Contractors Policies and Procedures

Home Improvement Loan Program
FY 2015-2016

The Successor Agency established the Home Improvement Loan Program with a goal of assisting low and moderate income families to upgrade their properties by eliminating unsafe and hazardous living conditions as well as correcting code violations and maintain the City's older housing stock.

The Home Improvement Loan Program provides loan assistance from **$25,000 to $45,000** to low and moderate income homeowners to improve their home. The property must be a single family residence located within city limits and owner-occupied. The program is designed as a loan and a lien will be placed on the property for a period of thirty (30) years.

This program will assist with the following types of repairs:

Types of repairs:

- ¨ Code violations*
- ¨ Roofing
- ¨ Windows
- ¨ Plumbing
- ¨ Electrical
- ¨ Other (deemed appropriate by the Successor Agency)

PROGRAM REQUIREMENTS

- Contractor must hold a minimum of a general contracting license (B) issued by the State of California Contractor's Licensing Board to participate in the Home Improvement Loan Program.
- Contractor must carry at least $1,000,000.00 liability insurance (the Agency must be listed as an Additional Insured under Certificate Holder and a Policy Endorsement must be attached to the policy.
- Contractor must have Worker's Compensation or a waiver statement filed with the State Board
- Contractor must have the ability to obtain performance and payment bonds for $12,500.00
- Contractor must obtain a City of Compton Business License prior to beginning work in the City of Compton
- Contractor may not have any citations against the state license or be on HUD's suspended (EPL) or debarred list

Contractor must submit current copies of the following documents listed below:

1. State License Card
2. Worker's Compensation insurance ($1,000,000.00)
3. Liability Insurance
4. Contractor bond ($12,500.00)
5. City Business License
6. Copy of Driver's License of Principal contractor
7. Competed and signed W-9

It is the Contractor's responsibility to provide the Successor Agency with **current and valid documents** at all times, if any documents listed above expire, the Contractor must furnish the Agency with current documents immediately.

Contractors must adhere to the following:

Description of work

Contractor shall furnish all labor, materials, equipment, tools and services to perform all work described within the Contractor's proposal.

Contingency Funds

The Program requires a ten percent (10%) contingency fund for all Home Improvements. Contractors may not bid the maximum amount of the Home Improvement Loan Program and must exclude ten percent (10%) of the total program limit on their bid proposals. **It is**

the Contractor's responsibility to keep the cost within the program limits. Should contractor make changes without written Agency authorization, contractor agrees to be responsible for any costs incurred.

Permits and codes

Contractor agrees to secure and pay for all necessary permits required for Contractor's performance and to adhere to current applicable local, state, and federal codes and requirements of the City of Compton, whether or not covered by the specifications and drawings for the work. A Building Permit must be obtained for all home improvement work over $500.00. All work shall comply with current applicable Codes, Ordinances and the City of Compton Municipal Building Code. **Permits must be obtained prior to beginning any work.**

Warranty

Contractor hereby agrees to provide a full one (1) year warranty to the property owner(s), which shall extend to subsequent property owners of the property to be improved. The warranty shall provide that improvements, hardware and fixtures of whatever kind of nature installed or constructed on said property by the contractor are of good quality, and free from defects in workmanship or materials or deficiencies subject to the warranty contained in this paragraph provided. The warranty date commences with the date of completion. ***Note:*** **Contractor must provide Agency and Homeowner with all manufacturers' warranties at the completion of the project. Payment will be released to contractor when all warranties/guarantees are provided to the Agency.**

Workmanship

All work shall be furnished in a professional manner at all times. All materials used must be of standard or better quality. No second or manufacturer defective products may be used at any time.

Removal of Debris

Upon completion of work, contractor agrees to remove all construction debris and surplus material from the property and leave the property in a neat and broom clean condition.

Lead based paint products

In compliance with 24 CFR regulations, lead based paint products shall not be used. **Note: Contractor must always use Lead safe work practices.**

Financing

Contractor must commence home improvement work upon receiving authorization from the Successor Agency via "Notice to Proceed."

Subcontractors

Contractor agrees to guarantee all work performed by their company, including that of any subcontractors.

Note: Contractor must submit to the Agency lien releases for any subcontractors working in the Home Improvement Loan Program. Lien releases are to be signed by subcontractor and submitted to the Agency before commencement of any work.

