

# PRESQUE ISLE COUNTY HOME IMPROVEMENT PROGRAM

Presque Isle County Courthouse  
151 East Huron Avenue, PO Box 110, Rogers City, Michigan 49779

## Application Process

**Purpose of Program:** This program is intended to provide funds for the rehabilitation of owner occupied, single family residential units. All repairs must conform to the Michigan Residential Building Code, Michigan Electrical Code, Montmorency County Home Improvement Programs Materials and Methods Manual and the HUD Uniform Physical Conditions Standards, with amendments thereto. The program will comply with local zoning regulations and ordinances. This program is intended to provide loans for rehabilitation of existing housing, per housing inspectors review, not new construction of housing.

### ALLOWABLE COSTS

Allowable costs are costs necessary to implement the Home Improvement Program as approved by its funding source as follows:

Installation and/or repair of sanitary water and waste disposal systems, together with related plumbing and fixtures, which will meet local health department requirements.

1. Energy conservation measures such as insulation, combination screen-storm windows & doors
2. Repair or replacement of the heating system
3. Electrical wiring.
4. Repair of, or provision for, structural supports and foundations.
5. Repair or replacement of the roof.
6. Replacement of severely deteriorated siding, porches, or stoops.
7. Alterations of the unit interior or exterior to provide greater accessibility for any handicapped household members.
8. For properties listed on, or eligible for, the National Register of Historic Places, activities associated with conforming repair and rehabilitation activities to the standards and/or design comments resulting from the consultation process.
9. Replacement of refrigerator and stove of existing units that do not meet Housing Quality Standards.
10. Emergency repairs to mobile homes provided:
  - (i) The recipient owns the home and the site on which the home is situated and has occupied that home on that site for at least one year prior to receiving assistance; and
  - (ii) The mobile home is on a permanent foundation.
  - (iii) The mobile home meets the age requirement as stated by MSHDA.
11. Additions to conventional dwellings conventional only when it is necessary to alleviate overcrowding.

### APPLICANT REQUIREMENTS

1. Applicant must be an individual or household who has ownership by a Warranty deed and occupies a single dwelling residential property, or is a purchaser of such property under a land contract or mortgage. The deed, land contract or mortgage must be recorded in the Register of Deeds office.
2. Applicant must meet income requirements combining gross income of the applicant and household and any other persons related by marriage or operation of law who share the same dwelling unit, also that of any non-related adult residing within the same dwelling, excluding the income of those persons under the age of 18 or full time students, or mentally or physically disabled children whatever their age (this does not exclude social security, disability or child support payments received for minor children). The income of Foster Children is excluded.
3. Applicant must have occupied the premises as their full time residence for one (1) year prior to making application. Applicant must reside in the premises for the period of the deferred loan or local loan or they must repay upon sale of the home.
4. Applicant and all other joint owners of the property must agree to sign a mortgage for the total amount of the deferred loan or local loan.
5. Applicant will be required to maintain loss payable insurance on the property for the duration of the term of the deferred loan or local loan. It will be the option of the program to require either loss payable insurance or replacement coverage on the applicant's home.
6. Applicant will be required to keep the tax payments current for the duration of the term of the deferred loan or local loan.
7. Upon termination of ownership, whether by death, sale of property or title transfer, the balance of the mortgage must be paid in full. Liens can be assumed by income-eligible heirs who will occupy the residence as their year round residence as their primary home with approval by MSHDA and the County.
8. Applicants, if successful in obtaining a deferred loan or local loan, may not apply for another deferred loan or local loan for a period of five (5) years. This does not include Emergency Repair, or Michigan State Housing Development Authority Property Improvement Program.



In accordance with Federal law and the US Dept of Agriculture's policy, this institution is prohibited from discriminating on the basis of race, color, national origin, sex, age, or disability. (Not all prohibited bases apply to all programs). To file a complaint of discrimination write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 14th and 1400 Independence Avenue, SW, Washington, DC 20250-9410 or call (202) 720-5964 (Voice and TDD) USDA is an equal opportunity provider and employer. Equal Housing Opportunity. Equal Opportunity Employer.



9. Applicants related to the any County Board of Commissioners or County Employees must disclose their relationship on the application and shall not participate in the program without MSHDA approval.
10. Home Improvement Program staff and County elected Officials shall not be considered eligible applicants.
11. Applicants home must be at least 5 years old excluding qualified emergency situations.

