



## **CDBG Emergency Housing Rehabilitation Program**

### **PURPOSE OF THIS PROGRAM**

The objective of this program is to provide assistance to eligible owner-occupied single-family dwellings that are in need of emergency home repairs to correct substandard conditions and code violations that are immediate health and safety hazards. The Emergency Home Rehabilitation Program is designed to address only those items that meet the objective of the program and is not intended to be a general home rehabilitation program.

\*All information submitted with, and in support of this application becomes public information

09/02/2025

## Program Eligibility

- The property under consideration must be located within the City of Lebanon limits.
- Mobile homes are not eligible unless attached to a permanent foundation.
- The property must be the primary residence of the owner and a single-family dwelling.  
(Not a multi-unit/rental property)
- All utilities and property tax obligations must be current.
- Owner must have homeowners/fire insurance for the life of the grant.
- Owner must have flood insurance if within 100 year flood plain.
- The homeowner must live in a dwelling which contains a major housing code violation such as water, sewer, heat related items and other items deemed emergency in nature. General maintenance is not covered.
- Homeowners are only eligible for this program once.
- Income eligibility is based on the limits set by the US Department of Housing and Urban Development. Income eligibility is adjusted by the number of members in the household.
- All income, of any working family member that is 18 years of age or older in the household, will be considered. Examples of income for determining eligibility include wages, social security, retirement, pensions, child support, disability, alimony, living allowances, and TANF. The client will provide the City with a copy of their current federal income tax report and 2 months of wages.
- A credit report will be acquired and reviewed by the City.

## Forgivable Loans Guidelines

- Staff will review the clients desired rehab items for program and completed application for eligibility. All federal regulations must be met before a loan can be processed.
- The Loan Committee will review the applications and make the final determinations of eligibility and approval.
- **Emergency Rehabilitation Loans**, loans are offered for zero percent (0%) interest and non-payable while the eligible homeowner maintains the home as the principal residence. The loan is secured in the form of a mortgage against the property totaling the value of the rehabilitation cost. A personal note and/or acceptable collateral may be considered by the loan committee. The forgivable loan will be forgiven over a five-year period, provided that the terms of the mortgage are not violated. Forgiveness will occur at a rate of 20% per year, applied on the anniversary of the signed loan documents.
- In the event any of the terms listed below are violated during the five (5) year term of the loan, the outstanding amount of the loan will be due and payable to the City of Lebanon; the death of the undersigned or in the case of joint mortgagors the death of the survivor; the transfer, conveyance, sale or alienation, in any manner of the property or an interest therein; the lease, vacating or termination of possession by the mortgagor of the property; failure to complete or cause to be completed the rehabilitation work on the real property; failure to proceed with additional financing if offered by the City of Lebanon within twelve months to bring the property to code compliance and also to person other obligations for security of debt as set forth in bond.
- The full loan amount is due and payable to the City if any of the terms of the mortgage is violated (terms listed above). The City will consider subordination for the purpose of reduction in interest rate and/or reduction in term of the first mortgage position only. The cost of closing the refinance could be added to the loan (provided there is adequate equity) in front of the City loan at the time of subordination. There cannot be any cash out to the owner. The City of Lebanon will not subordinate to any other added debt other than refinance to reduce the term and/or interest rate.
- Any applications considered that are outside of regular program guidelines will need to be reviewed by the Loan Committee for a final decision.

# Application Submittals

Please use this as your checklist to ensure that all requested information is provided. Please note that copies are requested as originals will not be returned.

1. **COMPLETED APPLICATION (Pages 1 – 5)**

2. **APPLICANT VERIFICATION:**

- ☐ Picture of applicant and co-application ID
- ☐ Copies of all Social Security cards for all household members
- ☐ Proof of Ownership Recorded Copy of Property Deed
- ☐ Copy of current homeowners/property insurance
- ☐ Copy of most recent first mortgage statement or copy of original contract for deed
- ☐ Proof of Paid Taxes

3. **INCOME VERIFICATION:**

- **Residential Loan Applications**; include copies of verification of all income from anyone 18 years of age and older residing in the home.

- 4. Copy of previous year tax return
- 5. Most recent 2 months of paystubs
- 6. Proof of all unearned income; ie, Social Security, SSI, Workers Comp, VA Benefits, Child Support, TANF, Unemployment, Alimony, etc.
- 7. Self-Employment; most recent taxes and most recent quarter's profit and loss
- 8. Six months current bank statements for all open checking, savings, or other interest-bearing accounts at the time of application and contract signing
- 9. Most current other assets; ie, 401(k), retirement/pension, IRA, CDs, annuities, etc.

