

PROGRAM PROCESS

Housing Rehab Deferred Loan

1. Homeowner completes the application and returns it along with a copy of the most recent federal tax returns and W2s to: *Community Development, PO Box 1178, Billings, MT 59103.*
2. Application is reviewed for eligibility and is processed.
3. Homeowner is notified via mail of acceptance to the program.
4. A home inspection is conducted by a third-part inspector.
5. Program Staff meets with homeowner to review the home inspection and develop a work list. Options for completing the work include the use of a general contractor, use of sub-contractors, or self-help.
6. Homeowner begins seeking at least three bids from contractors.
7. Homeowner and Program Staff review bids. Homeowner chooses contractor(s) for the project. Contractor(s) must have appropriate licenses and insurance on file.
8. Homeowner, contractor, and Program Staff meet for loan closing/pre-construction meeting. A construction agreement is signed and the homeowner signs loan documents.
9. Construction begins and the work is usually completed within two to three months.
10. All work is inspected by Program Staff and by City Building Code Inspectors, when applicable. All work must pass inspection in accordance with local building codes.

City of Billings, Montana
Community Development Division

Mailing Address:

PO Box 1178
Billings, MT 59103

Office Location:

2825 3rd Avenue North, 6th Floor
Billings, MT 59101

Phone: (406) 657-8284

Fax: (406) 294-7595

Email: rodiert@ci.billings.mt.us

The City's Community Development Division programs are open to all eligible persons, regardless of Race, Color, National Origin, Disability, Familial Status, Sex, Religion, Creed, Marital Status, Age, Gender Identity and Sexual Orientation.



REV 5/23/2018



Housing Rehab Deferred Loan Program



The City of Billings offers the Housing Rehabilitation Deferred Loan, to low and moderate income homeowners to make needed repairs to their eligible homes. This program helps preserve affordable housing and revitalizes established neighborhoods.

Funding for this program is made available by local and federal sources including, but not limited to, the Community Development Block Grant program.

This document will be provided in an alternative, accessible format upon request. Racial and ethnic minorities, non-English speaking persons, female-headed households, and disabled homeowners are encouraged to apply.

HOUSING REHAB DEFERRED LOAN PROGRAM

The purpose of the program is to preserve and improve existing housing and to eliminate health and safety problems. Secured, deferred loans up to \$25,000 are available to income-qualified homeowners for eligible home improvements. There are no payments during the deferment period and no interest is assessed on the loan at anytime. The loan is due in full if the property is sold or there is a title transfer, under certain refinance conditions, the property is rented, or is no longer owner-occupied.

Borrower Eligibility:

- Eligibility is determined by **gross** annual income of ALL household members. An applicant's annual household income must not exceed 80%* of the median income for the Billings area:

Household Size	Income Limit*
1	\$39,900
2	\$45,600
3	\$51,300
4	\$56,950
5	\$61,550
6	\$66,100
7	\$70,650
8+	\$75,200

**Effective May 2018*

- The applicant must have **owned and occupied** the property to be rehabilitated for at least one year prior to application.
- The applicant cannot have any late mortgage payments for the 12 months previous to the application date.
- The applicant cannot have liquid assets in excess of \$15,000. Liquid assets means: checking and savings accounts; time certificate of deposit; cash value of whole life insurance; equity in stocks or bonds; real property.
- The applicant cannot have a second mortgage (except a City First Time Home Buyer lien).
- Property value must be less than 95% of the median purchase price for the area based on Federal FHA mortgage program data.
- Individuals previously assisted through the Minor Home Repair program will be required to pay the grant back to the City with the Housing Rehab Loan.

Loan Terms

- The loans are 0% interest.
- There are no monthly payments
- The loan is due in full if the property is sold, at title transfer, under certain refinance conditions, if the property is used as a rental, or is no longer owner-occupied.
- Loans are secured by a Trust Indenture and Promissory Note.
- Property must be kept in good condition by owner.
- Homeowners will provide fire and other applicable insurance to cover the total value of the structure including the value of the rehabilitation. Insurance must be in force on the property at all times.

General Conditions

- The **property must be within the Billings city limits**, must be residentially zoned*, and consist of 1-2 units (mobile and manufactured homes are not eligible).
- Assisted properties must be modest and non-luxury and the after-rehabilitation value cannot exceed 95% of area median purchase price.
- The property must be 25 years old or older. All homes built over 50 years ago are subject to historic preservation guidelines.
- The applicant must agree to bring the unit up to minimum standards for safe, decent, and sanitary housing. The property must be suitable and financially feasible to rehabilitation. Units requiring excessive repairs, or repairs that are not cost effective, will not be eligible for the program.
- The homeowner must be willing to address lead-based paint issues in the home as part of the rehab project.
- Real estate taxes, mortgage payments, and assessments must be current and the property must be free of any delinquent liens / encumbrances.
- Previous Rehab Loan recipients may qualify if the loan has been paid off and it has been 15 years since their first loan. Priority will be given to properties not previously assisted.

** Residential property in non-residentially zoned areas may be eligible, provided the home is not located in a block where 50% or more of the lots in the block are either vacant or currently occupied by a non-residential use or in a block where the City has purchased property for redevelopment purposes.*

Eligible Repairs:

Once qualified and accepted into the program, a home inspection will be conducted to assess the current condition of the home. Based on this inspection, Program Staff will work with the homeowner to identify and prioritize home improvements in order of importance. The repairs financed by the program **must first** be used to correct health and safety hazards as determined by the inspection.



Examples of eligible repairs include:

- Correction of major code violations which constitute health and safety hazards.
- Repair / replacement of major systems: heating, electrical, plumbing, roofing and correction of structural / foundations.
- Repairs that eliminate exterior deterioration (including correcting / replace siding and exterior paint).
- Energy conservation measures including attic and exterior wall insulation, window replacement, storm doors and storm windows.
- Improved accessibility for disabled individuals including the installation of ramps, accessible showers, grab bars, etc., and reconfiguration of framing.
- General Property Improvements (GPIs) that the borrower would like to have done after safety, code, major systems, housing preservation and energy conservations improvements have been made.

Ineligible Repairs:

- New construction or additions except where overcrowding exists, as defined by federal guidelines.
- Improvements that are not required for a safe and healthy living environment such as hot tubs, sheds, microwaves, furniture and other improvements not attached.
- Items that exceed average pricing such as luxury fixtures, highest grade flooring, etc.