



United States Department of Agriculture  
Rural Development  
Pennsylvania State Office  
[www.rurdev.usda.gov/pa](http://www.rurdev.usda.gov/pa)

**PA AN No. 1229 (HB-1-3550)**  
**May 23, 2008**

**SUBJECT:** Section 504 Funding / Marketing & Management Control Issues

**TO:** All Rural Development Employees  
Rural Development, PA

**PURPOSE/INTENDED OUTCOME:**

This Administrative Notice (AN) is issued to implement the annual state policy that, when Section 504 Grant funds are insufficient to fund all requests, priority will be given to those applications for assistance to remove an immediate health or safety hazard. In order to maximize the use of available funds, and to assist more eligible applicants, additional priority will be given to those applications that include a Section 504 Loan that consists of at least fifty (50) percent of the total Rural Development assistance.

**COMPARISON WITH PREVIOUS AN(s):**

This PA AN replaces PA AN #1212 dated January 19, 2007.

**IMPLEMENTATION RESPONSIBILITIES:**

Each 504 Grant application will be prioritized based on the needed "development work" and the contribution of "participation resources". This may require two (2) or more account numbers in Unifi for a single application.

**Development Work:**

All items of development will be prioritized as follows using the numerical category ("1" or "2"):

"1" - Must be funded immediately. Items of development funded in this category represent an immediate health and/or safety hazard, or to remove Code deficiencies. Examples of this type of development could include, but not be limited to, the following:

**Expiration Date: May 31, 2009**

**Filing Instructions:  
Preceding RD Instruction  
(HB-1-3550), Chapter 12**

One Credit Union Place, Suite 330, Harrisburg, PA 17110-2996  
(717) 237-2299 TTY/TDD & Voice: 711; TTY/TDD only: 1-800-654-5984

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Furnace repair or replacement, repair or replacement of the roof, electrical repairs and upgrades, repair to provide adequate dependable water and sewer systems and correction of structural defects. Please note that tap on fees and hooking up to the public sewer should not automatically be considered category "1" development work, if the current on-site system is functioning properly. We do not want funds sitting unused in a supervised bank account, for an extended period of time; nor do we want to cause the homeowner undue hardship and expenses if funds are not available when sewer hookup is required. The Area Specialist (Team Leader) needs to use his/her best judgment when approving these requests.

"2" - All other items of development which do not remove an immediate health and/or safety hazard are placed in this category.

**Participation Resources:**

Participation resources can be monetary or non-monetary and include, but are not limited to, the following:

504 Loan (Grant/Loan combination) where at least fifty (50) percent of the Rural Development assistance is provided from the loan.

Cash from the applicant deposited in the Supervised Bank Account (SBA) along with grant funds. The amount or value of the contribution must be documented in the case file. Good judgment should be exercised in determining that the amount of participation resources represents a reasonable amount considering the amount of the grant request, the applicant's financial situation, repayment ability, etc.

Leveraged funds from such sources as Community Development Block Grants (CDBG), Housing Preservation Grants (HPG), Redevelopment Authority Grants, Pennsylvania's County Housing Trust Fund Program, known as Act 137, etc.

Contribution of free labor/materials.

If the application contains participation resources, it will be identified as an "a", no participation resources will be identified as a "b".

**Priority:**

Applications will be prioritized as follows:

- "1 a" Priority Development with Participation
- "1 b" Priority Development with no Participation
  
- "2 a" Non - Priority with Participation
- "2 b" Non - Priority with no Participation

**Budget Review:**

Budgets should be carefully reviewed to ensure they are realistic and accurate. Figures in the budget can be compared to consumer expenditure tables found at the U.S. Department of Labor, Bureau of Labor Statistics web site at [www.bls.gov/cex/home.htm#top](http://www.bls.gov/cex/home.htm#top). At this web site, you have a number of options as to the data you select for comparison. The table that was used for our presentation at the May 2006 Housing Meeting was the "Two Year Tables", survey 2003-2004 data, and we used the "Age of referenced person by income before taxes". Since our applicant was 66 years of age, we then selected the data from the 65 or older category, which produces table 30 (which was discussed at the training) from the data base. The web site has survey 2005-2006 data now posted.

