

Prairie Five Community Action Council, Inc.
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Clarkfield SMALL CITIES Owner Occupied Housing Repair Program FACT SHEET

Clarkfield Small Cities Housing Repair Program Deferred Loans

The City of Clarkfield has received **\$281,250.00** to provide housing repair loans to **15** income eligible homeowners **living within the city limits of Clarkfield**.

The following eligibility requirements will apply.

- ♦ **Ownership** - The applicant must own or be purchasing a property within the city limits of the City of Clarkfield. Contract for deeds and life estates are only eligible if the contract vendor and all life estate remainder men meet the income guidelines.
- ♦ **Occupancy** - The home to be improved must be the applicant’s principal place of residency.
 - The applicant must live in the home year around.
- ♦ **Eligible Repairs** - Repairs that are permanent and necessary are eligible. Examples are; roofing, foundations, siding, windows, heating units, electrical, plumbing and health and safety items.
- ♦ **Real Estate Taxes** - An applicant must be current with their real estate taxes to receive a Clarkfield Small Cities Housing Repair Deferred Loan.
- ♦ **Insurance** – The home must be insured while the loan is in place.
- ♦ **Average Loan** - The average Clarkfield Small Cities Housing Repair Deferred Loan is **\$18,750.00**. The homeowner will need to provide a match to the Clarkfield Small Cities Housing Repair Program. Prairie Five Community Action Council, Inc. (Prairie Five) will assist in determining if there are any match funds that may be available to fund the match.
If you received a previous Small Cities Housing Repair Deferred loan, it must be expired to be eligible for a grant through this new program.
- ♦ **Income** - Homeowners who are low to moderate income are eligible to participate in the program. The following program is based upon income.

Yellow Medicine County	
Household Size	Gross Household Income
1	\$40,700
2	\$46,500
3	\$52,300
4	\$58,100
5	\$62,750
6	\$67,400
7	\$72,050
8	\$76,700

Loan Breakdown: 75% of the cost, 0% deferred loan*
25% homeowner’s match.

***Deferred Loan** - The Clarkfield Small Cities Housing Repair Program will be loaned as 0% deferred loans. A deferred loan is a loan with no monthly payment and no interest will accrue which will be forgiven 1/7th each year or will revert into a grant if the property does not change ownership within seven (7) years.

Housing Repair Process

The program will follow the guidelines as laid out below:

- ◆ **Pre-Application** – Most applicants have completed a pre-application during the City's application process to the State. All pre-applicants submitted by the City are on record with Prairie Five.
- ◆ **Application** – The applicant will need to complete a full application for the program that requires proof of property ownership, verification of income, and other eligibility requirements.
- ◆ **Application Procedures** – Households who completed a survey for the grant application are on a waiting list and will be considered for the funds first. This will be on a first come, first serve basis. Those applications that have health and safety concerns and are very low income (below 50% area median income) will be considered first. A deadline to submit initial applications will be given and after the deadline a lottery will be done to establish the order of the applications. Applications will then be further prioritized by those who are willing and able to maximize the grant funds (using the grant average). Once all people on the survey waiting list have been served, funds may be available to those not able to use the full average grant or those not completing a survey for the grant application.
- ◆ **Property Inspection** – Prairie Five will identify any housing problems, will inspect the property and will work with the applicant to determine what repairs should be done. **LEAD RULES AND REGULATIONS DO APPLY.**
Walk-away Policy – The Housing Inspector will determine the suitability for rehabilitation of the property. If the property is determined unsuitable for rehabilitation, the walk away policy will go into effect. The applicant will be informed of the issues and have a timeframe to address them. If the applicant drops out of the application process after the inspections have been done the applicant will be charged for those inspections.
- ◆ **Work Write-Up** - The Housing Inspector will develop specifications on what work is to be done and how the work should be done. After the homeowner selects the contractors of their choice, the packets are mailed to the contractors requesting a bid.
- ◆ **Bid Awards** - The homeowner accepts or rejects bids.
- ◆ **Repayment Agreement and Escrow Agreement** - The homeowner enters into a repayment agreement with the City to accept the conditions of the deferred loan. The repayment agreement is filed at the County Recorder's office. At this time, there is a \$46.00 recording fee and is the responsibility of the owner. An escrow agreement will be signed and all match funds for the project will be placed in an account for payments prior to a proceed to work being sent. After your repayment agreement is filed you are limited to refinancing without any cash out option and you are not able to take out a reverse mortgage on the property for the life of the SCDP loan without paying the SCDP loan off.
- ◆ **Proceed to Work** - The Housing Inspector sends a letter notifying the contractor that work may begin at the owner's property.
- ◆ **Payments** - Payments can be made on a partial basis and/or when all work has been completed. In order to receive payment, the contractor must submit a lien waiver, a billing statement, sworn construction statement and a signed completion certificate (all furnished). In order to make payment, the Housing Inspector must inspect the property. The homeowner must give signed permission to pay the contractor.
- ◆ **Project Completion** - Upon completion, a final inspection is done, and the project is closed.