#### **CONTRACTOR REQUIREMENTS**

1. Eligible contractors shall have appropriate license as required by the state.
2. Contractors will provide all materials, equipment and labor necessary to perform the work stated in the Specification. All materials and workmanship must meet minimum standards as set forth in the Michigan Residential Building Code, Michigan Energy Code, and the HUD Uniform Physical Conditions Standards. All materials used are to be new materials unless otherwise stipulated in the specifications.
3. Contractor will be responsible for obtaining any required work permits and arranging for subsequent permit inspections.
4. Contractor will conform to all applicable local codes and ordinances whether or not specifically stated in the Specifications.
5. Contractor will furnish evidence of Comprehensive Public Liability Insurance (\$300,000) protecting the Homeowner in the event of bodily injury, including death, and (\$100,000) in the event of property damage arising out of the work performed by the contractor or a sub-contractor.
6. Contractor will furnish evidence of Worker's Compensation Insurance when applicable and any other coverage required by Michigan Statutes. Statement of Sole Proprietorship will be required from contractors operating as such.
7. Contractor will submit the names of all sub-contractors performing work on each job to the Home Improvement Program for clearance.
8. Contractor must sign the contractual agreement with the Homeowner, as prepared and approved by the Home Improvement Program.
9. Contractor will be required to begin work within thirty (30) calendar days from receipt of the "Proceed to Work Order" or show just cause for not beginning work.
10. Contractor shall disqualify bid by specifying material not otherwise specified in bid specifications. Contractor must bid each numbered item and show lump sum of all items.
11. If the contractor is unable to complete the work due to conditions within control, the contractor will pay for additional inspections. Twice the amount of the item not completed will be withheld from the balance until final inspection and final payment.
12. Each contractor will be responsible for all landscaping that is damaged during work being performed. If landscaping is found damaged on final inspection all remaining monies will be withheld until the damage is repaired to original condition.
13. Contractor is required to sign AD-1048, certifying that they are not debarred from participating in any federally funded programs.

#### **PROCESSING**

1. Applications will be accepted at the Home Improvement Program office.
2. The Home Improvement Program staff will interview the applicant to ensure the applicant is aware of the program scope and the requirement of a mortgage being placed on the property to secure the deferred loan or local loan and other pertinent information.
3. The Home Improvement Program staff will then verify the following items:
  - A. Income
  - B. Employment or Unemployment
  - C. Credit Check - through banks, credit bureau, etc. (optional).
  - D. Asset Check - through banks or other depositories. Lien holder on applicant's property, market value of property through Tax Equalization Department.
  - E. Title Search - through the Register of Deeds office.
4. If applicant is determined eligible the application process will continue as follows:
  - A. Inspector is notified to conduct a non-destructive, visual inspection of home to determine UPCS violations. The State Historic Preservation Society will be contacted. If the home was built prior to 1978 an Environmental Test will be required to test for Lead Based Paint.
  - B. Inspector prepares specifications detailing improvements to be made.
  - C. Specifications and item by item cost estimated are filed with the program.
  - D. Home Improvement Program Staff proceeds as follows upon their discretion:
    - i. Receives Bid Specification Approval and Authority to Proceed from applicant.
    - ii. Prepares bid packets for homeowner to invite contractors to bid
5. The Home Improvement Program Staff reviews bid results. If bid results are acceptable then applicant will be informed of the following:

- A. Home Improvement Program Staff determination as to whether the applicant will receive a deferred loan or local loan and the terms attached thereto.
  - B. Cost of the work to be performed and the Contractor(s) that will be awarded the job in accordance with general bidding practices.
6. If applicant decides not to proceed they will be asked to indicate in writing. This will be filed and the file closed. When an applicant withdraws his/her application then wishes to be reconsidered, the entire application process will begin anew.
7. If the applicant accepts the determination of the Home Improvement Program Staff, a loan closing appointment along with a contractor closing appointment between the Homeowner and Contractor(s) will be scheduled.

#### **INSPECTION**

1. The initial inspection will be conducted by the designated inspector for the Home Improvement Program to determine Code Enforcement areas needing to be addressed.
2. All homes built prior to 1978 will require a Lead Based Paint Assessment by a certified inspector.
3. The inspector may be requested by the Home Improvement Program Staff to conduct a special inspection either prior to homeowner's acceptance of the prepared specifications or, if conditions warrant such, during actual construction.
4. The inspector will conduct a half completion inspection before the 50% draw is released.
5. The final inspection made by the inspector is conducted after receipt of the Work Completion Statement in order to determine contractor's compliance with work specifications.
6. Contractors must arrange with local code officials for inspections and final approval on any building, electric, plumbing and/or mechanical permits required.

