

Brighten Up Brodhead

Housing Stock Improvement

Loan Program



revive. renew.
live. breathe. do.

Process Checklist for Brodhead CDA and City Staff

Name of applicant(s): _____

Application received: Yes _____ Date _____

Requested loan amount: \$ _____

Improvements to be made:

Presence of subordinate mortgage Yes _____

Documentation of all existing mortgages provided Yes _____ Date _____

Note and mortgage with consent to special charge and severability clause _____

Application reviewed:

City staff review: Yes _____ Date _____

CDA review: Yes _____ Date _____

Certification of housing affordability: Yes _____

Financial loan granted: No _____ Yes _____ Date _____

Amount: \$ _____

Receipt of \$100 processing fee: _____

How does hiring of contractor and contract with contractor work?

Construction starts (within 30 days of loan grant award): Yes _____ Date _____

Project Update on improvement work: Yes _____ Date _____

Completion of improvement work: Yes _____ Date _____

(within 180 days of start of construction)

Inspection of improvement work by City Inspector Yes _____ Date _____

Inspector _____

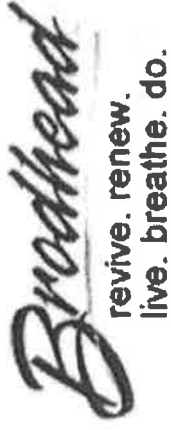
Verification that improvements made are consistent with improvements approved at time of loan award Yes _____ Date _____

Loan funds distributed? Yes _____ Date _____

Applicant lived in for 2 years after improvements are made (tax returns): Yes _____ Date _____

Pay back loan amount? \$ _____

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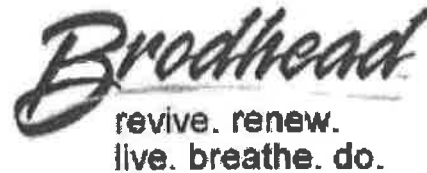
Application Scoring Rubric

Please rate the application in each of the following criteria areas based on how well the applicant addresses the intent of each in his or her proposed improvements.

Please rate the following on a scale of 0 - 10, where 0 means that the application does not meet the criteria, and 10 means that the application strongly meets the criteria.

	Criteria	Rating
1	Proposed improvements follow what have been identified as eligible uses of program loan funds.	
2	Proposed improvements will increase the assessed value of the housing structure.	
3	Proposed improvements will improve the re-sale value of the housing structure and the attractiveness of the home/structure and neighborhood to potential future home buyers and/or residents.	
4	The housing structure where proposed improvements will occur is in an area in need of improvements, or is in an identified preference area.	
5	Improvements are significant enough to alter the look of the housing structure from the street in a positive way, and help to enhance the aesthetics of the neighborhood.	
6	Proposed improvements will increase the energy efficiency of the housing structure.	
7	Improvements are long-lasting and will enhance the quality of the housing structure for years to come.	
8	Proposed improvements are well chosen, are an appropriate use of loan funds, and fulfill an obvious need for the housing structure.	
9	Applicant is in good financial standing and is a reliable candidate to meet the repayment terms of the loan.	
10	Proposed improvements are made on housing structure primary structure, including attached garage.	
	TOTAL	

Brighten Up Brodhead Housing Stock Improvement Loan Program



Description

The City of Brodhead's *Brighten Up Brodhead* is a Housing Stock Improvement Loan Program intended to modernize and improve the housing stock in Brodhead while maintaining affordability. The program was created by the City of Brodhead Community Development Authority (CDA) and will be administered by the City of Brodhead. This program will work to achieve goals outlined in the City of Brodhead Comprehensive Plan. Establishing such a program will work to achieve the Comprehensive Plan's stated Housing Goal to "Provide an adequate supply of affordable housing for individuals of all income levels throughout the community." Furthermore, the program would also meet the objectives and policy recommendations of the Comprehensive Plan, specifically, to "Encourage the preservation and rehabilitation of the community's existing housing stock;" and "...utilize county, state, and federal programs or grants to maintain existing housing or to support the construction of future housing."

