Housing Rehabilitation Loan Program
and Paint Program Implementation Services

Scope of Work

The Scope of Work, as may be modified through negotiation and/or by written addendum issued by the City, will be made a part of the Agreement. Any reference to "City" refers to both the City of Lake Forest and Lake Forest Housing Authority.

The Scope of Work is expected to be completed for all loans issued during the Fiscal Years 2017-18, 2018-19, and 2019-20, unless earlier terminated as per Agreement for Consultant services.

Contractor shall provide program implementation services for the two programs noted below.

1. Housing Rehabilitation Loan Program
2. Neighborhood Pride Paint Program

1. Housing Rehabilitation Loan Program (Loan Program)

The Loan Program assists income-qualified homeowners with zero-percent deferred interest or three-percent amortized interest loans for homes, condominiums and mobile homes. The zero-percent interest deferred loans require no monthly payments. However, total loan repayment is due at the time of sale, refinance, or transfer of title. The three-percent interest loans require monthly payments and are fully amortized over 15 years. The majority of loans in the City's portfolio are deferred. Mobile home owners are eligible to receive up to $15,000 and homeowners are eligible for up to $30,000. An estimated 9-12 loans are issued each year. Program implementation services include, but shall not be limited to, the following:

A. Program Coordination

1. Documentation of the income level, ethnicity, age of persons and/or households participating in or benefiting from the City's program;

2. Documentation of the number of persons and/or households participating in or benefiting from the City's program;

3. Documentation of all CDBG funds expended for the Program;

4. Any such other related records as the City shall require.

5. Market the program to increase participation

6. Provide periodic assessment of the program and communicate possible ways to improve it.

7. Responsible for informing and responding to issues noted by staff. Includes weekly meetings with the Economic Development/Housing Manager to provide progress updates, address concerns, and review documents for signature.

8. Coordinate Loan Committee Meetings with committee members. Prepare loan applications for review, provide overview of application material and description of work to be done, and discuss the City's risk assessment for the proposed loan.

9. Provide courteous and timely service to program participants. Calls from program applicants/participants shall be returned within 48 hours.

10. Provide professional service in a manner that reflects positively for the program.

B. Applicant Eligibility

Pursuant to applicable federal and local regulations, review loan applications to determine the following:

1. Applicant's financial and eligibility status: analyze tax returns, household composition and employment history, confirm ownership status.

2. Obtain and evaluate asset verifications regarding savings, checking, certificates of deposit, stocks and bonds.

3. Applicant's credit worthiness: evaluate credit report, title, and appraisal. Determine debt-to-equity ratio.

4. Order the appropriate forms, reports, appraisals or records as necessary to determine the above (i.e. Policy of Insurance of Record Title, PIRT, for each project involving real estate).

C. Preparation of Work Specifications, Cost Estimates, Inspection Services and Construction Management.

1. Conduct property inspections to identify work items to bring property into conformance with City's rehabilitation standards.

2. Preparation of work write-up accurately describing necessary repairs and improvements including cost estimate.

3. Evaluate bids submitted by contractors in relation to cost estimate.

4. Ensure the general contractor and any subcontractors are licensed by the California State Contractors Licensing Board and that contractor is properly insured and provides verification.

5. Conduct a pre-construction meeting as necessary to review all projected work with all interested parties and complete all necessary agreements between parties, and City approved forms.

D. Preparation of all required Loan Documents and Contracts on forms approved by City, including but not limited to:

1. Promissory note

2. Notice of Right to Cancel (Notice of Rescission)

3. Deed of Trust/UCC 1 Financial Statement, if applicable/Mobile Home Statement to Encumber or Statement of Lien or other securing document. Deed of Trust and Request for Notice of Title Change will be sent to Orange County Recorder for recordation. The UCC 1 Financial Statement will be sent to the Secretary of State. The mobile home Statement to Encumber or Statement of Lien will be sent to the Orange County Department of Housing & Community (HCD) for recordation.

4. Request for Notice of Title Change

5. Truth-In-Lending Disclosure Statement

6. Construction contract

7. Materials and Lien Release forms

8. Loan Disbursement Instructions

9. Additional/other necessary documents as requested by City.

E. Fund Control/Disbursement and Project Completion/Close-Out

1. Coordinate with the City to set up loan/escrow account.

2. When applicable, progress payments must be preceded by conducting on-site, not drive-by, inspections of the rehabilitation work before preparing progress payment forms authorizing issuance of payment to contractor, executed by the owner and contractor.

3. Secure all necessary sign-off documents <u>before</u> obtaining homeowners authorization for final payment:

   a. Require that the contractor complete the work in accordance with the bid and the approved work schedule.

   b. Conduct a final on-site, not drive-by, inspection of property and provide documentation of results of inspection indicating that final inspection has been conducted.

   c. Provide documentation that sign off on permits for roofing, plumbing, electrical, etc. has been verified.

   d. Obtain materials and lien releases signed by contractor.

4. Obtain homeowner authorization to disburse payments.

5. At City Hall, maintain accurate accounting records of all loan disbursements and current account balances and execute close out of case by ensuring that the permanent

file contain complete documentation and accurate records which comply with federal reporting requirements.

2. Neighborhood Pride Program (Paint Program)

The Paint Program assists qualified homeowners (who are selected by lottery) with the exterior painting of their home. Depending upon availability of funding (primarily Federal Community Development Block Grant or CDBG), an estimated 6-7 homes are painted each year. Homes are painted by professional paint contractors selected by each homeowner. Consultant services include coordination activities and interface with paint contractors and homeowners as follows:

A. Public outreach, as appropriate, to gain participation, and secure selection of homes.

B. Obtain, qualify and verify the following information by homeowners:

   1. Tax returns for past 2 years to ensure income qualification

   2. Copy of title/ownership or grant deeds. If other family members are on title, research and ensure that they do not contribute to income of household in order to maintain income eligibility – obtain certification of non-contribution.

   3. Secure commitment and participation of homeowners; obtain waivers

C. Work with homeowners on selection of paint colors for walls and trim.

D. Set-up lead-based paint testing, as appropriate, with professional testing company; arrange for testing with homeowners and stay in contact with homeowners as required.

E. Coordinate with paint contractor regarding cost of preparation and painting of homes.

F. Meet with homeowners and discuss reasonable extent of painting required or difficulties for each home (discuss paint colors and issues with patio covers, side-yard fencing, etc.); if appropriate, work with homeowners and resolve issues that may arise.

G. Prepare files for and correspondence to each home owner regarding project.

H. Take before and after photos of each home.

I. Supervise activities and ensure clean-up by paint contractor after painting completed.

J. Maintain the following records and reports to assist the City in complying with its record keeping requirements.

1. Documentation of the income level, ethnicity, age of persons and/or households participating in or benefiting from the City's program;

2. Documentation of the number of persons and/or households participating in or benefiting from the City's program;

3. Documentation of all CDBG funds expended for the Program;

4. Documentation of expenses as identified in reimbursement requests;

5. Documentation of how and when a determination was made as to the eligibility status of persons assisted, and

6. Any such other related records as the City shall require.

K. Responsible for informing and responding to issues noted by staff. Includes weekly meetings with the Economic Development/Housing Manager to provide progress updates, address concerns, and review documents for signature.

L. Provide courteous and timely service to program participants. Calls from program applicants/participants shall be returned within 48 hours.

M. Provide professional service in a manner that reflects positively for the program.