#### **BIDS**

1. Bid package will be prepared and given to the homeowner to solicit licensed and insured contractors. The homeowner will be given a copy of contractors registered with the Home Improvement Program. The homeowner will be informed that they may give other licensed contractors of their choice the opportunity to bid. The homeowner will be required to obtain at least two qualified sealed bids within 14 days of the invitation to bid date.
2. Bids are opened and reviewed by the Home Improvement Program Staff who will recommend the lowest responsible bidder to be awarded the project. However, the homeowner will make the final decision to which contractor will receive the bid.
3. The homeowner and the Home Improvement Program Staff will go over the bids. The homeowner will voice his/her choice of contractor. The homeowner will be reminded that it is the general practice to accept the lowest responsible bid. If the owner chooses the higher bid, he/she **must pay the difference** between the lowest responsible bid and the chosen higher bid. This difference must be paid **prior** to the start of any work. The homeowner(s) will also be responsible for any additional work not stated in the bid specs or amendment to the specs.
4. The homeowner is notified of the bid award. Upon the homeowner's acceptance, the contractor is notified of the bid award. If the low bidder was not selected due to a choice by the homeowner, the low bidder will be notified of this in writing.
5. The Home Improvement Program reserves the right to reject all bids in excess of 10% of the Housing Inspectors estimate (when applicable), upon receipt of a single bid, or when the bids appear to be out of line.
6. To prevent unnecessary change orders and cost over-runs on projects, contractors will be asked to bid projects on an item by item basis. This will enable the Home Improvement Program to keep project costs under control.
7. If the selected contractor is not currently listed on the Home Improvement Program's contractor list, he will be required to submit the necessary information prior to signing any contract.

#### **LOCAL AND DEFERRED LOANS**

Financial arrangements and necessary forms:

- A. **Mortgage**  
Loans will be secured with a mortgage for the total amount of the project. All mortgages will provide for payments in full (current balance) upon the homeowner's failure to reside at said premise or termination of ownership whether by death or by transfer of property.  
**The debt is not transferable.** The term of mortgage on loans will be until the financed amount is repaid in full. Mortgage will be registered with the Register of Deeds Office.
- B. **Promissory Note - Local Loan**  
This note will be executed for loans only and will outline the terms and conditions of repayment and becomes part of the applicant file.
- C. **Promissory Note - Deferred Loan**  
This note will be executed for deferred loans only and will outline the terms and conditions of this deferred loan and be maintained in applicant file.

#### **WORK PERFORMANCE**

1. Contractor will begin work within 30 days of contract signing and issuance of the "Proceed to Work Order."

2. Contractor will notify the Home Improvement Program Staff of the date work is started in writing. This date will be documented in the file.
3. Contractor will notify the Home Improvement Program Staff of any problems occurring during the performance of work in writing.
4. Inspector will inspect all necessary work change orders. Approval is required by the Home Improvement Program Staff.

#### **PAYMENTS TO CONTRACTOR**

1. Contractor will notify the Home Improvement Program Staff when half of the work on a project is completed.
2. Home Improvement Program Staff will verify with homeowner that the job is half completed and that the homeowner is satisfied with the work. The Inspector will complete half completion inspection before any draws. Home Improvement Program Staff will disburse 50% of the total contract amount and mail check directly to Contractor.
3. Contractor will notify the Home Improvement Program Staff when work is completed.
4. Home Improvement Program Staff will notify Inspector to conduct final inspection.
  - a. Inspector will set appointment with homeowner and contractor.
  - b. Inspector will ensure that all items on work specifications were completed satisfactorily.
  - c. Inspector will present signed report to the Director.
5. Upon receipt of project acceptance by Homeowner and Inspector, and final inspections of permits by local code officials:
  - a. Contractor is entitled to a 40% disbursement (90% if one half completion draw was not made) of the contract amount, provided he has supplied waiver of lien forms signed by any sub-contractors and has signed the Contractor's Final Invoice Release of Claims & Warranty.
  - b. The final 10% of a project contract amount will be released 30 days following final acceptance of the completed work.