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LAKEFIELD HOUSING REHABILITATION Small Cities Development Program Fact Sheet

The City of Lakefield has received grant funds to provide 0% Interest housing repair loans to 20 income eligible homeowners living within Lakefield city limits.

Eligibility Requirements:

- ✓ **Ownership** - The applicant must own or be purchasing a property within the City of Lakefield. **Life Estates, Trusts and Reverse Mortgages are not eligible.** Contract for Deeds may or may not qualify dependent on ALL owners' income.
- ✓ **Occupancy** – Owner occupies the home to be improved as their principal place of residence. Owner must have owned and resided in the property for at least 6 months before the work starts.
- ✓ **Eligible Repairs** - Repairs that are permanent and necessary are eligible. Examples include roofing, foundations, siding, heating units, electrical, plumbing, and other health and safety items. Additions are not allowed.
- ✓ **Real Estate Taxes** - Owner must be current with property taxes.
- ✓ **Insurance** – Owner must have property insurance in place for the full term of the loan.
- ✓ **Average Loan** - The average Housing Repair Loan is \$25,000. The homeowner will need to furnish a match of 20%. UCAP will assist in determining the match and other resources that may be available to fund the match. Homeowners under 50% Area Median Income are eligible for grant funds without matching requirements.
- ✓ **Income** – Owner's income falls under the most current Jackson County 80% Area Median Income (AMI) limits as set forth by HUD. Check the current income limits for Jackson County on our website program information.

SCDP Loan Breakdown:

80% of the project cost will be a 0% deferred loan**
20% of the project cost will be homeowner's match.

Households at income levels of **50% or below AMI** are eligible for 100% SCDP deferred loan.

****Deferred Loan** - The loans will be loaned as 0% deferred loans. This deferred loan requires no monthly payments and no interest will accrue if the property does not change ownership within ten (10) years. This deferred loan will be forgiven at the rate of 10% each year and will revert into a grant if the property does not change ownership within the ten (10) year period. With the **exception on contract for deeds**, which have no descending forgiveness.

Housing Repair Process

The program will follow the guidelines as set forth below:

- ✓ **Application** – The applicant will need to complete a full application for the program that requires proof of property ownership, verification of income, and other eligibility requirements.
- ✓ **Application Ranking** – All applications submitted that are complete, signed, and accurate that include all the requested supporting documents will be ranked as per the date they arrive. Households that participated in the survey process and requested to be on the waiting list will have the first chance to apply for the funds. After 60 days, the applications will be opened up to the entire city. UCAP will review applicants for verification of eligibility based on the ranking system. All households will be served on a first-come, first-served basis.
- ✓ **Property Inspection** – UCAP will inspect the property, identify any housing problems, and will work with the applicant to determine what repairs should be done. **LEAD RULES AND REGULATIONS DO APPLY.**
- ✓ **Work Write-Up** - The UCAP Housing Inspector will develop specifications on the work to be completed and how the work should be done. The homeowner will select the contractor from a list of UCAP approved contractors that they would like to bid on their project and bid packets will be distributed to these contractors.
- ✓ **Bid Awards** – Following receipt of bids from the contractor, UCAP will meet with the owner and review the bids. The owner will then accept or reject the bids which have been submitted.
- ✓ **Repayment Agreement** - The owner shall enter into a repayment agreement with the City of Lakefield to accept the conditions of the loan. The repayment agreement will be filed at the Jackson County Recorder's Office.
- ✓ **Proceed to Work** - The UCAP inspector will send a letter notifying the contractor that work may begin at the owner's property. The contractor will be required to secure any necessary building permits.
- ✓ **Payments** - Payments to contractors can be made on a full or partial basis as each contractor's work has been completed. One partial payment is allowed. In order to receive payment, the contractor must submit a lien waiver, a billing statement, and a signed completion certificate (all furnished). In order to make payment, the UCAP housing inspector must inspect the property and the homeowner must give signed permission to pay the contractor.
- ✓ **Project Completion** - Upon completion, a final inspection and lead clearance assessment will be done and the project will be closed.