

## **CDBG HOUSING REHAB LOAN PROGRAM**

### **GUIDE FOR CONTRACTORS**

This packet is designed to acquaint contractors with the basic requirements of the Community Developments Housing Rehab Loan Program.

The Community Development Housing Rehab Loan Program is funded by the U.S. Department of Housing and Community Development, which utilizes Federal Community Development Block Grant Entitlement monies for its grant programs. We are required to comply with both state policies and guidelines and federal regulations in carrying out our program.

#### **Basic Requirements for All Contractors**

1. To bid on Community Development projects, you must first be approved by this office.
2. You must have a valid Construction Supervisor's or other appropriate trade license from the Commonwealth of Massachusetts.
3. You must continuously carry sufficient liability insurance.
4. You must continuously carry Workers' Compensation Insurance
5. The same requirements apply to any subcontractors, as appropriate.
6. You are required to adhere to a number of state and federal regulations governing the use of public funds. In particular, you must disclose any family or financial connection to a client of this program, and you may not accept payment for work on a project if the client is a member of your family. It is extremely important that you read your contract before signing it. The state and federal laws governing your work are cited in the contract. If you have any questions concerning these laws, please ask Community Development staff or your own attorney.

## **Selection of Contractors**

1. Everyone on the qualified Contractors list is invited to bid on each and every approved home rehab project application. The date and time of all Pre-Bid Conferences are included in each Bid Specification.
2. In order to bid on a Housing Rehab project, you must attend the Pre-Bid Conference that is held on site.
3. The ultimate selection of a contractor for the Housing Rehab Loan Program is made by the property owner.
4. If the property owner chooses a contractor who is not the lowest responsible and eligible bidder, it is the property owner's responsibility to pay the difference in contract price between the low bid and the bid of choice.

## **Contractor Payments**

1. Contractors are paid from the proceeds of a loan account established for each property owner approved for financing through the Office of Community Developments Housing Rehab Program.
2. The property owner must approve any and all payments made to the contractor. Our Certificate for Payment forms are designed for completion by the contractor, and authorization by the property owner. Do not submit a Certificate for Payment form without the property owner's signature; it will not be processed, and it will be returned to you.
3. The first Certificate for Payment made for any Housing Rehab Program project must be accompanied by evidence of all permits being obtained from the Plymouth Building Department and other permit/licensing authority. Payment will not be processed without these attachments. If any permits are subsequently amended or added to the list, they must be attached to Certificate for Payments made during the course of the project.
4. The Office of Community Development processes payments each Wednesday through the Town of Plymouth's vendor warrant system. Payments requisitioned each Wednesday will normally be issued the following Thursday. In order for a Certificate for

Payment to be processed, the Contractor must submit the required form and all attachments *by noon on Wednesday*. The Certificate for Payment may show only the cost of work completed at the time the bill is submitted. Upon receipt of the Certificate for Payment, the OCD Rehabilitation Specialist will arrange to inspect the owner's property to verify the completed work. *Contractors may not ask owners to authorize payments for any advance work or costs.*

5. If there is a billing dispute between the Contractor and the property owner, the Office of Community Development will attempt to negotiate an agreement.
6. At the conclusion of the project, the CONTRACTOR must furnish completed Close-out Forms along with the last Certificate for Payment. The final payment will not be processed until (a) Close-out Forms are submitted, (b) the Rehab Specialist can verify that all required permits were in fact obtained, and (c) the work outlined in the contract has been completed.

### **Change Orders**

1. Contractors *may not* provide additional services to property owners with any expectation for payment without first submitting for approval a Change Order Form.
2. Change Orders will be reviewed by the Rehab Specialist. If the additional work and costs are reasonable, and if there are sufficient funds in the homeowner's loan account to honor the change order request, it will normally be honored. Do not start work for which a Change Order is required until it is first approved by both the Rehab Specialist and the Community Development Director.

### **Permits**

1. It is the Contractor's responsibility to verify all permits required to complete a Housing Rehab Loan Program project. While Community Development tries to identify permit issues, we are not responsible for providing a complete list and we are not responsible for any additional costs that arise from the Contractor's failure to verify permit and licensing requirements at the time a project bid is prepared.

## **Project Warranties**

1. All contractors are required to provide and make good on a one-year warranty covering workmanship and materials. Any contractor who fails to respond to a client within the one-year warranty period will be eliminated from the Approved Contractor list and will not be allowed to bid on any further projects financed by this Program.
2. Contractors are required to supply property owners with manufacturer's warranties for any materials paid for with Housing Rehab Program funds.

## **General**

1. Contractors shall at all times remember that their client is the property owner, and that he/she is entitled to industry standards of workmanship, courtesy, and the same treatment you would give to a customer in the private marketplace.
2. Housing Rehab Program clients are borrowing money to repair their homes; the funds with which you are paid are not grants to our clients.
3. You are expected to complete projects in a timely fashion. Although our contract forms generally allow a 90-day completion period, we expect that you will pursue the required work with the same due diligence you provide your private clients. A small project should not take 90 days to complete; conversely, larger ones may occasionally require extensions. We will not honor an extension request unless there is good reason to do so, and you have been continuously working to complete the job on time.