

HOMEOWNER & EMERGENCY LOAN PROGRAM

The **Homeowner & Emergency Loan Program (HELP)** is intended to provide loan funds for the rehabilitation and emergency repair of owner occupied, single family residential units.

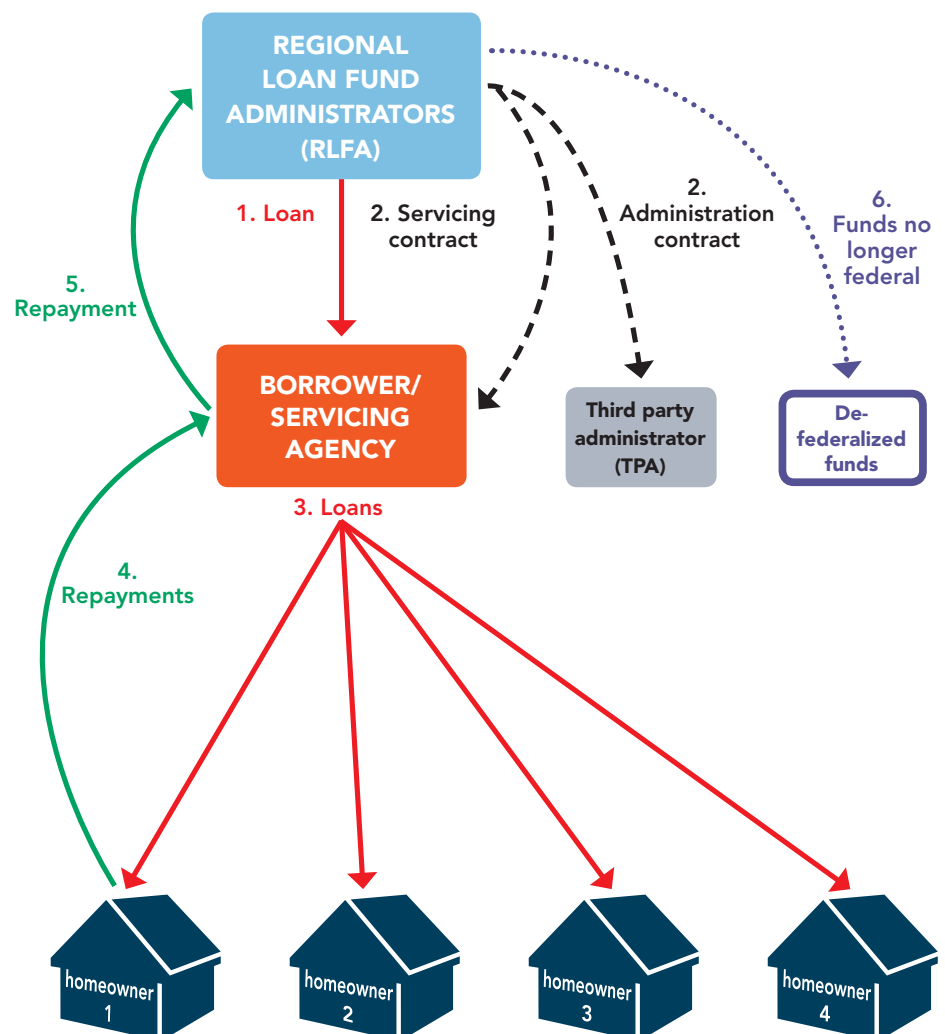
The source of the funds for this loan program originated from the United States Department of Housing and Urban Development (HUD) and Community Development Block Grant (CDBG) program administered by the Michigan Economic Development Corporation (MEDC), on behalf of the Michigan Strategic Fund (MSF). The program provides funds through regional loan fund administrators (RLFAs) and borrower/servicing agency.

