

CDBG HOUSING REHABILITATION LOAN PROGRAM

Loan Processing Procedure

- I. Application
 - A. Applicant returns application and Housing Authority (Housing) staff reviews application to assure all necessary information (names, addresses, account numbers, etc.) is available to verify income, assets and mortgages.
 - B. Applicant signs all release statements on all necessary forms.
 - C. Verifications are sent and received (approximately 2 weeks).
 - D. Upon receiving verifications, income and asset information is tabulated to determine income eligibility.
 - E. Applicant is contacted to inform them of eligibility and if eligible, the inspection of the property may be completed at this time.
- II. Inspection and Bid Specifications
 - A. Inspection of the property(s) is conducted by the Housing Rehabilitation Specialist.
 - B. The inspection is conducted to identify deficiencies in the property that may be financed through the CDBG Housing Rehabilitation Program.
 - C. All deficiencies are reviewed with homeowner.
 - D. Housing Rehabilitation Specialist writes a detailed specification of the work necessary to correct all deficiencies.
 - E. Homeowner is sent a copy of specifications to review and approve. The project is then placed out for competitive bidding.
 - F. The homeowner is given the terms and conditions of the loan.
- III. Bidding
 - A. The City of Eau Claire Housing Division must assure that fair and competitive bidding is conducted.
 - B. The City will solicit bids from General Contractors (approximately 3 weeks), which are listed on an approved contractor's list in our office. However, any bonafide General Contractor is eligible to bid on these projects as well as any contractor known to the homeowner. The contractor must bid from the specifications provided from our office.
 - C. Upon receiving the bids, they are turned over to the homeowner for review.
 - D. The homeowner and Housing Authority staff meets to review the bids and choose the contractor.
 - E. The City of Eau Claire Housing Authority will provide loan funds up to the amount of the lowest responsible bid. If the homeowner wishes to choose a contractor whose bid is higher but the

homeowner feels more comfortable with, he/she may do so, however, the homeowner must pay the difference.

- F. Once the contractor is selected and a dollar amount has been established, the loan is ready for presentation to the City of Eau Claire Housing Authority Board of Commissioners for approval.

IV. Loan Approval

- A. Housing Authority staff prepares formal application for loan approval.
- B. Final tabulations of income, assets and equity are prepared.
- C. The loan is presented to the City of Eau Claire Housing Authority Board of Commissioners.
- D. Homeowner is contacted as to the decision of Housing Authority Board, loan documents are prepared and loan closing time is set.

V. Loan Closing

- A. Loan closing is conducted and all loan documents are explained and signed.
- B. After a three day right to cancel period, the mortgage is recorded and order to proceed is mailed to contractor.
- C. Loan is set up with servicing bank (for installment loans only).
- D. Homeowner receives all signed loan documents.

VI. Construction/Disbursements

- A. Contractors have thirty (30) days to start work and a total of ninety (90) days to complete project. The contract is between the homeowner and the contractor, thus changes in the time frame are negotiable.
- B. Contractors are allowed up to three progress payments on the project, homeowner has to authorize progress payment, work is inspected by City Housing staff prior to payment, and 10% of drawdown is withheld until completion.

VII. Closeout

- A. Upon completion of payment, a final inspection is conducted by Housing Staff.
- B. Final payment is made to contractor, lien waivers are signed, and homeowner receives statement of closeout.