Hold harmless

Contractor agrees to defend, indemnify, and hold harmless the property owner(s), City of Compton and Successor Agency from liability and claim for damages due to bodily injury, property damage, sickness, death and expense arising from the contractor's performance under this and any subsequent agreement to install or construct home improvements to be paid for out of the proceeds of the property owner(s) loan. The contractor is acting in the capacity of an independent with respect to the property owner(s).

Lien waivers

Contractor agrees to protect, defend, and indemnify property owner(s) from any claim for unpaid work, labor, or materials with respect to contractor's performance. Final payment shall not be due until contractor has delivered to the property owner complete release of all liens for work completed arising out of contractor's performance or receipt in full, covering all labor and materials for which a lien could be filed or a bond satisfactorily to indemnify the property owner against any lien.

Licenses

Contractor agrees to secure and pay for all City business licenses and state licenses required for contractor's performance prior to the beginning of any work.

Bonds

Contractor shall, prior to establishment of this contract, furnish a bond in the amount of $12,500.00 approved by the Agency to guarantee the faithful performance of the work guarantee payment of all claims for labor and materials furnished. This contract shall not become effective until such bonds are supplied to and approved by the agency.

Equal Opportunity

Contractor agrees not to discriminate against any employees or applicants for employment because of race, sex, creed, color, or national origin. The contractor will take affirmative action to ensure that applicants are employed and that employees are treated during employment without regard to their race, sex, creed, color or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoffs or terminations; rates of pay or

other forms of compensation and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicant for employment, notices setting forth the provisions of this non-discrimination clause.

Unacceptable Risk

Contractor represents that at the time of execution hereof, contractor is not listed on the Disbarred and Suspendable Contractor's list (Excluded Parties List) of the United States Department of Housing and Urban Development.

Prevailing Wage Requirements

For any federally-assisted construction projects in excess of $2,000.00, which includes alteration and/or repair, including painting and decorating, of public buildings or public works, the Department of Labor requires (under the Davis-Bacon Act (DBA) payment of prevailing wage rates to all laborers and mechanics. The Home Improvement Loan Program is a State-funded program; therefore, Contractors are required to follow the Davis-Bacon Act and other related acts (DBRA). Refer to http://www.dol.gov/dol/allcfr/Title_29/toc.htm for further information on Department of Labor Regulations.

Bid Process

The Agency has a list of approved, licensed and bonded general contractors that perform services for homeowners under the Home Improvement Loan Program.

The Agency will coordinate a *Job Site Bid Meeting* with homeowner, Agency Inspector, and contractor.

The Agency will prepare and provide bid proposals for homeowner and each contractor. The bid proposals will list the eligible repairs under the Program. The Agency will coordinate with contractors to bid on each item on the bid proposal.

Contractor must submit **completed bid proposal** to the Agency no later than **3 (three)** days after Job Site Meeting.

The Agency will notify homeowner in writing of the selection of the contractor based on responsive and responsible bid process.

Pre-construction Meeting and Contract Signing

The Agency will schedule a Pre-Construction Meeting and Contract Signing appointment with Homeowner, Contractor and Agency.

The Agency will only honor approved Home Improvement Loan Repairs agreed upon

during contract signing.

The Agency will prepare contract agreement and stipulate the amount each draw payment based on spec #, material and labor cost. In addition, a 10% Retention amount will be set aside for Final payment.

The Agency will only authorize ***Change Orders*** or ***Amendment*** deviations from the original bid proposal that are pertaining to code violations on the property. Change orders or amendments *require* an inspection from Agency Inspector and *must have written approval and authorized* by the Successor Agency Director.

All work must comply with Building Codes and Manufacturers Installation Requirements.

The Agency will provide contractor and applicant with copies of all agreements and a copy of the bid proposal that indicates the work to be completed (scope of work).

NOTE: Final approval of funds is determined once written agreements are signed between homeowner, contractor and Agency.

Permits and Initial Invoice

Contractor must obtain required permits for the Home Improvement Loan Program from the City of Compton Building and Safety Department.

Contractor must submit all required **Permits** to the Agency within **(12) days** after signing Contract Agreements. NOTE: If deadline is not met, Agency reserves the right to assign the contract to the next responsive and responsible contractor.

