

Neighborhood Homeowner Repair Program

Funding

Funds for the Neighborhood Homeowner Repair Program to be drawn from available funds collected through TID 8 and formally dedicated to affordable housing.

Loan Information

Minimum Loan Amount: \$500.00

Maximum Loan Amount: \$20,000.00

- Loan type: Amortizing loan or forgivable loan
- Interest rate: Zero percent for forgivable loans; three percent for non-forgivable loans or portions of loans
- Payment: Repayment under the loan is dependent on the income level and size of the applicant household with respect to the Area Median Income (AMI) as defined annually by the U.S. Dept. of Housing and Urban Development

	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
80% AMI or lower: Forgivable Loan	\$42,000	\$48,000	\$54,000	\$60,000	\$64,800	\$69,600	\$74,400	\$79,200
120% AMI or lower: Partially Forgivable 3% Interest	\$63,000	\$72,000	\$81,000	\$90,000	\$97,200	\$104,400	\$111,600	\$118,800
140% AMI or lower: 3% Interest	\$73,500	\$84,000	\$94,500	\$105,000	\$113,400	\$121,800	\$130,200	\$138,600

- Applicant income level at or under 80% AMI: Loan is forgiven after a term of five years from date of closing
 - Applicant income level between 80% and 120%: Half of the loan amount is forgivable, while half of the loan amount is non-forgivable with 3% simple interest payable over a five year term from date of closing
 - Applicant income level between 120% and 140%: Loan repaid over a term of five years at 3% simple interest from date of closing
 - Forgivable loans or portions of loans are forgiven in their entirety five years after loan closing
 - Loan balance and applicable interest are payable in full upon sale or transfer of property ownership within five years of final closing date, or if property taxes are not kept current within said five year period
-

Owner Contribution

A \$75.00 administrative fee will be charged to cover credit reports, income verification, and recording charges. Applicants denied a loan through this program will only be charged actual costs incurred and the balance will be refunded. The administrative fee may be waived for households under 80% AMI. Property owners at 80-140% AMI will be responsible for providing 10% matching funds to complete the project.

Eligibility Requirements

- Applicant must be the owner occupant of a single family or duplex property with an annual household income of no more than 140% Area Median Income (AMI), as defined by the U.S. Department of Housing and Urban Development
 - The total cost of repairs to correct code and Housing Quality Standards (HQS) deficiencies cannot exceed the loan maximum and must be greater than the loan minimum. Scope of repairs is limited to work necessary to correct the code and HQS deficiencies listed on the repair order.
 - Property to be assisted cannot be in foreclosure
 - Applicant must be current on mortgage payments
 - Applicant must be current on property taxes or be actively participating in a payment plan arranged with Racine County with regards to property taxes
 - Applicants must authorize City of Racine Department of City Development staff to access their credit history, and must agree to provide required documentation necessary to determine program eligibility
 - Program funding is limited, not all eligible applicants will be served
 - All approved applicants for loans must complete homeowner post-purchase counseling ("I Bought a House! Now What?") and submit proof of completion to staff no later than one year following loan closing. Classes must be taken through Housing Resources Inc. (HRI), located at 500 Wisconsin Avenue, Suite 205, Racine, WI 53403, or another HUD-certified housing counseling agency. Information about the HRI classes can be found at <https://hri-wi.org/> or by calling (262) 636-8271.
 - All other eligibility requirements listed in the Housing Rehabilitation and General Administration Policies and Procedures Manual apply unless superseded by the terms specifically outlined in this document.
-

Application Review

City Development staff will review completed applications once all necessary documentation has been submitted by the applicant, and loans will be approved by the Loan Board of Review. Funding for the Neighborhood Homeowner Repair Program will be limited. Some applicants may not be served if funding has been exhausted or if they do not meet the eligibility criteria. The selection process for approval of loan applicants may take into consideration the following:

- An applicant's ability to correct the violations
- Options to resolve the code violations through other methods or programs
- Applicant's current and potential income (as determined by HUD income calculations)
- Loan to value ratio

- Ability or plans to continue residing in the property
- Housing cost to household income ratio
- Previous code enforcement history, condition of the structure relative to code compliance repairs, and other relevant factors

Applicant household income will be evaluated based on source documentation to determine total (gross) annual income from all household members per 24 CFR Part 5.

Security

The applicant must agree to sign mortgage documents securing a lien against their property in the amount equal to the cost of repairs. The mortgage documents will be recorded with the County Register of Deeds and released upon completion of loan terms. Any funds remaining after completion of the applicants' credit report and title search will be returned to applicant if the loan is not approved. No work will be completed until all loan and mortgage documents associated with the loan have been executed.

Scope of Work

The scope of work will be created by the City of Racine and will be limited to the work necessary to correct City code deficiencies listed on a repair order(s), property maintenance issues that could be considered code violations, and HQS violations also identified at the property. All work must be performed by licensed contractors who will be required to warrant their work for at least one year. Permits, where necessary, must be obtained prior to starting work. All work must be conducted in a lead-safe manner. Pre/post-inspection and approval of work will be performed by City staff. The scope of work will describe the path to correcting the code violations and, if applicable, the order will be abated once the work has been completed.

Funds must address outstanding building or health code orders issued against the property by the City of Racine, or property maintenance issues that would qualify as building or health code orders, as identified at the property by the City. Applicable HQS violations may only be corrected through this program at properties that have documented City code violations or property maintenance issues that could be considered code violations. Costs unrelated to the correction of an actual or potential order, or HQS violation, as determined by the City of Racine, are not eligible through this program.

Costs that may be financed through this program do not include the following:

- The costs of construction, substantial reconstruction, or expansion of a structure, whether an accessory structure (garage, shed, etc.) or a principal dwelling unit
- The finishing of unfinished spaces such as an attic or basement;
- The costs of materials, fixtures, equipment, or landscaping of a type or quality which exceeds that customarily used in properties of the same general type as the property to be rehabilitated or which is not readily available from local dealers;
- The costs to purchase, install, or repair furnishing or appliances; and
- The costs of regular household maintenance items used for such activities as housecleaning, lawn care and snow removal.

- Expenses that were incurred prior to the execution of the loan agreement and mortgage documents

Application Process

Prospective applicants may find applications online at <https://www.racinehousingloans.com/get-started-homeowners/> and are encouraged to call (262) 636-9197 for questions and further information. Neighborhood Services staff will follow up with applicants who submit forms electronically.

Homeowners who are eligible for the Neighborhood Homeowner Repair Program will be offered the option of pursuing financing through this program or any other program offered by the Neighborhood Services Division. Prospective applicants who are not eligible for the Neighborhood Homeowner Repair Program will be referred to other programs offered by the City of Racine or outside agencies for which the applicant might be eligible.

Once all necessary loan processing materials have been received by the Neighborhood Services Division and a scope of work has been finalized following an inspection of the property, then the loan will be forwarded for approval by the City of Racine Loan Board of Review. Approved applicants must then obtain estimates from contractors shown on the list of approved contractors. At least three estimates must be obtained for each item of work that must be completed per the scope of work, but the homeowner may choose any of the contractors from which they have obtained estimates. The City will not reimburse homeowners for labor on their own properties, and the City will reimburse contractors directly.