

# NEIGHBORWORKS® HOMEOWNERSHIP CENTER

## HOME IMPROVEMENT LOAN PROGRAM

### USER'S GUIDE

#### STEP 1: COMPLETE REQUEST FOR SERVICE

Be sure to drop off the following with your **completed, signed and dated** Home Improvement Request for Service:

- Proof of income for every person living in the household (e.g. 3 recent pay stubs from employer(s), SSI benefit letter and/or bank statements showing SSI direct deposit; proof of Social Security, pension, disability, unemployment, child support, etc.)
- Copy of most recent tax return (if filed)
- Copy of picture identification (e.g. driver's license) for both borrower and co-borrower (if applicable)
- Copy of declarations page of homeowner's insurance stating current policy period, amount of coverage, and listing of all mortgages against the property.
- You should have an idea of the type(s) and cost of home improvements you wish to finance, and may even have quotes from contractors, but **DO NOT** start work or commit to anything on this basis. WCHR staff will work with you to ensure that proposals and contracts include all necessary work and protect your consumer rights.

#### STEP 2: LOAN UNDERWRITING & REHAB WORK PLANNING

- If you meet preliminary underwriting guidelines, WCHR Staff will contact you to set up an inspection appointment.
- WCHR staff will prepare specifications to share with potential contractors for quotes so that you can properly compare estimates.
- Assistance will be provided in reviewing bids and selecting a contractor. You may invite any properly licensed contractors you wish to bid on the project funded unless approved in advance.
- Work estimates should include all permits and fees, materials that meet minimum guidelines, and avoid things like large up-front deposits and open-ended commitments to "extras" if needed. WCHR staff will review these requirements with you.

### STEP 3: LOAN REVIEW (APPROVAL/DECLINE)

- Clients complete a loan application and provide required documentation to begin initial loan processing and underwriting. This includes preliminary documentation of the scope of work to be done and contractor selection; ideally you will provide us with 3 contractor bids.
- After review of all required loan documentation, the Loan Specialist will submit a credit recommendation to our volunteer loan committee which reviews and approves/declines all loans.
- The Loan Committee issues final credit decision and client receives a Commitment Letter if approved or Statement of Credit Denial if declined.
- After the loan application has been approved the Loan Specialist will schedule the loan closing at a time convenient to you and the Lender.
- At or after closing the Rehab Specialist will meet with client to discuss the scope of work.

### STEP 4: LOAN CLOSING & WORK BEGINS

- A written “standard” contract model containing appropriate provisions for protecting the borrower/owner will be provided, and a pre-construction conference with the contractor will be scheduled. No work should be done until this contract is signed and no change orders will be approved.
- All work will be inspected by WCHR and reviewed before payment is made.
- Payments are in the form of a check payable jointly to homeowner and contractor; you need to endorse the check certifying your acceptance of completed work. All requests for change orders will be reviewed and approved PRIOR to payment except in cases of true emergency changes. Prices for time and materials for all contracts will be included in bids when possible.

**DO NOT BEGIN WORK BEFORE LOAN CLOSING!**

### STEP 5: WORK COMPLETED & CONTRACTOR PAYMENT

- Work progress payments will be made on a percentage of completion basis, and retainage of 10% of work completed may be made on payments as appropriate.
- Deposits upon starting work may be made, but this will vary depending on the amount of advance expenditure necessary for the particular work.
- All contractors will be required to guarantee their work, with the length of time varying depending on the type of work.
- WCHR will mail monthly statements to you beginning 30-45 days post loan closing

### STEP 6: MAKING MONTHLY LOAN PAYMENTS

- As stated in your promissory note, monthly payments will begin between 30 – 45 days of loan closing. You will be mailed monthly bills which are due by the 15<sup>th</sup> of each month.
- Please contact 508.799.0322 x109 if you are going to have difficulty making any monthly payments.

**For more information, please contact**

**Brian Colbert at 508.799.0322 x107 /**

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