- **Eligibility:** Loan assistance will be provided to eligible low-to-moderate income homeowners residing within the geographic boundaries of the units of general local government (UGLGs) participating in the CDBG Loan Fund program, and who have lived in their homes at least one full year.
- **Projects:** All improvements must conform to the HUD housing quality standards (HQS) (unless they qualify as emergency repair) and applicable local zoning and ordinances and state code requirements when a permit is required.
- **Loans:** These funds will be given as 1.0 percent interest loans between the borrower/servicing agency and the homeowner. The mortgage and repayment structure will be based on household's area median income (AMI).
- **Requirements:** All required federal, state, local, and HUD CDBG regulations, the MEDC's "Grant Administration Manual" (GAM), loan agreement, and any other applicable laws and regulations will apply.

FUNDING CYCLE DIAGRAM

Steps:

1. RLFA and borrower/servicing agency enter into loan agreement.
- 2a. RLFA and borrower/servicing agency enter into administrative contract with the borrower/servicing agency.
2b. Borrower/servicing agency and RLFA have option to enter into administrative contract with a TPA.
3. Borrower/servicing agency/TPA identify project. Borrower/servicing agency enters into loan agreement with the homeowner.
4. Homeowner makes repayments to borrower/servicing agency once project is completed.
5. Borrower/servicing agency send repayments from the homeowners to the RLFA.
6. Having met a national objective, all repayments received by the RLFA are defederalized. These funds may be reused for economic development activities.





LOAN TERMS:

Loans should not be approved by the borrower/servicing agency which are likely to cause economic hardship or result in a default of the loan by the homeowner. There will be no 100% deferred or forgivable loans.

FIRST LOAN: RLFA TO BORROWER/SERVICING AGENCY

Loan amount	Interest rate	Loan term	Payments begin
Up to \$100,000 (additional loans possible)	1.0%	15 years; option to defer some payments based on homeowner terms	Two years from loan closing

SECOND LOAN: BORROWER/SERVICING AGENCY TO HOMEOWNER

% area median income	Loan amount	Interest rate	Loan term	Payments begin
0-50%	\$1,000-\$10,000	1.0%	50% repayable over 10 years; remaining 50% (or outstanding balance) due at change of ownership	Within 60 days of project completion
0-50%	\$10,001-\$25,000	1.0%	50% repayable over 15 years; remaining 50% (or outstanding balance) due at change of ownership	Within 60 days of project completion
51-80%	\$1,000-\$10,000	1.0%	10 years	Within 60 days of project completion
51-80%	\$10,001-\$25,000	1.0%	15 years	Within 60 days of project completion

PROGRAM BENEFITS FOR UGLGs

1. Funds available for homeowner rehabilitation and emergency repair projects.
2. Provides administrative funds.
3. Option to procure a TPA, or to administer loans itself.
4. Loan terms are flexible, and designed to minimize UGLG risk.

PROGRAM BENEFITS FOR HOMEOWNERS

1. Funds available in community and helps keep funds in the region long-term.
2. Low interest rate.
3. Favorable repayment terms.

QUESTIONS

Email the CDBG inbox at cdbg@michigan.org or call 517.373.6213.

POTENTIAL BORROWERS

Below is the list of communities with CDBG loan fund money available as of 03/31/2016.

Being on this list *is not* a guarantee of future funding availability, and balances change regularly.

LOCALLY HELD REVOLVING LOAN FUNDS (Must relinquish funds to RLFA to participate)

Berrien County
City of Buchanan
Gogebic County
Houghton County
Van Buren County

NORTHERN INITIATIVES: Regions 1, 3

City of Escanaba
City of Gladstone
City of Ironwood
City of Kingsford
City of Menominee
City of Rogers City
Iosco County
Iron County
Luce County
Marquette County
Ontonagon County
Township of Baldwin
Township of Spalding
Village of Baraga

VENTURE NORTH: Region 2

Benzie County
Grand Traverse County

CINNAIRE: Regions 4, 7, 8, 9

City of Coldwater
City of Leslie
City of Sturgis
Eaton County
Lenawee County
Livingston County
Village of Paw Paw
Muskegon County

GREAT LAKES BAY REGIONAL DEV. CORP.: Region 5

Saginaw County
City of Mt. Pleasant

I-69 REGIONAL DEV. CORP.: Region 6

City of Corunna
Sanilac County
Lapeer County