4. **UTILITIES: (Include copies of the most recent monthly bill for all utilities you are responsible for)**

- ☐ Current Gas bill
- ☐ Current Electric bill
- ☐ Current Garbage/Water/Sewer bill

5. **SCOPE OF WORK:**

- ☐ Copies of any professional inspection of the property. (Appraisals, market analysis, eng. study - if applicable)

Include current copies of written bids from licensed and insured contractors. Be sure to let them know that they will need to register with SAM.gov before completing any work. (2 are required - if applicable)

- ☐ Bid #1 \_\_\_\_\_
- ☐ Bid #2 \_\_\_\_\_
- ☐ Bid #3 \_\_\_\_\_

**Return the completed application along with everything listed above to:**

ATTN: Emergency Housing Rehabilitation Program  
City of Lebanon  
Community & Economic Development Office  
735 Cumberland Street  
Lebanon, PA 17042

## Steps in the Rehabilitation Process

- **Loan Application:** City Staff will explain the application, receive the signed application, collect general financial information, copies of the utility bills, history information of property, and bids obtained for proposed work.
- **Bid Process:** The applicant can solicit quotes from any contractor licensed to work in Pennsylvania. The City and applicant acknowledge the lowest bid becomes the acceptable bid if there are no observable irregularities. However, the applicant, and the City of Lebanon reserve the right to accept or reject any or all bids. Property owner/applicant may not act as general contractor.
- **Eligibility Analysis:** The eligibility for financing is determined upon receipt of application; household income cannot be above US Department of Housing and Urban Development guidelines; property taxes, property/homeowner insurance and utility bills must be current and the ownership report must be acceptable to the City.
- **First Inspection:** The City's contracted inspector will completed a full inspection and identify emergency repairs, along with any other non-emergent repairs needed to be completed on the property.
- **Loan Committee Review:** Once the application is complete and has gone through eligibility analysis, and an inspection has been completed, the City's Loan Committee will review the application and make a determination of approval or denial.
- **Loan Approval:** The City will notify the applicant if the loan has been approved or denied and reasons for denial.
- **Loan Closing:** All necessary documents (mortgage, note, etc.) are presented for signature.
- **Final Work Write-up:** Due to possible changes in review, a final work write-up may be completed.
- **Pre-construction Conference:** All subcontractors are identified to the owner and City. The parties signing into contract shall negotiate starting and completion dates.
- **Award Contracts Notice to Proceed:** All necessary documents are presented for owner and contractors signature. All applications for permits are submitted for building review by contractor.
- **Project Monitoring and Payout Inspections:** The City may do timely inspections and monitoring of the project. All change orders will be in writing and copies signed by both owner and contractor must be submitted to City to review before work can continue. Any project that is not performing timely will be reviewed by City Staff. If the project is taking too long to complete or not fulfilling the outlined work City Staff will notify the homeowner in writing outlining the next steps.
- **Final Inspection:** Inspection by City contracted inspector will be conducted and, if needed, a punch list will be prepared, receive lien waivers, and have all parties sign final approval.

- A project-closing interview is conducted with the owner. The owner will be provided with copies of record filings. The owner/borrower signs off on the project completion.

## Collection Process

- If the property owner is selling the property, a mortgage payoff letter with satisfaction instruction will be provided the property owner or settlement company.
- If the property owner violated any of the terms of their mortgage, a letter will be sent the property owner notifying them of the violation. At that time, the property owner is given 30 days to pay their mortgage in full.
- If action is not taken within the 30 day period, the loan will then be turned over to the city attorney, a collection attorney or collection agency for collection of all amounts due plus legal fees. A judgement will be filed to collect the personal note. The City will continue to maintain the lien against the property.
- **SHERIFFS SALE:**
  - The City will use any means possible as allowed to collect the loan sum at sheriffs sale.
- **TAX SALE:**
  - The City will use any means possible as allowed to collect the loan sum at tax sale.
- **BANKRUPTCY:**
  - The City will use any means possible as allowed by current bankruptcy laws to collect the loan, as determined by the type of bankruptcy filed.
- **FORECLOSURE:**
  - The Community & Economic Development Administrator will determine on a case-by-case basis, whether to acquire the subject property if the City's position is in jeopardy due to foreclosure. The decision will be based upon the City's loan amount, the property's worth, and the amount of debt against the property in front of the City's loan.
  - If the City receives the property, all City, State and Federal laws will be followed for disposition of the property.
  - If the City decides not to bid on the property, collection of the personal note will be initiated by turning the loan over to a collection attorney or a collection agency for collection.

# Some Things Homeowners Should Consider Before Selecting Contractors

## **1. It's a good idea to get bids from at least three contractors.**

We require that homeowners receive at least two bids, and homeowners are strongly encourage to obtain three or more contractors for bids on proposed home improvement work. City staff will work with the homeowner to help with the bid process.

## **2. It's a good idea to get contractor references and to look at their work.**

We suggest that homeowners check contractor references before selecting a contractor to perform work. Homeowners should talk with the references and take a look at recent work done by the contractors.

## **3. Contractors *must* have General Liability Insurance.**

## **4. Contractors *must* by a PA License Contactor.**

## **5. Contractors *must* have Workman's Compensation insurance (or exemption from the State).**

State law requires contractors to carry workers' compensation insurance. This insurance helps protect contractor workers if they should be hurt on the job.