Another good data source for food budget information is located at the Center for Nutrition Policy and Promotion at [www.cnpp.usda.gov](http://www.cnpp.usda.gov). Once you're at that site, click on "USDA Food Plans: Cost of Food". The web site has current information food costs based on household size. Both of the web sites mentioned above are very helpful to ensure that proposed budgets are realistic.

**Grant requests with less than 50 percent participating resources:**

Any grant request that does not have at least fifty (50) percent of the total Rural Development assistance as participating resources will need the Area Specialist's (Team Leader) concurrence that the budget is accurate and realistic prior to approval.

**Section 504 Allocations:**

Due to the limited amount of funds allocated to the 504 Repair Program this year, the Pennsylvania State Office will hold all allocations in reserve so that the funds can be utilized in a more timely and efficient manner in Fiscal Year 2008. Funds will be requested and distributed on a first come, first serve basis for loans and grants that are ready to be obligated immediately; however, the State Director retains the authority to allocate funds consistent with the objectives outlined in RD Instruction 1940-L.

Area Offices are expected to maintain their respective waiting lists for funding. The State Office will notify the Area Offices when funds are received from the National Office. The Area Offices will then forward their "request for funding" list via e-mail to the State Office. The State Office will then issue an e-mail back to the Area Offices listing the loans and/or grants that are authorized to be obligated. Once the funds are exhausted, any funding requests that were not approved will go back to the respective Area Office to be placed back on their waiting list for additional funding to become available

The breakdown of the utilization of funds for Section 504 loans, loan/grant combinations, and grants should be monitored in the Area Director Quarterly Report.

**Severe Hardship Cases:**

Upon receipt of the quarterly allocation, each Area Office should fund their pending applications in order of priority by application date, starting with severe hardship cases.

Severe hardship cases would include, but not be limited to, situations where the applicant's furnace needs to be repaired or replaced, during the heating season, or the applicant is without potable water.

**State Director's Reserve for Grant requests in conjunction with a Section 504 Loan:**

The State Director has established a State Office Reserve, comprised of twenty-five (25) percent of the state allocation, which is available on a first come first serve basis, for applicants where at least fifty (50) percent of the total Rural Development assistance will utilize a Section 504 Loan. The Area Specialist (Team Leader) should submit a request via e-mail to the State Office which should include the applicant name, account number, and the funding amount. At least fifty (50) percent of the total Rural Development assistance must utilize a Section 504 Loan. A waiting list will be established, as necessary, based upon the availability of funding.

**Marketing of the Section 504 Program:**

Emphasis in marketing the Section 504 Repair Program needs to be placed on the one (1) percent loan, with the grant component utilized as the "gap" financing to make the financing feasible, when the applicant does not show enough repayment ability for a loan only. Area Specialists involved in the Rural Utility Programs have historically done a terrific job in marketing the 504 Program to community organizations, encouraging very low income families to utilize the 504 Program to connect to RD financed water and waste disposal systems.

For that reason, we have addressed this AN to all Pennsylvania RD employees so that all employees are aware of the need to increase marketing emphasis on 504 loans, and the conditions that need to be evaluated before a 504 Grant can be approved.

**Management Control Review Concerns:**

The policies outlined in this AN are intended to address concerns identified in the FY 2005 Management Control Review for the Section 504 Loan and Grant Program. Those concerns are detailed in the Unnumbered Letter dated March 10, 2006, copy attached. Every RD employee that is involved with the delivery of the 504 Program needs to be familiar with the policies outlined in the FY 2005 Management Control Review of the 504 Program.

It is important that program policies are clearly communicated to Section 504 applicants and participants, including loan /grant application packagers. In addition, all grant applicants must understand that, with limited grant funds, most applications cannot be funded immediately, regardless of the priority which is assigned to their application.

If you have any questions on this AN, please contact the Single Family Housing Division.

