



**LONGMONT
HOUSING & COMMUNITY
INVESTMENT**
A Division of Community Services

CDBG-DR HOMEOWNERS ESCROW PROCEDURE

Policies and Procedures

City of Longmont
Housing and Community Investment Division
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I. Purpose

If a Homeowner has a Duplication of Benefit (DOB), they are required to open an Escrow Account equal to the DOB prior to entering into a Construction Contract for rehabilitation or reconstruction. This Standard Operating Procedure (SOP) describes the process for establishing an account.

II. Procedure

The Housing and Community Investment Specialist determines that the Homeowner has met all the eligibility criteria to participate in the Longmont's Homeowner Rehabilitation and Reconstruction Program. At this stage in the process any homeowner identified as having a duplication of benefit (DOB) as prescribed by the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121-5207, as amended) will have been calculated in accordance with the Department of Housing and Urban Development's Federal Register notice [FR-5582-N-01], Clarification of Duplication of Benefits Requirements Under the Stafford Act for Community Development Block Grant (CDBG) Disaster Recovery Grantees.

Notification will go to the Accountant. The Accountant will review the duplication of benefits calculation to insure that all the requirements have been satisfied and the data entered is correct.

If there are any errors or discrepancies, they are noted and a message is sent to the Housing and Community Investment Specialist. The message will provide instructions as to where the errors have occurred. The Housing and Community Investment Specialist corrects the errors and the process starts over.

If there are no errors or discrepancies, the Accountant approves the eligibility determination and the process moves forward.

Once the Accountants check has been successfully completed a message is sent to the **Program Administrator**. The **Program Administrator** will perform a final review of homeowner eligibility and DOB calculation and, if everything is in order, give approval. If there is any problem a message will be sent to the Accountant and the Housing and Community Investment Specialist. The Housing and Community Investment Specialist will make the corrections and the above process will be repeated.

For a Homeowner with a DOB the Housing and Community Investment Specialist completes the letter of eligibility and the DOB Acknowledgement Form. The letter and acknowledgement letter is sent to the Homeowner with instructions to contact the Housing and Community Investment Specialist and make an appointment to come in and receive instructions for creating an escrow account.

At the time of the escrow review appointment, the Housing and Community Investment Specialist will explain the calculation of the DOB and the process for establishing an escrow account. The Housing and Community Investment Specialist will provide the Homeowner with a

form containing acknowledgement of receiving explanation of DOB calculations and the escrow instructions. **written instructions for establishing the account, and notice of the homeowner's rights to cancel the account.**

The Housing and Community Investment Specialist will then create the Escrow Agreement. The Case Manager will call _____ to let them know that the Homeowner will be coming in to establish their Escrow Account.

The Homeowner obtains a Cashier's Check from a United States bank, made out to Longmont _____, for the exact amount of the DOB. The Homeowner must call _____ to schedule an appointment to establish their escrow account. They take the Cashier's Check to the appointment. The Escrow Agent and the Homeowner sign and notarize the Escrow Agreement. The Homeowner informs the Housing and Community Investment Specialist that the agreement has been signed.

The Housing and Community Investment Specialist or other Disaster Recovery office representative will collect the signed agreement from _____ and take it to the City of Longmont to be signed by the _____.

The original Escrow Agreement is returned to _____ and a copy is provided to the City and one is maintained at the Housing and Community Investment Office and Homeowners file. The amount of funds escrowed and the date of escrow are entered into the PAL data management system along with a scanned copy of the Agreement.

The Homeowner has until a Notice to Proceed (NTP) is issued to the contractor to withdraw from the Program. If the Homeowner decides to withdraw, they must complete the Request to Withdraw form, as attached, and present it to the Housing and Community Investment Specialist. The Housing and Community Investment Specialist will confirm the NTP has not been executed. The Housing and Community Investment Specialist will sign the Request to Withdraw form and take it to the _____ for signature. The signed form will then be taken to _____ for final signature. _____ will close the escrow account and provide a check or electronic funds transfer (EFT) to the Homeowner.

The signed Request to Withdraw form and a copy of the check or confirmation of EFT will be documented in PAL data management system.