



POLICIES FOR COMPREHENSIVE REHABILITATION LOANS

I. GENERAL

- A. Rehabilitation loans and grants may be offered to eligible applicants as funds are available.
- B. Comprehensive Rehabilitation Deferred and Installment Loans, Weatherization Grants, Emergency loans, Furnace loans and Mobile Home Emergency Loans are available to homeowners based upon the eligibility criteria for each program, which is outlined below.
- C. The Development Services Staff shall be empowered to approve or disapprove all applications for the Comprehensive Rehabilitation Deferred and Installment Loans, Weatherization Grants, Emergency Loans, Furnace Loans and Mobile Home Emergency Loans
- D. Decisions made by the Development Services Staff may be appealed to the Community Development Advisory Committee upon the request of the applicant. The Staff will deliver notification to the applicant of the committee's decision.
- E. Community Development Advisory Committee decisions may be appealed to the City Commission.
- F. All applications will first be reviewed by staff to determine whether the eligibility requirements are met. Grant applications will be processed on a first-come, first serve basis. Applicants must meet the income guidelines as contained herein.

| Family Size | 80% of Median | 50% of Median |
|-------------|---------------|---------------|
| 1 | \$39,550 | \$24,750 |
| 2 | \$45,200 | \$28,250 |
| 3 | \$50,850 | \$31,800 |
| 4 | \$56,500 | \$35,300 |
| 5 | \$61,050 | \$38,150 |
| 6 | \$65,550 | \$40,950 |
| 7 | \$70,100 | \$43,800 |
| 8+ | \$74,600 | \$46,600 |

- G. All approved applicants for Comprehensive Rehabilitation, with homes built before 1978, are required to be inspected for lead hazards (lead-based paint).
- H. The Development Services Staff will evaluate the Loan and Grant programs on a continuing basis and make recommendations to the City Commission as deemed necessary.

II. COMPREHENSIVE REHABILITATION LOANS

A. Eligibility Requirements - Deferred Loans

1. Applicants must be 62 years or older. *See C.-1* below.
2. The property must be located within the City Limits and not within a designated flood plain area. Mobile homes are not eligible.
3. The property must be owner-occupied containing not more than two dwelling units. A purchaser under a land sales contract is herein defined as an owner. The applicant must be the owner/occupant of the property for a minimum of one year prior to application.
4. The property must comply with program property rehabilitation standards (PRS); substandard items will be rehabilitated. The *rehabilitation cost* cannot exceed the *program loan limit* unless the applicant provides the necessary additional funds, which may not exceed \$2,500.00. The program loan limit is 125% of the real estate value less the indebtedness of the real estate and not to exceed \$25,000.00. The real estate value is determined by the Douglas County appraiser or a certified independent appraiser.
5. In homes tested for lead-based paint, if it is determined lead is present, lead and structural rehabilitation costs must be less than the program loan limit or the applicant must provide necessary additional funds.
6. The applicant and/or the structure for which the application is being made cannot previously have received a Community Development Division loan or grant for comprehensive housing rehabilitation.
7. The applicant must sign a Mortgage Note and Mortgage for the amount of financial assistance.
8. The applicant must have an adequate homeowner's insurance policy in force at the time of the rehabilitation contract award, and agree to maintain the coverage for a period equal to the term of the mortgage note and mortgage.
9. The applicant must accept, in writing, the "Terms and Conditions".
10. Payment of ad valorem taxes must be current.

B. Eligibility Requirement - Installment Loans

1. Applicant must meet income guidelines as contained herein.
2. The property must be located within the City Limits and not within a designated flood plain area. Mobile homes are not eligible.
3. The property must be owner-occupied containing not more than two dwelling units. A purchaser under a land sales contract is herein defined as an owner. The applicant must be the owner/occupant of the property for a minimum of one year prior to application.

4. The property must comply with program rehabilitation standards (PRS); substandard items will be rehabilitated. The *rehabilitation cost* cannot exceed the *program loan limit* unless the applicant provides the necessary additional funds, which may not exceed \$2,500.00. The program loan limit is 125% of the real estate value less the indebtedness of the real estate and not to exceed \$25,000.00. The real estate value is determined by the Douglas County appraiser or a certified independent appraiser.
5. In homes tested for lead-based paint, if it is determined lead is present, lead and structural rehabilitation costs must be less than the program loan limit or the applicant must provide necessary additional funds.
6. The applicant and/or the structure for which the application is being made cannot previously have received a Community Development Division loan or grant for comprehensive housing rehabilitation.
7. The applicant must sign a Mortgage Note and Mortgage for the amount of financial assistance.
8. The applicant must have an adequate homeowner's insurance policy in force at the time of rehabilitation contract award, and agree to maintain the coverage for a period equal to the term of the mortgage note and mortgage.
9. The applicant must accept, in writing, the "Terms and Conditions".
10. Payment of ad valorem taxes must be current.
11. By signing the application, Applicant indicates ability to repay the loan. *See C.-2. below.*

C. Payback Requirements

1. Deferred Loans

- a. No repayment of any kind is required so long as the recipient continues to own and occupy the property that is rehabilitated.
- b. A maximum of 50% of the loan may be forgiven over a seven (7) year period, as provided in the "Terms and Conditions".
- c. The balance of the loan is due in full when the recipient ceases to be the owner/occupant of the property to be rehabilitated.

2. Installment Loans

- a. Regular monthly payments of \$50.00 are required.
- b. No interest shall be charged to the recipient of the loan.
- c. A maximum of 50% of the loan may be forgiven over a seven (7) year period, as provided for in the "Terms and Conditions".
- d. **Monthly payments will be set up on a direct draft system. NO EXCEPTIONS.**
- e. **A charge of \$25.00 will be required for all insufficient funds payments.**

- f. Foreclosure proceedings may start if payments are three or more months in arrears.
- g. The balance of the loan is due in full when the recipient ceases to be the owner/occupant of the property to be rehabilitated.

D. Costs includable in Comprehensive Rehabilitation Loans

- 1. Work necessary to meet the program property rehabilitation standards (PRS) for Development Services of the City of Lawrence.
- 2. Repair or replacement of faulty kitchen range and refrigerator.

NOTE: All materials, fixtures, equipment, or landscaping shall be of a quality customarily used in the neighborhood for properties of the same general type as the property to be rehabilitated.

E. Loan Limits per Property

- 1. Program loan limit or the amount necessary to bring the property into compliance with PRS, whichever is less.
- 2. The amount of emergency and/or furnace loan assistance previously received from the City if any will be counted toward this loan limit. *See III below.*

NOTE: Instruments described in the "Terms and Conditions" shall be filed in the Douglas County Courthouse.

F. Processing and Submission Steps

- 1. Development Services Staff
 - a. Review all applications.
 - b. Verify occupancy and ownership.
 - c. Verify income of applicant.
 - d. Verify tax and insurance status.
 - e. Identify needed work and prepare a work write-up and cost estimate.
 - f. Conduct a staff review of all areas and recommend an action to the program manager. This review shall be based on criteria which will reflect an economic feasibility of rehabilitation environmental, historic and zoning regulations.
 - g. Establish bid dates for contracts and prepare bid documents.
 - h. Review contracts and recommend awards.
- 2. Community Development Advisory Committee
 - a. Hear appeals as provided for in *Section I.-D*

3. City Commission

- a. Approve bid dates for contracts.
- b. Award contracts.
- c. Hear appeals as presented by citizens, Planning and Development Services Director or his/ her designee, or the Community Development Advisory Committee
- d. Take action on recommendations of the Community Development Advisory Committee.