*/s/ Gary H. Groves*

GARY H. GROVES  
State Director

March 10, 2006

TO: All State Directors  
Rural Development

ATTENTION: Single Family Housing Program Directors

FROM: Russell T. Davis (*Signed by Russell T. Davis*)  
Administrator  
Housing and Community Facilities Programs

SUBJECT: Fiscal Year 2005 Management Control Review of the  
Section 504 Loan and Grant Program

The purpose of this memorandum is to address the concerns raised as a result of the FY 2005 Management Control Review for the Section 504 Loan and Grant Program. (Attachment 1). The Management Control Review Nationwide Compilation Report for FY 2005 was issued September 22, 2005.

The Section 504 Loan and Grant Programs were reviewed in four States during FY 2005 as part of the management control review process. Also, case files were received and reviewed in six additional States.

EXPIRATION DATE:  
January 31, 2007

FILING INSTRUCTIONS:  
Housing Programs

The Management Control Review was conducted to identify weaknesses and make recommendations for improvements to the Section 504 Loan and Grant Program. State Directors and Single Family Housing Program Directors should immediately review and ensure that Area and Local Office staffs are informed of the contents of this unnumbered letter (UL). For training purposes, Attachment 2 provides "Guidance for Writing 504 Repair Specifications" and examples of specification language for typical Section 504 repairs and Attachment 3 can be used to detail the description of repairs and assist in calculating quantities and cost of materials.

State Offices must plan to conduct Section 504 training no later than December 31, 2006. Section 504 training may be included with other Single Family Housing training. In the interim, we are asking State Offices to prepare State supplements and other appropriate issuance as necessary to ensure proper implementation of the concerns of Attachment I. . Copies of the States' issuances should be sent to Gloria Denson of the Single Family Housing Direct Loan Division via e-mail @ [gloria.denson@wdc.usda.gov](mailto:gloria.denson@wdc.usda.gov).

If you have any questions regarding this UL, please contact Gloria Denson of the Single Family Housing Direct Loan Division at (202) 720-1487.

Attachments

## ATTACHMENT 1

### CONCERNS OF THE MANAGEMENT CONTROL REVIEW FOR THE SECTION 504 LOAN AND GRANT PROGRAM

- Once the application is accepted, the Loan Originator is required to record the date the application is received. HB-1-3550, 3.5 clearly states applications must be date stamped when they are received. This date is used to track priority for processing. The Loan Originator must review all applications received within 30 days to determine whether, based on unverified information the applicant appears to be eligible for the program. If a determination of eligibility cannot be made within 30 days after the receipt of a completed application, or there are additional delays in processing an application, the applicant must be notified in writing of the circumstances causing the delay and the approximate time needed to make a decision using the appropriate handbook letters in HB-1-3550. A current copy of the appropriate letter must be placed in the applicant's file.
- When income determinations are made, it is essential that the Loan Originator properly calculate income and considers incomes from the appropriate household members. In most cases, HB 3550-1, Attachment 4-A, which provides a Sample Worksheet for Computing Income can help calculate each type of income manually. The annual income calculation includes incomes from all household members. Adjusted income is calculated by subtracting any deductions that apply to the household from annual income. For repayment income, the Loan Originator must consider only the income of household members who will be a party to the note. The annual, repayment, and or/adjusted incomes must be verified, calculated, and documented properly.
- In determining repayment ability, the Loan Originator must work with the applicant in completing a realistic Budget and/or Financial Statement, which includes all debts as stated on the application, financial statement or credit bureau report. When determining repayment, the budget must consider and account for items such as non-cash benefits, (food stamps, scholarships, free clothing, meal on wheels, free transportation, etc) which help reduce the applicant's budgeted expense.
- We are responsible for working jointly with the applicant/borrower in preparing and/or reviewing the budget in determining repayment ability for a 504 loan/grant. The Loan Official should attempt to reach a consensus on the actual and planned monthly expenses that the applicant/borrower spends or proposes to spend for the next 12 months. If there are disagreements on certain expense items, a thorough discussion should be held and negotiation should occur. If consensus cannot be reached, the Loan Official should thoroughly document the reasons by line item. The applicant should provide written documentation to justify the expense in question. Any deviations or changes in the entries on the budget must be dated and initialed both by the Loan originator and applicant.

