
The Arizona Department of Housing

2012 Information Bulletin

REGARDING PROGRAMS: State Housing Fund Programs

REGARDING FUNDING SOURCES: Home Investment Partnership Program (HOME)

INFORMATION BULLETIN No. 31-12

ISSUED: September 7, 2012

RE: Revision to 2012 -2013 SHF Program Summary and Application Guide – Chapter 4
Owner Occupied Housing Rehabilitation Programs (OOHR)

In response to recent discussions with our OOHR program partners, the Department has posted a revised 2012-2013 SHF Program Summary and Application Guide. The Guide has been amended at Chapter 4, Section 4.13.8 to remove the requirements for contractors to obtain bid guarantee, payment and performance bonds in order make the contractor bid process more competitive and accessible.

It is important to understand that SHF recipient's are responsible for protecting the assisted homeowner's interests in the event the General Contractor fails to pay the subcontractors or if the construction is either not performed in a workmanlike manner or abandoned prior to completion. It is a common industry practice to retain a portion of the general contractor draws as "insurance" to prevent such events.

Therefore Section 4.13.8 has been amended to read as follows:

- 8. Unit inspection, work write-up, cost estimate, bidding processes, contractor selection.** Construction must be performed by a licensed general contractor. A management entity acting in place of a general contractor is not permitted. General contractors or any of their subcontractors must not appear on the Federal Excluded Parties List and must have met all the licensing and insurance requirements for the ROC.

Recipients are to adopt a schedule of contractor payment that is based on reimbursement for completed work and includes a minimum retainer for each draw of 10%. Recipients may chose to adopt an alternative payment schedule that would provide for even greater retention, for example: 20% of total contract upon completion of 30% of the work; Additional 20% upon completion of 50% of the work; Additional 40% upon completion of 100% of the work and submission of lien waivers from sub-contractors; and Final 20% plus change orders upon completion of all punch list items and a final Lien waiver from the General Contractor.

Final Draw must not be released until final inspections are completed, the rehab specialist and the homeowner have signed and accepted all repairs and the general contractor has provided all necessary lien waivers.

Recipients should have a clearly defined retention and payment schedule adopted in their Housing Rehabilitation Guidelines.

Further questions regarding this change can be directed via e-mail to:

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