



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	\$62,600	\$80,800	\$97,770
2	\$71,550	\$92,300	\$111,680
3	\$80,500	\$103,800	\$125,600
4	\$89,400	\$115,300	\$139,510
5	\$96,600	\$124,600	\$150,770
6	\$103,750	\$133,800	\$161,900

Income limits effective 06/15/2022 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 06/15/22: Efficiency \$929, 1Bedroom \$1,076, 2Bedroom \$1,254, 3Bedroom \$1,676, 4Bedroom \$1,948

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: \$375
- Loan Processing Fee is 1% of the loan amount and is charged at the loan closing (Installment Loans Only)
- 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.

Rehabilitation Loan Program Process

Step 1: SUBMIT LOAN APPLICATION

Please make sure to submit all documents requested on the application. Incomplete information may delay your application. Applications will go through an initial processing review, which includes obtaining a copy of your credit report.

Mail: Attn: Chelsea Volden-Stammen

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

Step 2: FINANCIAL REVIEW

Your application will be assigned to a Community Development Specialist who will review your application and determine your financial eligibility for the program. If you qualify for a loan through the program, the Specialist will contact you to set up an inspection. The inspection typically takes up to an hour. Submit the bids for review by rehabilitation staff.

Step 3: TECHNICAL ASSISTANCE

The Specialist will work with you to help develop a scope of eligible work. A scope of work clearly defines what needs to be done during the rehabilitation project.

Step 4: BIDDING PROCESS

The homeowner is responsible in obtaining bids from licensed contractors for the project. You will select the contractor you wish to hire for your project. City of Madison will perform a review of the contractor that you select to make sure that the contractor is licensed and qualified to perform the work.

Step 5: LOAN REVIEW

Your application, scope of work and selected contractor will be presented to the Community Development Supervisor for final approval. You will be notified by the Specialist when completed. If you submit a complete application and diligently work to obtain bids, the time frame from application to approval is about 45 days.

Step 6: LOAN CLOSING

If you have been approved for a Rehab Loan, the Specialist will send your Closing Package to First American Title Company. The title company will work with you to schedule a loan closing. Loan documents are recorded. The loan funds are held by the title company in an escrow account to pay contractors.

Step 7: START REHAB!

The Specialist will continue to work with you and your contractor to have contracts signed and work begun. The Specialist

also assists you by verifying work is done correctly at the time you approve payments to contractors. Work should be completed within 90 days of loan closing. Extensions may be approved for weather related delays.

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

www.cityofmadison.com/homeloans