Attached is a copy of the official USDA Food Plans that will be helpful in developing realistic food budgets for our applicants. This file may be accessed on the Center for Nutrition Policy and Promotion (CNPP's) home page at: <http://www.cnpp.usda.gov>

- The Loan Originator is required to visit the property within 30 days of the receipt of the completed application to identify which repairs are essential. Photographs are needed of the property and essential repairs to clearly identify health and safety hazards during this initial visit. The Loan Originator is required to provide the applicant with a detailed set of specifications, which will be utilized to solicit at least three

bids when feasible.

Property values should be estimated and there should be documentation as to the method used to arrive at the value of the property. Also, case files should show that the health and safety hazards have been removed or to verify the before and after conditions following the completion of repairs. There should be documentation in the case files to indicate there are a limited number of contractors in the area.

- Acceptable repair bids must include a complete breakdown on materials and labor and describe the quantity, quality, size, grades, styles, and model number to clearly identify the work and materials to be furnished.

Prior to any actual construction, a preconstruction conference must be held with the borrower and contractor to ensure all parties understand what work is to be included in the contract, payments, inspections, warranties and other relevant information.

- In order to ensure that applicants do not receive more than the maximum allowable grant assistance of \$7,500, the Loan Originator must document the amount of any grant provided to each grantee. A list of previous grant recipients is required to be maintained in the operational files and new applicants are checked against this list. In addition, the applicant's social security number on the application must be confirmed to ensure previous grants have not been made using an incorrect social security number.
- Supervised Bank Accounts (SBAs) are used to assure the correct expenditures of all or a part of a loan and grant fund. SBAs are established in accordance with RD Instruction 1902-A, unless proceeds are disbursed to the contractor in full when the work is complete and has been inspected. All SBA accounts must be properly monitored.



Program Directors should ensure that field offices are trained in the correct use of SBAs outlined in the above instruction. There must be a paper trail reflecting all transactions. When one lump sum payment is needed, funds should be obligated, without using a SBA. Checkbooks for SBA must be kept in a secure, locked file cabinet or office safe and a borrower should never sign blank checks.

Funds from leveraged sources should not be commingled with 504 funds. These funds should be tracked separately.

- Grant funds are only available to eligible homeowners age 62 and over for the purpose of removing identified health or safety hazards, or remodeling dwellings to make them accessible to household members with disabilities. Section 504 loan funds are available for repairs to improve or modernize a home, make it safer or more sanitary, or remove health and safety hazards. The identified health and safety hazards should be separated from the loan improvements and other sources of partnerships.

| <b>SECTION 504 GRANTS</b>  | <b>504 LOANS</b>   | <b>PARTNERSHIP/LEVERAGING</b>            |
|--|--|--|
| <b>Health and Safety Hazards</b>   | <b>Repairs for Improvements</b>                                | <b>Other Sources of Partnership</b>      |
| <b>Unsanitary Plumbing Conditions</b>  | <b>Exterior and Interior Painting</b>                          | <b>Weatherization Programs</b>           |
| <b>Hazardous Electrical</b>  | <b>Storm windows</b>   | <b>Community Development Block Funds</b> |
| <b>Sewer Line or Septic Tank Failure</b>   | <b>Insulation</b>  | <b>HUD's Funds</b>                       |
| <b>Unsafe Structural Conditions</b>  | <b>Gutters and Downspouts</b>                                  | <b>County and State Agencies</b>         |
| <b>Code Violations</b>   | <b>Carpet (only to remove health and safety conditions)</b>    | <b>Community Action Groups</b>           |
| <b>Leaking Roofing</b>   | <b>Replacement of Sinks, toilets</b>                           | <b>Non-Profit Organizations</b>          |
| <b>Faulty Heating</b>  | <b>Floor covering (replaced with like or similar material)</b> | <b>Churches</b>                          |
| <b>Installation of grab bars, railing and other accessibility devices to assist the elderly and disabled</b> | <b>Security doors</b>  | <b>Faith-based organizations</b>         |

