

OAKLAND COUNTY COMMUNITY AND HOME IMPROVEMENT DIVISION

HOME IMPROVEMENT PROGRAM GUIDELINES

AS OF NOVEMBER 23, 2005

I. INTENT

The intent of the Oakland County Home Improvement Program (OCHIP) is to improve single family owner occupied housing for low to moderate income persons and improve residential neighborhoods. This program is an equal opportunity program in accordance with federal regulations.

Home Improvement Standards

All work must be in compliance and conformance with the Michigan Residential Code, the Residential Construction Performance Guidelines published by the National Association of Home Builders, the Oakland County Community and Home Improvement Division Home Improvement Guidelines and any and all codes adopted by the governmental unit in which the property is located. The contractor shall obtain and pay for all permits and licenses and shall give all notices, pay all fees and comply with all laws, ordinances, rules and regulations in reference to the work. If the work of the contractor or the contractor's subcontractors shall be done contrary to such laws, ordinances, rules and regulations, without such notice, the contractor shall bear all costs arising therefrom.

Form of Assistance to Homeowners

Home Improvement Program funds pay for the cost of improvements for single family owner-occupied dwellings through an installment, deferred or combination loan program.

II. APPLICATION PROCEDURE

- A. Loan applications are available at offices of local jurisdictions participating in the Oakland County CDBG program and at the Oakland County Community and Home Improvement Division, 250 Elizabeth Lake Road, Pontiac, MI 48341-0414. Applications are also available on the Oakland County web site at: www.co.oakland.mi.us/chi
- B. Applicants must submit a completed loan application with required documents to the Oakland County Community and Home Improvement Division or to local communities that have staff to provide home improvement services.

III. ELIGIBILITY REQUIREMENTS

An Oakland County homeowner, who lives in his/her home and resides within the boundaries of a local jurisdiction that is participating with the County in the Community Development Block Grant (CDBG) program is eligible to apply for a home improvement loan subject to the following conditions:

- A. Eligible applicants are persons owning or buying their home under a mortgage.
- B. The property to be improved must be the primary residence of the applicant. Properties purchased for resale or rental purposes are not eligible.
- C. Property taxes must be current.
- D. An applicant may secure only one loan through this program in any five-year period.

IV. LOAN LIMITATIONS

The total property related indebtedness after improvement shall not exceed 95 per cent of the:

- A. Market value as identified by the Oakland County Mortgage Application Acceleration Program (MAAP); or
- B. Current appraisal prepared by a Michigan licensed appraiser provided by the homeowner.

Total indebtedness is determined as a sum of the existing property debt and that which is incurred by the installment and/or deferred loan.

V. ELIGIBLE IMPROVEMENTS

Examples of home improvement work that can be financed with a home improvement loan may include, but are not limited to, the following: wells, septic systems, structural repairs, plumbing, electrical, heating, roofs, masonry, energy saving items, siding, windows, doors and barrier free access.

VI. INELIGIBLE IMPROVEMENTS

Examples of work that cannot be financed include, but are not limited to: special assessments, patios, fencing, additions, accessory buildings, condominiums and mobile home improvements.

VII. INCOME REQUIREMENTS

The annual income is the gross amount of income of all adult (18 years of age or older) household members that is anticipated to be received during the coming 12-month period, as defined in HOME Regulation 24 CFR, Part 5 and the Technical Guide for Determining Income and Allowances for the HOME Program.

- A. Income eligibility for the Home Improvement Program is determined by using the current HUD Section 8 income limits as reflected in Appendix I, Table 1. This table is used to determine income eligibility based on household size and gross household income.
- B. Home Improvement Program income limits will be periodically updated in accordance with HUD revisions.

VIII. LOAN TERMS AND CONDITIONS

The Home Improvement Program provides 3% interest installment loans, 0% interest deferred loans or a combination of the two. The proportion of the deferred and/or installment loan is based on household size, and adjusted income, as indicated in Appendix I, Table 2. This table is adjusted annually in accordance with HUD Section 8 income limit revisions.

- A. **INSTALLMENT LOAN** Homeowners who qualify for an Installment Loan will pay interest at a rate of 3% per annum on the unpaid balance of the loan. Monthly payments are based on a term of a maximum of twenty (20) years, depending on the amount of the loan. Minimum monthly payments will be \$50.00 per month.
- B. **DEFERRED LOAN** The principal sum of a Deferred Loan is to be repaid at a future time and shall become due and payable when the homeowner no longer lives on the premises. There are no payments or interest charged on the principal.
- C. **DUE AND PAYABLE TERMS** The Installment and the Deferred portions shall become due and payable under the following terms and conditions.
 - 1. The Mortgagor transfers any interest in the property, except as prohibited by law.
 - 2. The Mortgagor moves, rents, or leases the property.
 - 3. Upon death of the Mortgagor/s.
 - 4. Failure of the Mortgagor to maintain adequate fire and hazard insurance and flood plain insurance, where applicable, to cover the debt incurred by the loan and any pre-existing property debt.

IX. INSPECTIONS AND SPECIFICATIONS

Oakland County Community and Home Improvement staff complete comprehensive home inspections and specifications, monitor the construction through completion, recommend contractor payments and ensure that municipal, state and federal requirements are met.

X. BIDS

- A. Contractors qualified for the OCHIP Contractor List are permitted to bid projects through a formal bidding process. A minimum of three (3) contractors, including one woman or minority owned business enterprise (W/MBE), are invited to bid each contract on a rotating basis. The bid process meets or exceeds local and federal procurement requirements.
- B. Bids are awarded to the lowest responsible bidder. A homeowner may select a contractor whose bid is higher providing the homeowner pays the difference between the lowest bid and selected bid.

XI. CONTRACTS

- A. Home Improvement contracts are between the homeowner and the contractor and must be signed by both parties prior to work being initiated.
- B. The contract may not exceed the maximum loan amount of \$18,000. Exceptions may be granted based on extenuating circumstances determined by Oakland County Home Improvement Program staff.
- C. A \$2,000 contingency amount is available for unforeseen problems and must be authorized by the homeowner and Oakland County Home Improvement Program staff.

XII. MORTGAGE AND NOTE

- A. Home improvement loans are secured by a mortgage. A mortgage is a lien placed on the property to guarantee repayment of the loan.
- B. The mortgage is recorded with the Oakland County Clerk/Register of Deeds.
- C. The note explains the repayment terms and conditions of the loan.