



# Owner Occupied Rehabilitation and Reconstruction Program

## Frequently Asked Questions

This document provides answers to frequently asked questions from Solution 2 applicants who receive a grant from the Disaster Recovery Owner Occupied Rehabilitation and Reconstruction Program (DR-OOR).

**1. Will the program have a contract with my General Contractor, or will they need a contract with my General Contractor?**

No. You are expected to have a contract with your builder. The program will have a separate Construction Management Agreement with you as the applicant.

**2. Does my General Contractor send invoices for completed work to me or to ReCoverCA?**

Your General Contractor should send you the invoice. Once you verify the work billed for on the invoice has been completed according to your construction contract, you will submit the invoice to the program's Construction Manager for payment. The invoice must make clear which items from the program-approved scope of work are being billed for. The Program's expectation is that homeowner has conducted their own inspection prior to making a Program inspection request.

**3. Does the program pay the general contractor directly or do I pay them?**

The Program will pay your General Contractor directly for eligible, completed work listed in the Program's scope of work. Your scope of work can be found in your Construction Management Agreement with the CM. Payment will be sent only after completion and receipt of a progress inspection report, draw request forms, and applicant authorization to release payment.

**4. How much does it cost to get Certificate of Insurance (COI) updated?**

This varies for each applicant and their General Contractor as there are many factors that go into insurance pricing including the size of the project, type of work, and other vendor parameters.

**5. What kind of insurance will my builder need to meet Program requirements?**

The insurance requirements for builders are outlined in Section 2 (f) "Insurance Bonds, License, Payments & Applicant's Mortgage" of the CM Construction



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Management Agreement. The highlighted segments/bullets will identify the minimum insurance policy limits and requirements.

The Applicant holds the responsibility to ensure that their Applicant GC holds all required licenses and maintains all required insurance policies and shall demonstrate compliance to the Program by providing proof of coverages to the Program prior to initiating any Construction Work under this Agreement. Applicant shall provide the Program with certificates of insurance from Applicant GC evidencing the following coverages and limits, and including Additional Insured endorsements and waivers of subrogation in favor of HCD and CM listed below:

### HCD:

California Department of Housing and Community Development  
2020 West El Camino Avenue  
Sacramento, CA 95833

### CM:

SLSCO, LTD  
P.O. Box 17017  
Galveston, TX 77552

The following are required with minimums to be dictated by governing laws:

1. Commercial General Liability Insurance (occurrence based; with minimum limits of \$1,000,000 per occurrence / \$2,000,000 aggregate).
2. Workers' Compensation Insurance/Employers' Liability (with minimum coverage limits as applicable under California law); and

### **6. Are Payment and Performance Bonds required on an OOR-funded Solution 2 projects?**

Payment and Performance Bonds will not be required by the Program for Solution 2 projects at this time.

### **7. Do we have to pay more (escrow) money after the contract is signed with the Program CM?**



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No. Applicants should have cleared escrow obligations prior to this contract signing with the Program CM.

### **8. What's a milestone inspection?**

A milestone inspection is an inspection that verifies completion of the work invoiced by the Applicant General Contractor. The work to be invoiced must be from the Program approved scope of work and can be invoiced at most on a monthly basis. Applicant General Contractor must reference line items that were completed from the Program approved scope of work in the invoice. This ensures all preliminary requirements are met prior to the progress site inspection.

### **9. How do we request construction inspections?**

Applicant sends an email to their designated CM contact with program form that indicates the line items completed from your program-approved scope of work. The point(s) of contact will be determined during/post completion of the Construction Management Contract Agreement signing event. CM will schedule an inspection date 48-72 hours in advance and come out to perform the inspection.

### **10. If we are around or past 75% completion, can I call the inspection in now?**

No, the program inspections are based on the percentage of program approved scope of work completed.

The first milestone is 25% completion of the program approved scope of work. Subsequently after the initial 25% inspection, an Applicant can invoice at 20% completion segments, but requests are at most monthly.

### **11. How much lead time do you need to get inspection scheduled?**

The program needs a minimum of 48-72 hours; more advanced notice is preferred.

### **12. What if there are small changes like changing the color of flooring? What about larger changes?**

Cosmetic changes that do not impact the approved scope of work value do not need program approval and should be worked out directly with your General Contractor. Larger changes that do impact the value of the program approved scope of work and the Applicant desires a program change order are only considered if there is an



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unforeseen condition. These requests will be reviewed on a case-by-case basis. Additionally, the Program is to be notified of all planned engineering/structural changes anticipated after the contract signing with the CM.

#### **13. Can we move in with a Temporary Certificate of Occupancy (TCO) issued by local authorities?**

Move-in conditions are a matter to be decided between the applicant, the applicant's GC, the insurance company, and the municipality. If the applicant is required to vacate the property during work, the applicant must confirm in writing with Applicant's GC and remove all personal property, including furniture, before Construction Work can continue at site.