- Chapter 12, 12.2 A of the HB-1-3550 handbook lists eligible purposes and restrictions for the use of Section 504 funds. Some examples of eligible purposes are follows:
  - Health and safety violation- foundation, structural, code deficiencies, etc.
  - Major system deficiencies- heating system, electrical, plumbing, etc.
  - Interior and exterior deficiencies- walls, ceiling, soffits, etc.
  - Weather and energy conservation- storm windows and doors, insulation, weather stripping, etc.
  - Roofing, gutters, and downspouts

- Improvements for accessibility to disabled persons- baths for wheelchairs access, installing wider doors, and exterior ramps.

The following are ineligible loan purposes:

| <b><u>INELIGIBLE LOAN PURPOSES</u></b>   |
|--|
| <b>Changes for aesthetic appeal</b>  |
| <b>Air conditioning (only for medical reasons)</b>   |
| <b>Satellite dish</b>  |
| <b>Ceramic Tile</b>  |
| <b>Carpeting (only to remove health and safety hazard) must be documented</b>  |
| <b>Enlargement of windows such as bay windows</b>  |
| <b>Sidewalk, driveway repairs (only to remove safety hazard) documented</b>  |
| <b>Appliances such as ranges, refrigerators, washers/dryers, trash compactors and other appurtenances are not eligible for our program</b> |
| <b>Room additions (only for overcrowded conditions) must be documented</b>   |

To justify the removal of health and safety hazards, the loan official must carefully document the case file to explain the circumstances.

- See HB-1-3550 and DLOS Training Manual. All required forms from UNIFI must be used and maintained properly and timely.

## GUIDANCE FOR WRITING 504 REPAIR SPECIFICATIONS

### Specification Language

A good repair specification is the key element in preventing misunderstanding between the Agency, applicant and contractor in the Section 504-loan/grant program. Just what are specifications? In very simple terms, specifications are written instructions to the contractor containing information about the equipment, standards, quantity, quality, size, grade, style, model number and workmanship for the repair job. Each item must be described in specific detail to clearly identify the work and materials to be furnished. When there is a difference between the plans and specification, the specifications take precedence. Repair specifications are generally not well understood by the average Section 504 applicant, and often are not given sufficient attention by the contractor.

The specifications are important repair documents for several reasons:

- First, the total cost of the repair work is based upon the quality and workmanship expressed in the specifications. They tell the contractor what is wanted and expected in the repair of the dwelling, and the contractor supplies the cost for producing the desired results.
- Second, the specifications are a record of the type and quality of materials that the contractor is required to use on the job. What is documented in the repair specifications can be the Agency and applicant's protection against substitution of lesser quality materials and equipment.
- Third, the specifications are assurance that all bidders are costing out the dwelling repairs using similar materials, equipment and workmanship. This should reduce the possibility that the "lowest bidder" is planning to use materials, equipment and workmanship that are inferior to those planned by other bidders.

A good Section 504-repair specification is one containing the fewest words that can be used to complete the instruction and make sense. The wording should be complete, clear, concise, correct, and consistent. A clear expression of an idea requires effective language. Clarity is best achieved using the language of everyday conversation.

**Examples:**

1. In most specifications the imperative mood is preferred:

Contractor shall install lighting fixtures, which will be furnished by owner.

OR

Install light fixtures furnished by owner.

2. Exact meaning of words in specifications is critical. Example: "Any" / "all". These words have different meanings. "Any", when used as an adjective, implies a limited number selected at the discretion of the reader. Consider the following with the reader being the contractor.

"Repair any cracks" has one meaning. The contractor may repair any cracks of his choice.

"Repair all cracks" has another meaning. The contractor must repair every crack.

