the Assistant Building Official (or his/her designee) and the Code Enforcement Manager (or his/her designee).

The complainant may choose to make a presentation in person or may submit a written description (including documentation) to the committee for review.

A meeting of the HRP Review Committee will be scheduled as soon as possible (in most cases, within 15 working days of the request) at a date and time that is practical for the committee members and the complainant.

The HRP Program Administrator will notify (in writing) the complainant of the review committee's decision within fifteen (15) working days of the date of the hearing. Except as noted below, the decision of the committee is final.

Note: Warranty complaints (construction material and workmanship complaints received after the final payment on a project) are not the subject of the contract disputes policy. Such warranty complaints must follow the process established by the State of Michigan, Department of Labor and Economic Growth, Bureau of Commercial Services, Enforcement Division; or, the small claims division of Dearborn's 19th District Court. (See "Warranty" section below for more information.)

Warranty

The Rehabilitation Contract requires the Contractor to warrant that his performed work conforms to the requirements of the contract, and is free of any defect of equipment, materials, or design furnished for an eighteen (18) months warranty period. This warranty period starts when all permits are approved / closed out and the final payment has been approved and submitted (refer to payment date). Furthermore, the warranty covers workmanship performed by the Contractor and all of his subcontractors. The Contractor shall remedy, at his own expense, any such failure to conform or any such defect.

Manufacturers may also warrant the material, fixtures, or equipment placed in your home as part of the rehabilitation project. Make sure your contractor provides you with all of these warranties. File the warranties in a secure place.

If you discover a problem or defect covered by your warranty, you should:

1. Call the contractor as soon as possible after discovery of the problem. Take note of the date of contact, problem described, and resolution requested. (Consider taking photographs as documentation.) Also be sure to document the date and method of problem resolution by the contractor (if any). According to the terms of your contract, the contractor must warrant his repairs for a period of at least one-year from the date of repair.
2. After contacting the contractor, if you are unable to satisfactorily resolve the warranty complaint, you may contact your HRP Representative for assistance. Remember, **the City of Dearborn and its Home Rehabilitation Program do not warrant or guarantee the contractor's work.** The HRP Representative's role is that of mediator, without partiality to the homeowner or the contractor.
3. Complaints that remain unresolved may be filed with the State of Michigan's Department of Labor & Economic Growth, Bureau of Commercial Services, Enforcement Division, P.O. Box 30254, Lansing, MI 48909. Telephone: 517-241-9309. (Complaints must be received by the Department of Labor & Economic Growth within 18-months of project completion.) Contact the Dearborn Residential Services Department or your HRP Representative for required forms.

As an alternative to #3 above, the homeowner may also opt to file a small claims case with the 19th District Court. Contact the court administrator for requirements, restrictions, and other considerations before selecting this option.

Surviving Rehabilitation

Rehabilitation creates dirt and noise.
Remove what you want to protect.

Your household routine may be disrupted by relocation.
Due to federal requirements, this cannot be helped.

Accidents can happen; things can break.
Pack all valuables and store safely away from the work-site.

When working with your electrical, plumbing, or heating system—
you may be without the service for several hours or days.

Delays can often cause the work to take longer than anticipated.
For example: materials may be out of stock and must be ordered;
or, the weather may interfere with the contractor's work schedule.

In the event of any confusion or communication problem with the contractor,
contact your HRP Representative for the facts.
The workers do not always know the whole story.

Proper Maintenance after Rehabilitation

It is important to maintain your home and property before, during, and after the rehabilitation project, in accordance with the program requirements. Protect your home and your warranty:

- ✓ Keep your gutters and downspouts clean to aid in preventing ice damage and other causes of leakage and damage.
- ✓ Don't drive on new concrete for a minimum of ten (10) days; the longer you wait, the stronger it will become.
- ✓ Use a concrete sealer on new concrete after it has cured adequately.
- ✓ Use of salt, or parking a salt covered car on new concrete will frequently cause rust stains and other salt-related damage to the concrete.
- ✓ As recommended by the manufacturer of the product, seal wolmanized wood (decks, railings, etc.) with an appropriate sealer.
- ✓ Some rehabilitation work items may be prime-coated only. Be sure to apply the final finish promptly.

If your lead-based paint inspection identified the presence of lead in your home:

- ✓ Protect your family by properly maintaining painted surfaces to ensure that new lead hazards do not occur.

Note: The future sale or transfer of your residential property will require a new local code inspection; additional repairs may be required in order to obtain a "Certificate of Occupancy".