City of Mobile

**COMMUNITY PLANNING & DEVELOPMENT DEPARTMENT**

 HOMEOWNER REHAB LOAN PROGRAM

FOR ELIGIBLE RESIDENTS CITY WIDE

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**Are You Having Problems with Your Plumbing?**

**Do You Need a New Roof?**

**Are Your Windows Old and Seeping Air?**

**How About Other Over Looked and Over Due Repairs?**

**If So, You Could Benefit From a REHAB HOME Loan**

 **and**

**Make Your Home Both Safer & Healthier!**

**Please complete the application in full with all requested pertinent documents and return to the CPD Office located at:**

**205 Government Street**

**South Tower, 5th Floor, Suite 508**

**Mobile, AL 36602**

**~~Due on Friday, January 6, 2012 by 4:00 p.m.~~**

**Applications Will Continue to Be Accepted Until ALL Funds Have Been Allocated**



**C I T Y O F M O B I L E**

COMMUNITY PLANNING & DEVELOPMENT DEPARTMENT

The Community Planning & Development (CPD) Department’s Homeowner ***Rehab Loan Program*** will provide amortized or deferred payment loans to eligible low-moderate income households to repair owner-occupied, single family homes. This program is designed to address immediate health, safety, structural and deferred maintenance deficiencies that will enable homeowners to improve their housing and create a positive effect in the community.

Homeowners are given as much flexibility as possible in choosing the scope of repairs; but priority will be given to items that will affect the health and safety of the occupants or the integrity of the home. City funds will pay for those particular items before other work is considered. Our staff will assist you in understanding these priorities and making your project work for you.

The loans are funded by local and federal programs which prioritize health and safety repairs.

**HOMEOWNER REHAB LOAN TERMS**

Homeowners may be awarded up to a $25,000 Rehab Loan.

Depending on the homeowner’s income eligibility, financial assistance will be provided to the homeowner as an amortized or deferred payment loan. The Rehab Loan will be provided as a mortgage secured by the property.

1. For homeowners with household income below 70% of area median income, loans will be deferred and forgiven after 5-10 years, depending on the amount of CDBG Funds borrowed. NO MONTHLY PAYMENT WILL BE DUE. Forgiveness will be at a rate of 10% - 20% (depending on the amount of CDBG funds) for every year the homeowner remains in the home from the date of the loan closing.
2. For homeowners with household income at 70% - 80% of area median income, loans will have fixed interest between 0% and 3%, amortized over 5 - 10 years, depending on the amount of CDBG funds borrowed. Payments will be due monthly to a designated bank.

3. The balance, if applicable, becomes due and payable under the following circumstances:

* Sale of the property
* Transfer of ownership/Title of the property
* Change of use or occupancy

4. Additionally, participating homeowners may not take out an additional mortgage without prior CPD approval.

**HOMEOWNER ELIGIBILITY**

Eligibility is based upon the number of household members and total household income and must be less than or equal to income limits provided by the U. S. Department of Housing and Urban Development (HUD). The chart below reflects the 2011 limits for maximum annual income\* for HOME Rehab Loans.

**2011 ELIGIBLE INCOME LIMITS**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  **Person** | **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** |
| **30% AMI** | $10,750  | $12,300  | $13,850  | $15,350  | $16,600  | $17,850  | $19,050  | $20,300  |
| **50% AMI** | $17,950  | $20,500  | $23,050  | $25,600  | $27,650  | $29,700  | $31,750  | $33,800  |
| **70% AMI** | $25,803  | $27,800  | $32,316  | $35,816  | $38,733  | $41,650  | $44,450  | $47,366  |
| **80% AMI** | $28,700  | $32,800  | $36,900  | $40,950  | $44,250  | $47,550  | $50,800  | $54,100  |

**\* Total gross income of household, before taxes and deductions; figures are updated annually.**

* Applicant must be income eligible. The existing mortgage must be current at the time of application and remain current during the loan term.
* Property taxes as well as homeowner’s and flood insurance (if applicable) must be current.
* Applicant must have title interest in the property and use property as primary residence.

