City of Lansing Development Office

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Effective: 2014

Single Family Housing Rehabilitation Loan Program

Program Description

The City of Lansing's Development Office utilizes funding made available through the Department of Housing & Urban Development (HUD) to sponsor loan and grant programs, which provide low and moderate-income **city residents** low interest loans to upgrade their housing conditions.

You may qualify for our programs if the following requirements are met:

1. You own and occupy your single-family home as your sole place of residence. Duplexes may be considered as long as the owner-occupied household meets income guidelines. The rental unit must be registered and certified with the city's Code Compliance Office. Loan funds cannot be used for work needed in rental unit. Owner would be required to bring in any additional funds.

2. You must have recorded ownership of the property through either fee simple title or a 99-year leasehold interest. Applicants can verify ownership by providing a copy of a recorded Warranty Deed with their name on it, or title insurance.

3. Home is not located in the flood plain.

4. **House payments, homeowner's insurance and property taxes are current, and have been current for at least one year prior to application**. Your credit history and payment record is a factor in your approval for our loan. If you have owned your home for more than a year and payments have been consistently delinquent, we may not be able to assist you.

5. Total household income may not be greater than the following income guidelines (Date in effect: 2014). Annual household income includes income of all household members over the age of 18, whether they are related or not. It also includes income received for minor children such as social security, child support, etc…

Household Size	Maximum Household Income – Eff. 2014
1	$35,950
2	$41,100
3	$46,250
4	$51,350
5	$55,500
6	$59,600
7	$63,700
8	$67,800

If all of the above requirements are met, you could qualify for a 0% interest loan. The loan does not require monthly payments. IT BECOMES DUE AND PAYABLE IN FULL IF YOU VACATE, SELL, TRANSFER, OR ASSIGN ANY LEGAL OR EQUITABLE INTEREST IN YOUR PROPERTY. Upon death, it would be the responsibility of your estate to pay back your loan when the estate is settled. A lien is placed on your home in order to protect the city's interest. When your loan is paid back, the funds are used to help others rehab their homes.

If you refinance during a rehabilitation project or at any time while our lien is on your property, you must repay our loan. We may agree to continue our loan if your new mortgage includes the escrow of taxes and insurance; is at a lower fixed rate, or a fixed rate with a shorter term. If you refinance and increase your mortgage balance, you must first payoff our loan.

Funds must be used to correct all code related structural, plumbing, mechanical, electrical, and other violations as a priority. Funds can also be used to improve security, and address weatherization needs once code related items are completed. Funds may not be used for high cost or luxury items, additions, or swimming pools. The city's Development Office must approve repair costs.

Participation Procedure

Contact the Development Office at 483-4040. Non-emergency requests will be placed on a waiting list to be addressed in the order they are received. When your name comes up on the list, you will be contacted and sent an application package. Once your completed application package is received back and verified, one of our Rehab Construction Specialists will call to schedule an inspection of your property.

After inspecting your home, they will put together specifications, detailing the items needed to bring your home up to code. These specifications will be reviewed with you prior to contractors being asked to bid. Housing code violations are addressed as a priority. Read over the specifications carefully. Contractors will be able to do only the work on the list, no more, and no less.

After review of the specifications, they are sent out to contractors for bidding. A bid is the price a contractor will charge to do the work. You will receive a letter listing the contractors who will be asked to bid on your project. In an effort to get the best price for you, we try to get at least three bids. Contractors are given 3-4 weeks to give us their bids. We utilize a sealed bid process, and will recommend you go with the low bidder. If you know a contractor who you would like to bid on your project, or if you have questions, let us know. All contractors utilized by this program must be licensed and insured. Homeowners are not allowed to do the work themselves. We do not reimburse owners that they have already done.

After the cost and type of work is known, the type of financial assistance you are eligible for will be determined. You will be asked to come in and sign all applicable documents, so work can begin on your home.

Contracts you sign will be between you and your contractor(s). It will be your responsibility to talk to the contractor and Development Office staff right away if you see work being done that you do not like or understand. Changes can only be approved if they are within program guidelines, in writing, and approved by the Development Office prior to the work being done.

When a contractor believes they are finished, they will contact the city for a final inspection. Trained city staff members will inspect all work. If any items need attention, the inspector will tell the contractor. It is important that you talk with the inspector about work you feel is not done properly. It should be noted that if there were a disagreement, the city would have the final decision. This decision could include paying the contractors if the city's inspection shows that the work was done properly, or require the contractor to correct any work done incorrectly.

Work performed must pass inspection before contractors will be paid. In some cases, contractors may request partial payment on larger jobs. If the contractor asks for a partial payment, an inspector will check the work completed to that point. If the work is progressing well, then the contractor may receive partial payment. A final inspection would still be made after all work is completed.

As the owner it is important that you also inspect work completed on your home. You will be asked to sign an Owner's Completion form, signifying your satisfaction with the work completed.

You will receive a one-year warranty on materials and workmanship from the contractor(s) for work completed through our program. In addition, certain materials such as water heaters, furnaces, and roofs carry manufacturer warranties. If you find defects during the one-year warranty period, call the contractor, and ask them to correct the problem. The one-year warranty period starts the day you sign the Owner's Completion form and final inspection is made. Failure to perform routine homeowner maintenance may void all warranties.

If you have any questions regarding any of this information, please contact our office.

Sources of Income

Gross annual income includes the total of all regular or periodic income from all sources before deductions (such as taxes or garnishments) for all adult household members' 18-years of age or older. Household members include unrelated individuals living in the same housing unit.

Gross income includes any of the following: Wages, overtime earnings, salaries, commissions, tips, bonuses, Social Security, public assistance payments and allowances (grand total before vendor payments), child support, alimony, unemployment, disability, Worker's Compensation, pensions or other retirement payments, interest (including tax-exempt interest), annuities and IRA's, dividends, fees or cash received for services rendered, self-employment or net income from a business or profession (we will use the average net income from previous 2-year's tax returns – losses are counted as $0 – they cannot be used to offset other income).

Gross income does not include: Food stamps, educational scholarships, foster care payments, insurance payments for health or accident, settlements for personal losses. Please note that you may be asked to provide copies of this information as part of the application process, so that we can show that you have a funding source for paying your bills.