In addition to the **permits**, Contractor must submit the following **Invoices:**

- Original invoices on company letterhead must be submitted for the total amount of the contract. The Invoice must itemize all repairs and cost associated with each repair

- Draw payment # 1 Invoice on company letterhead – Invoice amount must match contract

NOTE: *All Invoices must reference the Home Improvement Loan Program and must be uniquely numbered, must identify the property address and homeowner's name.*

Notice to Proceed

The Agency will issue a written Notice to Proceed to Contractor authorizing the Home Improvement work to begin within ten **(10) days** of issuance. **NOTE:** Contractor is not

authorized to begin any work until Notice to Proceed is issued by the Agency.

Contractor must coordinate with Homeowner to schedule an appointment to begin Home Improvement Work.

If any discrepancies arise between Contractor and Homeowner that cannot be resolved, the Agency must be informed by Contractor or Homeowner for an investigation and resolution of the dispute.

Inspections, Payment Guidelines/Draw Payment Process

The Agency will monitor the progress of the project in compliance with ***Flow-Chart*** in order to maintain timeline of ***90 days***.

Contractor must **complete Home Improvement Work** within ninety **(90) days**. Failure to do so will result in the contractor's disqualification of the Program.

Contractor is to contact Agency staff to schedule ALL inspections.

Agency staff coordinates with Homeowner, Contractor and Agency Inspector to conduct scheduled draw payment inspections for Draw 1, 2, 3 & 10% retention.

During the final inspection the following will be completed: After pictures of the property, Contractor Payment Request, and Notice of Completion. The Notice of Completion will be notarized by Agency staff. In order to obtain final payment, it is the Contractor's responsibility to take the original Notice of Completion to the Recorder's Office and obtain a Certified Copy of the Notice of Completion.

Contractor must submit the following documentation pertaining to each draw payment:

- Draw Payment #1 – Invoice on company letterhead – Invoice amount must match contract, Building Permit Card signed by Agency Inspector and Contractor Payment Request Form provided by the Agency

- Draw Payment #2- Invoice on company letterhead – Invoice amount must match contract, Building Permit Card signed by Agency Inspector and Contractor Payment Request Form provided by the Agency

- Draw Payment #3 - Invoice on company letterhead – Invoice amount must match contract, Building Permit Card signed by Agency Inspector and Contractor Payment Request Form provided by the Agency

- 10% Retention/ Final Payment - Invoice on company letterhead – Invoice amount must match contract, Final Building Permit Card signed by Agency Inspector and Contractor Payment Request Form provided by the Agency, Manufacturer

warranties, Lien Release, and Certified Copy of the Recorded Notice of Completion.

NOTE: *All Invoices must reference the Home Improvement Loan Program and must be uniquely numbered, must identify the property address and homeowner's name.*

Also, Contractor must have "**Contractor Payment Request Form**" available during each inspection. The form must be signed by Homeowner, Contractor, and Agency Inspector. The Agency will not honor payment if the form is not fully executed by all parties.

(Failure to comply will result in rescheduling of inspection and if problem becomes persistent, Contractor will be subject to removal from program).

Agency Payment Process

Upon receiving the Initial Invoice for the full amount of the Contract, the Agency will encumber the total amount of the contract via "Purchase Order and Bond Certificate".

Draw Payments will be process in increments example: Draw 1, 2, 3 and 10% via "Partial Payment". The payment process takes approximately 15-20 days for each draw payment.

The Agency will make contact via phone once the check is ready for pick up. Contractor must sign and date copy of the check, which we will keep for our records and disburse original check to contractor.

The Successor Agency of the City of Compton does not discriminate based on ancestry, race, color, religion, sex, disability, familial status or national origin.

The Successor Agency reserves the right to change or update the Policies and Procedures throughout the fiscal year based on regulations, codes and State requirements. In the event of any changes, all participants will be contacted via mail and must sign updated Policies and Procedures and return to the Successor Agency. Failure to do so will result in removal from the Agency's Contractors List.

I acknowledge that I have read and understand the above policies and procedures. I certify that I will abide by these rules set forth by the Successor Agency of the City of Compton. I have read and received a copy of the above Program Procedures.

Contractor signature: _____

Name of Contractor: _____

Business Name: _____ **Date:** _____