



## MADISON REHABILITATION LOAN PROGRAM LOAN TERMS & ELIGIBILITY

### **Interest Rate**

The Madison Rehabilitation Loan's interest rate is based on household's annual gross income. Owner-occupied properties must disclose annual gross income of all members of the households over the age of 18 who reside in the property. Qualifying income for interest rates is listed below by number of people who may reside in the household. If applicant has more household members please call for eligibility:

Number of Persons In Applicants Household	0% Interest Loan-Deferred Payment	2.0% Interest Loan*-Installment Loan	4.5% Interest Loan-Installment Loan
1	\$55,590	\$72,200	\$87,360
2	\$63,950	\$82,500	\$99,830
3	\$71,950	\$92,800	\$112,290
4	\$79,900	\$103,100	\$124,750
5	\$86,300	\$111,400	\$134,790
6	\$92,700	\$119,600	\$144,720

*Income limits effective 06/01/2021 until next update*

\*Rental Properties that are not owner occupied are ONLY eligible for 2.0% Interest Installment Loans.

### **Loan Terms and Amounts**

- Deferred payment, zero percent (0%) interest loans will be charged a one-time finance charge of 10% of loan amount to be added to principal balance. Five (5) years from closing date the household income will be re-verified for income eligibility. At review, if household income is over the program guidelines to maintain deferred payments the loan is converted to Installment Loan payment plan at a fixed rate when the loan was originated, payable over 15 years.
- Installment payments loans, both 2% and 4.5% interest loans, are payable over 20 years with payment begin one month after final payout of rehabilitation costs.
- All loans must be paid back when the owner sells, transfer the property to new owner or original owner-occupied property no longer inhabited by original applicant.
- The minimum amount of loan funds for rehabilitation work is \$1,000. The maximum on a single unit is \$25,000 plus an additional \$3,000 for each additional unit up to a maximum of \$46,000.
- Rental Rehabilitation Loans will be required not to exceed the Fair Market Rent (FMR) of Dane County for up to one year after closing: FMR effective 06/21/21: Efficiency \$889, 1Bedroom \$1,039, 2Bedroom \$1,211, 3Bedroom \$1,641, 4Bedroom \$1,886

## **Fees**

- Application fee must be paid at the time of loan closing, from borrower(s) own funds: \$35 for single family units; \$200 for non-owner occupied rental rehabilitation
- Mortgagee's Title Insurance Policy, in the amount of the Rehabilitation Loan, this fee is charged at time of loan closing: \$150- \$200
- The cost of recording the mortgage and any other documents will be charged at loan closing: \$30
- If required, an appraisal fee will be charged at the loan closing

## **Eligible Properties**

- Total debt secured by the property, including the new City loan, cannot exceed 100% of the after rehabilitation value of the property.
- Existing owner-occupied properties and rental units containing no more than sixteen dwelling units.
- Property must be located within the City of Madison.

## **Eligible and Mandatory Repair Requirements**

Basic components of your home that can be repaired or replaced may include items such as: accessibility improvements, roofing, siding, foundation, windows and doors, painting, interior walls and ceilings, flooring, and heating, air conditioning, electrical and plumbing systems. Property owners must agree to correct all code items in accordance with the City of Madison Minimum Housing and Property Maintenance Code and bring their property up to energy efficiency standards prescribed by the Madison Energy Code.

## **Steps to Submit Application for Madison Rehabilitation Loan Program**

Step 1: Fill out and return the Rehabilitation Services Application and the Permission to Verify forms to:

Mail: Community Development Division Attn: Rehab Program, PO Box 2627, Madison, WI 53701

Step 2: Allow two weeks for the processing of the application, after which you will be contacted to set up an appointment for an inspection of the property to be rehabilitated.

Step 3: Solicit bids from qualified contractors. . Electrical, plumbing, heating, and air conditioning work must be done by a licensed contractor and all contractors must be insured. A certified Lead Renovator contractor must complete any activity that would disturb a painted surface on a home that was built pre-1978.

Step 4: Submit the bids for review by rehabilitation staff.

Step 5: Attend the loan closing to sign the documents. (Please allow two to three weeks from time of bid submission to loan closing.)

Step 6: Commencement of construction work.

Step 7: Final inspection of completed work by Rehabilitation staff.

For assistance or more detailed information on program requirements, please call Chelsea Volden-Stammen at 608-266-4719 or [homeloans@cityofmadison.com](mailto:homeloans@cityofmadison.com)

[www.cityofmadison.com/homeloans](http://www.cityofmadison.com/homeloans)