## **6. Don't discriminate when asking contractors to bid.**

Homeowners cannot discriminate on the basis of race, color, creed, religion, sex, national origin, age, handicap, or otherwise, as provided by applicable law, in the selection of contractors to submit bids.

## **7. The selection of all contractors is the responsibility of the homeowner.**

However, the City may assist if the homeowner is having difficulties. The homeowner must show proof of their efforts. Additionally, the City may deny assistance if the work plans and/or bids are unacceptable.

## **8. Do not sign any contracts with a contractor prior to approval of your loan.**

**9. If your home was built more than 50 years ago, a historic preservation review will be conducted.** Homeowners must ensure contractors they select are willing to adhere to the historic preservation restrictions placed on the project if required. Repairs made which do not follow historic preservation guidelines established will not be paid for by the City.

# Instructions for Bid Solicitation and Contractor Selection

*With assistance from City staff, homeowners must seek three written contractor bids for each rehab work item. **Contractors can only bid on work discussed or approved during initial inspections.*** Solicit the names of potential contractors from friends and family who have had work done, building material supply firms, contractor associations, the phone book, or online.

Try to have your property open and all areas accessible so the contractor can easily estimate the cost of work. The first impression is important in obtaining the best possible bid. A contractor will raise his/her bid if they cannot accurately assess the problem or may have to incorporate moving furniture or deal with excessive clutter to address the work. If your house is clean and accessible, they will see a minimum of time-wasting distractions to keep them from their work, which will result in a more economical bid.

Allow contractors to take up to fourteen days to prepare their bids. **Do not sign a construction contract** until the bid and contract have been reviewed and approved by the Community & Economic Development office and your loan has been finally approved.

Contractors doing work in this program must be experienced, licensed, and insured. Be sure your contractor is experienced in remodeling work. Ask the potential contractor for the names and phone numbers of three property owners for whom they have done recent remodeling work. Be sure to call the references and ask about the quality and timelines for the work performed, the general reliability of the contractor, and what problems occurred with the contractor and his/her work. Your contractor and you **MUST** mesh. Depending on your size of project, he/she may be in your house several weeks. Take every effort to make sure that this seems like the quality of person you want around your house and your family for this time period.

When selecting a contractor, keep in mind **you will never find a perfect contractor**. The person with the best skills may not be an easy person to deal with, and the contractor with a brilliant personality may perform shoddy work. Therefore, select the contractor who provides you with the best value when considering: your time; the quality of work desired; level of disorganization and conflict you can manage; and the bid price. You will be in constant contact with the contractor for one to three months, so try to find someone you can work with. A personality conflict or lack of communication can destroy a job before your project is completed.

If you select a contractor other than the lowest bidder, the reason for disqualifying the lower bidders must be stated in writing for your file. The contractor must be selected regardless of race, religion, sex, age, or national origin.



# Working With Your Contractor

Contractors are by and large honest, small-business people who must keep track of many details and are generally overworked. Most contractors will go out of their way to satisfy any owner **IF** they believe the owner is not creating problems that will force them to lose money. The following information may help you to obtain a good quality job within a reasonable amount of time.

## BEFORE THE WORK BEGINS

- Review the work list with the contractor to ensure a mutual understanding of the work to be completed.
- Be sure to go over the finish materials and colors to be used.
- Identify the work schedule and vacating of rooms or areas.
- Review the payment schedule and process.
- Review the process for proposing, reviewing, and approving changes in the work.

## AFTER THE WORK BEGINS

Check the job daily. If you find things which concern you, please talk directly to the contractor, his/her foreman, or their office about the concerns. Do not talk to the workers about problems or changes until you review your concerns with the proper supervisor. Do not expect rough carpentry to be completed with fine wood and to the precision needed in installing the finish trim. Any problems you have with the work or materials being used should be pointed out to the contractor as soon as possible. If the response of the contractor is not satisfactory, then call for an inspection and review by the City's contracted inspector.

Do not spend much time talking to the workers. Providing a cup of coffee once or twice a day is okay, but additional socializing will simply distract the workers. The contractor has estimated a specific number of work hours to complete your job. If you use worker hours in non-productive ways, the contractor will need to find ways to save time in other areas. Generally, try to facilitate the contractor's work in any way you can.

Cooperate with your contractor in order to help him/her complete the work as soon as possible. Avoid distractions that may make the contractor uneasy about working on your property (frightening dogs, arguments with family/friends, etc.). Maintain the cleanliness of your home during the project and have areas open and accessible to the contractor as requested to avoid unnecessary delays. Some contractors will need to be called to remind them of the project timelines and schedule. If a contractor is performing well and generally on time, do not bother him/her with unnecessary phone calls.

## PROCESSING PAYMENTS

**The contractor is responsible for providing a signed invoice to the City's Community & Economic Development Office. You must sign the invoice to confirm work was completed.** The City will process the payment and pay the contractor directly. A W-9 is required for each contractor or subcontract who is working on the project and submitting invoices for payment.