



City of Greenville's Community Development Division **COMMUNITY IMPROVEMENT PROGRAM (CIP)**

GOAL

To assist low income owner/occupant homeowners to rehabilitate their existing homes.

ELIGIBLE APPLICANTS

- _ Maximum Household Income: < 80% area median income (refer to attachment)
- _ Income Verification: The Section 8 (Part 5) definition of income will be used to verify the income of all individuals that are 18 years or older and permanently reside in the house.
- ★ Homeowner or individuals, who have previously been assisted under the New Home Ownership Program, can only be assisted through the Emergency Repairs Program. **Properties with judgments, liens, or two mortgages are ineligible.**

ELIGIBLE PROPERTIES

- _ Location: The property must be located in a City-designated "Community Improvement Program Neighborhood". See attached map.
- _ Primary Residence: The applicant must own and occupy the property as their principal residence. Non-resident owners must "quit claim" all ownership interest to the applicant.
- _ Value: The assessed property value cannot exceed \$125,000.
- _ Property Standards: All repairs must meet or exceed the standards set forth in the International Residential Code and the International Property Maintenance Code.

ELIGIBLE COSTS

- _ Code Violations: Items that are not in compliance with the standards listed above under Property Standards.
- _ Incipient Repairs: Items that are expected to need repair or replacement in the next 18 months.
- _ Lead Based Paint Hazards: Items necessary to make the property lead-safe.
- _ General Property Improvements: Costs, as determined by the City, up to a maximum of 20% of the total CIP loan amount.
- _ Soft Costs: Appraisals, title search, etc.
- _ Lead Based Paint Risk Assessment

LOAN DESCRIPTION

51% to 80% of area median family income (refer to attachment)

Term: 10 Years

Interest Rate: 0%

Repayment: Monthly based on applicants' ability to pay.

Note: If current housing costs exceed 30% of monthly gross income (MGI) < 50% income terms apply.

≤50% of area median family income (refer to attachment)

Term: 10 Years

Interest Rate: 0%

Repayment: Forgivable deferred payment loan - 1/120th forgiven each month. Pro-rata portion due in full upon sale or transfer of the property within 10 years.

CONFLICT SITUATIONS

The City of Greenville will make every effort to resolve conflicts that arise between homeowners and contractors. If conflicts are not able to be resolved through dialogue between parties, the following process will apply. All claims or disputes between the homeowner and the contractor arising out of or related to the work shall be decided by arbitration in accordance with the construction industry arbitration rules, unless the parties mutually agree otherwise. The homeowner and contractor shall submit all disputes or claims, regardless of the extent of the work's progress, to the City of Greenville unless the parties mutually agree otherwise. The City of Greenville may act as an arbitrator if both parties agree to such. Notice of the demand for arbitration shall be made within 10 days after the dispute has arisen.

UNDERWRITING CRITERIA

- Maximum CIP Loan Amount: \$24,500*
- Total Debt to Income Ratio ("back ratio"): 41% or less.
- Credit History: Demonstrated willingness to repay debt.
- Refinancing: May be allowed for existing mortgage loans equal to or less than rehab cost to be financed.
- Subordination: The City will only subordinate a single loan from a first mortgage lender.

Underwriting Example: The Smiths have a combined gross income of \$31,000 annually and would like to obtain a rehabilitation loan of \$20,000. Because their household income is between 50 and 80 percent of the area median income, they are eligible for a 0% percent loan with a 10-year term. The Smiths also have a first mortgage payment of \$400 per month, a car payment of \$350 per month and a student loan of \$50 per month. Based on a Total Debt to Income Ratio that cannot exceed 41 percent, the maximum amount available for new debt is as follows:

Amount available for total debt	$\$31,000 \times 41\% = \$12,710/12 \text{ months} =$	\$1059
First Mortgage Payment		(\$400)
Student Loan		(\$ 50)
Car payment		<u>(\$350)</u>
Amount available for principal and interest		\$259

Based on a 0 percent interest rate and a 10-year term, \$166 will be required to repay the needed \$20,000 loan. Given the Smith's have \$259 available for debt repayment, they appear to qualify for the \$20,000 loan. This analysis would be subject to further analysis of credit and loan to value.

Note: The CD Administrator shall have the authority to exceed the \$24,500 limit when unexpected repairs are discovered by backing out the cost of the lead hazard reduction activities.

For more information, please call the City's Community Development Division at 864-467-4570