Additionally, nearly 38.9% of Brodhead's housing stock was constructed before 1940 and almost 90% of the housing stock is now at least 25 years old. Although many homes have been well maintained, many no longer meet the needs of today's households, particularly young families with children. The program will make Brodhead a more affordable option for existing owners by removing the cost burden of necessary upgrades, and may attract homebuyers who are looking to use the upgrades as a way to customize the home to their specific needs and wants.

Funds from the program will be available in the form of a deferred second mortgage loan with 0% interest over the five year life of the loan. Loans will be funded through the use of TIF funds from the closure of TID No. 2. The primary goal of the program includes rejuvenating existing and aging housing stock to make it more attractive to buyers, especially young families. Important byproducts resulting from home improvements made through this program include the sustaining of a school-age population of children, improving the energy efficiency of the city's housing stock, stabilizing the city's tax base, and building and enhancing community capacity and aesthetics.

Eligibility Requirements

Eligible applicants include those purchasing or residing in a home within the City of Brodhead looking to make substantial system or structural improvements to the home to enhance its efficiency and bring it to modern standards.

Owner Occupied Single Family Home: Homes must be occupied by the funding applicant as the owner for a period of two (2) years after the time improvements are made. There are no applicant age, income, or other restrictions on applying for this program. The only restriction is that the household's housing costs may not exceed 30% of household income and the total loan-to-value for all mortgages shall be less than 90%.

Those purchasing a home and seeking loan funds to make improvements must prove the existence of a legitimate primary mortgage lender and provide documentation showing the structure is or will become zoning compliant. If the structure and land use cannot become zoning compliant then all improvements are limited to those defined in the City of Brodhead Zoning Code (Sec 480-44).

Homes eligible for improvements under this program include owner-occupied homes in Brodhead whose most recent assessed value is at or below 120% of the median assessed value of residential property in the city. Furthermore, eligible homes include those in the City of Brodhead being purchased whose sale price is valued at or below 120% of the median assessed value of residential property in Brodhead. This determination will be based on the most recent figure, at the time of the loan application, from City of

Brodhead assessment data. For example, on January 1, _____ the median assessed value of residential property was \$1____. Eligible homes would be those assessed at or below \$1____ (120% of \$1____)¹.

Eligible Uses of Loan Funds

Funds may be used to make upgrades to home systems including *electrical, plumbing, mechanical*, or other systems or functionally outdated features, to bring them into compliance with current standards and codes, or to modernize them to current quality, efficiency, and performance levels. Replacement or maintenance of home components that are expected to be replaced periodically such as roofing, water heaters, and fixtures will not be funded. Repayment of any loan application fees incurred as part of this program is an eligible use of loan funds received. All systems (listed above) impacted by improvements shall be brought into full code compliance prior to receiving an occupancy permit.

In addition to home system upgrades, loan funds may also be used for *window replacement and insulation improvements*, measures that will increase the heating and cooling efficiency and overall performance of the home.

Many of the existing homes in the City of Brodhead are smaller in size and are considered less desirable to new home purchasers looking for more living space. Therefore, program funds may be used for *the addition of living space, or a garage* that has a primary purpose of parking cars used by the resident household. Please note that funds may only be used for improvements made on the primary housing structure, and not any auxiliary structures on a particular lot. Work on garages where the primary use is parking cars used by the resident household is an eligible use of loan funds; however, higher priority will be given to attached garages.

All decisions regarding loan fund disbursements, loan eligibility, and the uses of loan funds will be made by the City of Brodhead Community Development Authority.

Loan Terms and Conditions

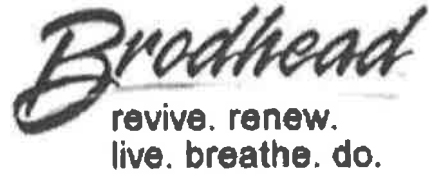
Loans will consist of *0% interest* over the life of the loan, and act as a deferred second mortgage with *no principal or payments due until after five (5) years following the award of the loan*, or at sale (or refinancing) of the home, whichever comes sooner. The expectation is that the borrower will preserve sufficient equity to allow for repayment of the Brodhead Housing Stock Improvement loan at the end of the loan term. At the end of the loan term, the amount of the loan must be repaid in full.