3. REMOVE & REPLACE: Although the intent would seem reasonably clear, the words literally require the windows to be removed and same windows to be replaced in the same location.

POOR: Remove and replace all windows.

BETTER: Remove all windows and replace with new windows of the same dimensions.

4. "The work consists of" should read, "the work includes..."
5. "Provide and install" should read "install" if the material is not in contract.
6. "Either / Or" and "And / Or" should not be used.
7. "Paint either side" should read "paint both sides using brand X paint, color ABC, two coats.
8. Material should always "conform to" and workmanship should always "be in accordance with "requirements.

9 Avoid abbreviations. Use them only when certain that all the readers will understand them. The abbreviations "ft." and "in." save only 1 letter if the period is counted. It is better to write the words symbolizing dimensions. When using the symbol for feet and inches, be aware that there is a risk of error resulting from misreading the symbol or in the typing / retyping process.

10. Do not use the expression "etc.," it is too indefinite for the purpose.

11. Use the term "or equal" with caution.

12. The specifications are direct to the repair contractor; the use of sentences beginning with "the contractor shall".... is repetitious, unnecessary, and should be avoided. It is never proper to refer to a sub-contractor in a specification.

13. Avoid the verb "is to be." It lacks command and can lead to ambiguity.

POOR: Adhesive is to be spread with a notched trowel.

BETTER: Spread the adhesive with a notched trowel.

14. Specify stock articles and standard sizes where ever possible.

15. Avoid specifying requirements that will not, or cannot, be enforced.

16. When drawings accompany specifications, use words in the specifications that are identical to those on the drawings. For example, if a joint is noted as sealed on the drawings, do not specify it to be caulked in the specifications. The joint on the drawings should be noted as caulked.

In addition to the repair specification, a warranty covering materials and workmanship for a minimum of one year should be written into each repair contract. Always require product and equipment warranties (or copies) for the file. The name and address of the party who will honor the warranty (contractor, distributor or manufacturer) must be identified.

In writing repair specifications, be thorough and complete; specify everything included in the overall scope of work. A contractor cannot be expected to provide items not specified.

## EXAMPLES OF SPECIFICATION LANGUAGE FOR TYPICAL SECTION 504 REPAIRS

**NOTE:** The following are examples of the typical level of detail expected for some common Section 504 repair items. Your specific repair situation may be different in terms of materials, equipment, quality and quantity being specified. Geographical location may also dictate other acceptable and comparable specification language used for typical repairs in your area. However, the following examples demonstrate clear, correct and concise language in giving instructions to potential Section 504 repairs contractors.

### Roof Covering

#### Remove Existing Roofing and Install New

Remove existing roofing and pile neatly and haul away immediately. Check sheathing and replace as required. Install new 15 pound felt and 235-pound class A labeled fiberglass strip 3 tab self-sealing shingles warranted by the manufacturer for 20 years. Include 100 feet of metal drip edge. Owner to select color.

\$ \_\_\_\_\_ for 1064 square feet (11 squares) roofing shingles and 100 feet of metal drip edge.

\$ \_\_\_\_\_ for \_\_\_\_\_ square feet of roof sheathing

### Install Roll Roofing

Install new 90 pound mineral surfaced roll roofing with 19-inch selvage. Install metal edge strip. Cement all top and end laps.

\$ \_\_\_\_\_ for 590 square feet of roll roofing

### Install Sheathing

Install new sheathing. Use new ½ inch C.D.X. plywood or approved equal. Fasten to rafters according to manufacturer's specifications.

\$ \_\_\_\_\_ 1654 square feet of sheathing

### Guttering and Downspouts

#### Guttering

Install new white aluminum seamless or section, K type, joined by connector, installed with slight pitch (approximately 1/16 inch per foot) to downspout, secured with spikes and ferrules at 4 feet centers, and all joints secured with metal screws and caulked.

\$ \_\_\_\_\_ 110 linear feet of gutters

#### Downspouts

Install new aluminum downspouts with elbows (diverted out) 6 inches above ground level with concrete splash blocks to direct flow away from house. Downspouts shall be secured to siding with metal straps no more than 36 inches apart and all joints and connections secured with metal screws.

