

CITY OF JOHNSTOWN
Department of Community &
Economic Development

LOAN PROGRAM GUIDELINES FOR:

EMERGENCY
REHABILITATION PROGRAM



CITY OF JOHNSTOWN
CITY HALL ROOM 204
401 MAIN STREET
JOHNSTOWN, PA 15901
(814) 533-2046

CITY OF JOHNSTOWN

Department of Community and Economic Development Emergency Repair Loan Program

Purpose

The Emergency Repair Program is designed to assist low to low-moderate income residents of the City of Johnstown with assistance specific to areas **determined to be of eminent threat.**

Eligible Repairs:

- Damaged Sewer Lines (from street to house) **New sewer lateral lines NOT eligible**

- **Water Lines (from street to house)**
- **Gas Lines/Leaks**
- **Home Heating Systems**
- **Hot Water Heaters**
- **Electrical Systems**
- **Handicap Accessible Modifications**
- **Windows/Doors**
- **Exterior Steps**
- **Exterior Handrails**
- **Exterior Porch Floors**

Program Eligibility:

Program Requirements:

1. Applicants must have household income that does not exceed 80% of the area median income and must be an owner-occupied single-family structure. HUD has established Section 8 Income limits for our area based on household size. The income limits are subject to change without notice.

Household Income Limits Summary for FY 2019

Household Members:	1	2	3	4	5	6	7	8
Maximum Income	\$35,750	\$40,850	\$49,950	\$51,050	\$55,150	\$59,250	\$63,350	\$67,400

2. To determine whether households are eligible for participation in this program, the City of Johnstown selected to use HUD's definition of income "Internal Revenue Service (IRS) Form 1040 Adjusted Gross Income". Household income counted must be 6-months current or anticipated to be received during the 12-month period of actual loan review. Therefore, additional information will be required to verify, support and document income reported on your application and reported on your IRS 1040 tax return.

An example of income inclusions are: Wages, salaries, tips, taxable income such as interest income, social security payments, dividends, IRA distributions, pension and annuity payments, rental real estate, unemployment compensation payments, alimony payments received and capital gains, (to name a few). Your loan will not be approved if sufficient supporting documentation is not provided in a timely manner. Examples of exclusions are: Child support, money or property that was inherited, willed or given as a gift, life insurance proceeds received as a result of someone's death.

3. The applicant must have owned and occupied the residence for a minimum of one (1) year at the time of the application.
4. The applicant must provide a full copy of the recorded property deed
5. Applicant must show proof of homeowners insurance.
6. Applicant must show proof of flood insurance if applicable.
7. Applicant must show proof that property taxes are paid for the previous two-years. The property tax includes City, County and School taxes. Those homeowners who are delinquent on their taxes cannot participate in the program.
8. The property will not be eligible if previous assistance was made within a Five (5) year period.
9. If you have received previous assistance from any programs through the Residential Development Office you may not apply.
10. If you have received previous assistance under ANY program provided by the City of Johnstown, Residential Development Office, you are NOT eligible for program assistance.

Funding Limits

1. Eligible households may borrow up to a maximum of \$5,000 for a single family structure. If the assistance required exceeds those limits, the borrower will be responsible to pay any costs above the program limit.

Repayment Requirements

- As identified previously this is a federally funded program through the Department of Housing and Urban Development. There are Federal regulations attached to the funding that the borrower is expected to follow and is held responsible for. Failure to comply with the regulations or failure to cooperate with the City's staff during the term of your loan may result in full or partial loan repayment.
- The program loan funds are a deferred loan at 0% interest. This means that no required payment of the principal amount of the loan is due during the period that the homeowner owns and occupies the home as his/her principal residence. The Emergency Repair Loan Program has a forgiveness provision if the property remains free of code and energy violations and remains occupied by the borrower during the term of the loan. The forgiveness provision works as follows:
 - The borrower is expected to enter into a mortgage with the City. The mortgage amount will include renovation costs, recording fees for legal documents to the Cambria County Court House and inspection fees such as the lead-based paint risk assessment, paint testing and clearance costs.
 - The mortgage will be filed as a lien against the property for a period of 1-5 years depending on the amount borrowed.
 - Total forgiveness of the loan amount will be made at the end of the identified lien period if the property is owned, occupied by the original mortgagor.
 - If the property is sold or the title to it is transferred before the term has been reached full recapture of the loan funds will be due and payable in full to the City of Johnstown.
 - This loan is transferrable to a family member upon the death of the original borrower, or if the original borrower can no longer reside at the subject residence due to health reasons.

Program Procedures

1. Applications may be obtained from the Department of Community and Economic Development; City Hall; 2nd floor, 401 Main Street; Johnstown, Pennsylvania 15901; (814) 533-2046
2. Applications must be supported by all required documentation as noted in these guidelines. The application must be completed in its entirety, using ink pen, and signed by the applicant. Please contact our office to schedule an appointment to apply for the program at (814) 533-2046.
3. Applicants will be given a "Contractor Selection List", and asked to select four (4) to six (6) contractors. Those selected contractors will be invited to bid on the work to be performed with the lowest responsible bidder being awarded the contract.
4. The rehabilitation inspector will perform a preliminary inspection of your property to determine the emergency repair required. If the repairs are deemed "EMERGENCY" and outlined repairs are approved by the homeowner project specifications will be prepared and bid proposals sought.
5. The lowest responsible bidder will provide a start date to the City and a loan closing date scheduled with the borrower.
6. The homeowner is responsible to monitor all work performed by their contractor each day and to work with their contractor while the emergency renovation is underway. The homeowner shall immediately report concerns or construction questions to the City. The City Inspector will monitor the work as required and schedule inspections with the borrower as work is completed and payments are requested by the contractor. The homeowner is required to approve all work as it is completed and sign all payments made to the contractor. The Residential Development Officer and Director of the Community and Economic Development Department have final approval to release payment to the contractor for all acceptable work completed.

CHECKLIST FOR EMERGENCY REPAIR LOAN PROGRAM

APPLICATION

IRS Form 1040 Adjusted Gross Income

Most recent pay stub or Social Security Award

Letter Full Copy of Recorded Property Deed

Homeowners Insurance Declaration Page

Flood Insurance Declaration Page (if applicable)

TWO years of **PAID** tax receipts for CITY, COUNTY & SCHOOL

- APPLICATIONS SUBMITTED WITHOUT THE ABOVE DOCUMENTATION WILL NOT BE PROCESSED.