**AFFORDABILITY AND OCCUPANCY RESTRICTIONS**

To ensure CDBG investments yield affordable housing over a longer period, HUD regulations imposes occupancy requirements over the period of the loan. The length of occupancy period depends on the amount of CDBG funds invested in the property (See Chart Below). Homeowner must live in the property as their primary residence for the term of the loan.

|  |  |  |
| --- | --- | --- |
| **ACTIVITY** | **CDBG FUNDS PER UNIT** | **MINIMUM OCCUPANCY PERIOD** |
| Homeownership - Acquisition | Less than $15,000 | 5 Years |
| Rehabilitation & New Construction  | $15,000-$40,000 | 10 Years |

**ELIGIBLE HOME REHAB AND IMPROVEMENTS SCOPE OF WORK**

The Home Rehab Loan Program will provide loan assistance to eligible homeowners for the rehabilitation of their homes. It is designed to address immediate health, safety, structural and deferred maintenance deficiencies. Other improvements that must be completed to address the identified health, safety and structural deficiencies, HUD Housing Quality Standard (HQS) or local housing codes will be considered on a case by case basis. The following is a partial list of issues that may present an immediate health, safety or structural issue. This list is not intended to be exhaustive. Final determination of improvements will be made by the CPD staff in consultation with the homeowners.

* **Exterior Repairs**: Roof, gutters, windows, doors, siding, eaves, foundation, porch, drive way/walkway, water & sewer lines, accessibility needs and modifications, etc.
* **Interior Repairs**: Plumbing, furnace, electrical, kitchen, bathroom, painting, appliances, if existing ones are nonfunctional, deteriorated structural members, floor, wall, lead and asbestos abatement etc. (presumed present).

**PROCESS FOR THE REHAB LOAN PROGRAM**

1. **H**omeowner completes and submits application to CPD by ~~Friday, January 6, 2012~~:

**Community Planning and Development Department (CPD)**

**205 Government Plaza**

**South Tower, 5th Floor, Suite 508**

**Mobile, AL 36602**

1. **C**PD staff reviews application to determine if applicant and project meet minimum eligibility to participate and that all requested documentation is included;

**PLEASE NOTE**

**If all pertinent documents are NOT included with the submitted package, the application**

**will be considered as ineligible and the resident will NOT be considered for funding.**

3. **C**PD staff visits the home to meet the resident(s), to evaluate work needed and to develop the scope of work;

4. **S**ince funding is limited, the CPD staff finalizes the application review and recommends applicants to be funded;

5. **I**f selected, the Homeowner solicits three (3) bids from contractors within a three week period. The City will provide a list of licensed, bonded, insured and lead-based certified contractors;

6. **T**he CPD staff will review the submitted bids and determine completeness;

7. **I**n consultation with the CPD staff, the homeowner contracts with winning bidder;

8. **C**orresponding loan documents are finalized;

9. **H**omeowner signs Mortgage and Promissory Note documents;

10. **C**PD staff will inspect the Contractor’s work to ensure satisfactory completeness and compliance with approved Scope of Work and Program Requirements;

11. **P**ayment will be issued to Contractor upon satisfactory completion and the homeowner’s approval.

**HOMEOWNERS APPLICATION CHECKLIST**

* Applicants must be the owner of the home and reside there as your primary residence;
* Applicant must be income eligible (See Guidelines);
	+ - **Applicants Must Provide Proof of Income with any of the Following:**
		- Pay or check stubs from the month immediately preceding the application
		- Social Security Statement for current year
		- Unemployment Statement from state entity
		- Income Tax Statement reflecting Rental Income from previous year
* Proposed work must meet program standards and housing code standards;
* Funds must be used for approved Scope of Work;
* Complete application form.
	+ - **Incomplete Applications Will Not Be Processed.**
* Submit application before **4:00 p.m. on ~~Friday, January 6, 2012~~.**

**DISCLAIMERS**

* All funding decisions made under these guidelines shall be made solely at the discretion of the City of Mobile. The City, in no way, represents or warrants to any Applicant, Investor, Lender, or any other party that a proposed project is, in fact, feasible or viable.
* The City of Mobile reserves the right to modify or waive, on a case-by-case basis for good cause, any condition of these guidelines that is not mandated by any federal, state and local laws and regulations.

**If You Have Any Questions or Need Additional Information, Please Contact:**

**City of Mobile**

 **Community Planning & Development Department**

**205 Government Street**

**South Tower, Suite 508**

**Mobile, AL 36602**

 **(251) 208-6290**