The maximum amount of any loan award will be *\$10,000 or 50%* of the total improvement costs, whichever is less. Applicants must work with financial institutions to cover the balance of home improvement costs not covered by the loan. Construction on improvements must begin within thirty (30) days of loan approval and be completed within one-hundred eighty (180) days of the start of construction. The applicant shall submit documentation of all mortgages or liens on the property with their formal application. The Brodhead CDA, or designee will keep record of the dates of loan approval and the start of construction. The Brodhead CDA shall provide a letter authorizing the subordination of this improvement mortgage to existing mortgage holders in the event the homeowner/applicant wishes to refinance. The Brodhead CDA reserves the right to take and use photographs, as well as develop project summaries of improvements for publicity purposes.

For questions regarding the program, please contact:
Brodhead City Hall, Attn: Teresa Withee, Clerk/Treasurer
1111 W 2nd Ave
PO Box 168
Brodhead, WI 5320
Phone: (608) 897-4018
cityclerk@cityofbrodheadwi.us

¹List source

**Brighten Up Brodhead
Housing Stock Improvement
Loan Program**



APPLICATION FORM

Please review and complete the following application for the Brighten Up Brodhead - Housing Stock Improvement Loan Program to become eligible for a home rehabilitation loan.

Brodhead City Hall
Attn: Teresa Withee, Clerk/Treasurer
1111 W 2nd Ave
PO Box 168
Brodhead, WI 5320
Phone: (608) 897-4018
cityclerk@cityofbrodheadwi.us

Application Number (office use only) _____
Date: _____

Applicant Information

Name of applicant: _____
Address: _____ Phone: _____
Name and address of employer: _____
Employer contact person: _____
Business phone: _____ Number of years at this job: _____

Co-Applicant Information

Address: _____ Phone: _____
Name and address of employer: _____
Employer contact person: _____
Business phone: _____ Number of years at this job: _____

Other Applicant Information (if applicable)

Household size: _____
How long have you lived at your current residence? _____
Do you rent or own your current residence? _____
Have you purchased a home before? Yes _____ No _____
If yes, how long ago?: _____
Will your total housing costs (mortgage principal, interest, property taxes, insurance) following the proposed improvements be less than 30% of your household income¹? (You must answer yes and verify to be eligible to participate in this program.) Yes _____ No _____

¹ If necessary, the City of Brodhead may request documentation to verify income and housing costs.

Property Where Improvements Will be Made

Address: _____

Number of bedrooms: _____ Age of home/structure: _____

Are you purchasing this home/structure, or do you currently reside there?

_____ Currently reside in this housing structure

_____ Purchasing this housing structure (if yes, see below)

If purchasing, please complete the following information:

Offered purchase price: \$ _____ Amount of down payment: \$ _____

Realtor name and company: _____ Phone: _____

Do you have an accepted offer to purchase? _____

Primary lender name and address: _____

Primary lender contact person: _____ Phone: _____

Are there existing mortgages on the property? Yes _____ No _____
(if yes, you must provide documentation showing a loan-to-value less than 90%)

Improvement Description

All applicants - please use the space below to describe the home upgrades that you propose to make should you receive program loan funds. Please note that funds may only be used for improvements made on the primary housing structure, and not any auxiliary structures on a particular lot. Please attach any concept drawings of pictures as necessary.

Total cost of improvements: \$ _____

Amount of loan you are seeking*: \$ _____

*The maximum is \$10,000 or 50% of the total cost of improvements, whichever is less.

Certification

I hereby certify that to the best of my knowledge and belief, the content of the application is true and correct. I/we consent to the disclosure of such information for purposes of verification related to my/our application for financial assistance. I/we understand that giving false information on this application will result in disqualification from the home improvement program.

Signature of applicant: _____ Date: _____

Signature of co-applicant: _____ Date: _____