\$ \_\_\_\_\_ 4 downspouts and 4 splash blocks

### Doors and Windows

#### Exterior Door Replacement

Replace exterior front and rear doors with new metal clad pre-hung door assemblies. Doors to be same size as existing doors have rigid insulated core, durable magnetic weather-stripping and three butt hinge. Front exterior door, six panel with peephole. Rear exterior door, 9 lite door with insulated glass. Door assembly equal to Stanley or Benchmark. Trim equal to Stanley or Benchmark in quality. Trim interior and exterior doorframes to match existing trim.

\$ \_\_\_\_\_ Two exterior doors. (could have cost for each door)

#### Locksets

Install new locksets on front and rear exterior door doors, using medium price Schlage or equal. All locks keyed alike.

\$ \_\_\_\_\_ Two locksets

### Replace Existing Windows

Remove 8 existing wood window assemblies and replace with new vinyl double pane, double hung white or off-white replacement window assemblies, equivalent to Winco, Malta, or Anderson in quality. At least one window in each sleeping room shall have a sill height of not more than 44 inches above the floor and have a net clear opening of 5.7 square feet. The minimum net clear opening height shall be 22 inches. The minimum net clear opening width shall be 20 inches. Windows shall be installed in accordance with manufacturer's instructions.

Windows shall require no painting, be maintenance free, and resist decay

\$ \_\_\_\_\_ Remove wood windows and install eight new vinyl replacement windows

## Mechanical Equipment

### Install New Water Heater

Remove existing gas water heater and replace with new 40 gallon capacity, automatic, gas fired, fast recovery, vertical storage type water heater. Water heater to be glass lined welded steel with single flue passage, flue baffle and draft hood, thermally insulated with corrosion-resistant steel jacket, baked-on enamel finish, automatic water thermostat and built-in gas pressure regulator, cast iron or steel metal burner, safety pilot and thermocouple.

\$ \_\_\_\_\_ Remove existing water heater and install new 40 gallon capacity gas water heater.

### Install New Furnace

Remove existing furnace and install new 225 MBH output (thousand BTU's per hour) 90% plus efficient gas forced air self contained furnace, with electric ignition, packaged, factory assembled, pre-wired unit consisting of cabinet, supply fan, heat exchanger, burner or heater and air filter.

\$ \_\_\_\_\_ Install new furnace

## Electrical

### Install 100 amp Service

Install new 100 amp. 3 wire service complete with breaker type panel box with all circuits labeled and balanced. Leave provision for 4 or more additional circuits. Provide separate appliance circuit in kitchen and laundry. Square D, Pushomatic or equal. Installation to include disconnecting and disposal of old fuse box. All new materials and installations to meet the (year) edition of the National Electric Code.

\$ \_\_\_\_\_ Install new 100 amp. Service

### Replace Lighting Fixture

Remove existing fixture in dining room and replace with new fixture. Check and repair all defective ceiling wiring. \$30.00 fixture allowance. Owner to select style of new fixture.

\$ \_\_\_\_\_ Replace lighting fixture

### Smoke Detector

Provide and install one new Honeywell, Nutone, or equivalent 110 volt, smoke detector, with built-in battery back up, on or near ceiling in the bedroom area without disconnect switch, permanently mounted to standard electrical outlet or junction box. Test and certify same.

\$ \_\_\_\_\_ Smoke detector



Thermal and Moisture Protection

Add insulation

Provide additional fiberglass insulation, or equivalent, to bring total ceiling R-value to a minimum of R-33, including insulation over the access door to the attic. Provide certification of type and R-value. Provide a minimum of 2-inch positive airflow between insulation and underside of roof sheathing in rafter spaces when using loose insulation.

\$ \_\_\_\_\_ Add additional insulation

**Repairs to Foundations:**

Examine the existing conditions under the house and make proper repairs to rotting wood as necessary. Check to verify that all-supporting posts and beams are functioning properly and bear the weight intended.