The Community and Housing Development (CHD) Department’s Homeowner Rehab Loan Program will provide deferred payment loans to eligible low and moderate-income households to repair owner-occupied, single family homes. This program is designed to address health, safety, and structural/deferred maintenance deficiencies and will enable homeowners to improve their housing while creating a positive effect in the community.

Only single family, owner-occupied residences are eligible for assistance under this program. Rental property, investment property, vacant property, and commercial property are not eligible.

**HOMEOWNER REHAB LOAN TERMS**

Homeowners may be awarded forgivable Rehab Loans up to a $35,000. This is only a maximum. There is no guarantee that homeowners will receive $35,000. The Rehab Loan will be provided as a mortgage secured by the property. A portion of these funds will also address items such as lead paint testing and stabilization.

For homeowners with household income below 80% of area median income, loans will be deferred and forgiven after 5-10 years, depending on the amount of CDBG Funds borrowed. **NO MONTHLY PAYMENTS WILL BE DUE.** Forgiveness will be at a rate of 10% - 20% (depending on the amount of CDBG funds) for every year the homeowner resides in the home from the date of the loan closing.

2. 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
   - Lack of Homeowner’s Insurance Policy
   - Event of incurable default
   - Failure to pay Annual Property Taxes

3. Additionally, participating homeowners may not take out an additional mortgage on the property without prior CHD approval.
HOMEOWNER ELIGIBILITY

Eligibility is based upon the number of household members and total household income and must be less than or equal to 80% of Area Median Income (AMI) as provided by the U. S. Department of Housing and Urban Development (HUD) as shown in the following chart.

<table>
<thead>
<tr>
<th>Person</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
</tr>
</thead>
<tbody>
<tr>
<td>80% AMI</td>
<td>$30,200</td>
<td>$34,500</td>
<td>$38,800</td>
<td>$43,100</td>
<td>$46,550</td>
<td>$50,000</td>
<td>$53,450</td>
<td>$56,900</td>
</tr>
</tbody>
</table>

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

- Applicant and household must be income eligible.
- Mortgage and Property Taxes must be current.
- Homeowner’s and Flood Insurance (if applicable) must be obtained and maintained as a condition of receiving assistance. Please note that Wind coverage must be in effect during mortgage term.
- 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 impose 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). Homeowners must live in the property as their primary residence for the term of the loan.

<table>
<thead>
<tr>
<th>ACTIVITY</th>
<th>HOME FUNDS PER UNIT</th>
<th>MINIMUM OCCUPANCY PERIOD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Homeowner - Rehabilitation</td>
<td>Less than $15,000</td>
<td>5 Years</td>
</tr>
<tr>
<td>Homeowner - Rehabilitation</td>
<td>$15,000 - $35,000</td>
<td>10 Years</td>
</tr>
</tbody>
</table>

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 CHD staff in consultation with the homeowners.

- **Exterior Repairs**: Roof, gutters, windows, doors, siding, eaves, foundation, porch, driveway/walkway, water and sewer lines, accessibility needs and modifications, etc.

- **Interior Repairs**: Plumbing, furnace, electrical, kitchen, bathroom, painting, deteriorated structural members, floor, wall, lead abatement (presumed present), etc.
INELIGIBLE HOME REHAB USES

No funds shall be released for work on other buildings outside of the primary residence. For example: Barns, Carports, Detached Garages, Sheds or Workshops.

Further, the City will not propose work on the following:

- **Additions** to the existing structure;
- **Rehabilitation** that affects the historical character or value of a structure as determined by the Local and/or State Historical Preservations Office; and
- **Repair** or replacement of non-essential equipment or components (i.e., hot tubs, swimming pools)

PROCESS FOR THE REHAB LOAN PROGRAM

1. **Homeowner** completes and submits application to CHD by **Friday, February 27, 2015**:
   
   Community & Housing Development · P. O. Box 1827 · Mobile, AL 36633

2. **CHD** staff reviews application to determine if applicant and project meet minimum eligibility for participation and that all requested documentation is included;

   **PLEASE NOTE**
   If ALL requested documents are not included with the submitted package, the application will be considered INCOMPLETE, and the resident may NOT be considered for funding.

3. CHD Housing Coordinator visits the home to meet the resident(s), evaluate work needed and to develop the **Scope of Work**;

4. If an applicant is selected, the City will provide a copy of the **Scope of Work** to licensed, bonded, insured and lead-based certified contractors that have been pre-approved to perform work on behalf of the City of Mobile. Interested contractors will be scheduled to a pre-bid meeting at your home to assess the work to be performed. CHD will then solicit bids from contractors.

5. The CHD staff will review the submitted bids and determine completeness;

6. In consultation with the CHD staff, the homeowner contracts with the winning bidder;

7. Corresponding loan documents are finalized and signed by the homeowner;

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

9. Payment will be issued to the Contractor upon satisfactory completion and the homeowner’s approval.
HOMEOWNERS APPLICATION CHECKLIST

☐ Applicants must be the legal owner of the property and reside in the property as their primary residence;

☐ Applicant must be income eligible (household income below 80% AMI);

✓ Applicants Must Provide Proof of Income with any of the Following:
  ✓ Pay or check stubs from the months immediately preceding the application
  ✓ IRS Income Tax Return
  ✓ Social Security Statement for current year
  ✓ Retirement Pension Statement for current year
  ✓ Unemployment Statement from state entity
  ✓ Child Support Statement from State of Alabama
  ✓ Income Tax Statement reflecting Rental Income from previous year, if any

☐ 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 completed application to CHD.

DISCLAIMERS

• The Homeowner Rehabilitation Loan Program is funded by the U.S. Department of Housing and Urban Development (HUD), which requires us to verify your gross family/household income to determine your eligibility for the program. In addition, we will obtain a title report to verify your ownership of the property, taxes paid and any additional liens that may exist.

• The difference between your home's market value and the balance of your mortgage is considered equity. We will not provide a loan in which, added to your existing mortgage(s) exceeds 100% of the value. Therefore, it is necessary for us to verify your current balance on all mortgages that exist on your home. After all information is received, verified and you are determined eligible, an appraisal may be conducted on your property to verify the market value.

• There may be times when we find it necessary to request additional information. Your cooperation will be greatly appreciated.

• All funding decisions made under these guidelines shall be made solely at the discretion of the City of Mobile.

• All applicants shall comply with the following: Must not exceed 80% of the area median income and must pass verification of non-duplication of existing CDBG benefits.

• 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.