



Community Fund of North Miami-Dade, Inc.

(subsidiary of) Opa-locka Community Development Corporation

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Opa-Locka Home Rehabilitation Loan Program

Fact Sheet and Program Guidelines

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The Opa-locka Community Development Corporation provides housing rehabilitation loans for low- and moderate-income families to repair their home.

This document is intended to provide a general overview of the program; however, it is not intended to provide all the terms and conditions of the loan, which are found in the loan commitment and loan closing documents.

Participation in the Rehabilitation Loan Program is based on the availability of funds. The Program is subject to change in advance without notice.

Purpose:

The program provides mortgage loans to low- to moderate-income homeowners to rehabilitate their home (property) to afford them the opportunity to live in safe and sanitary conditions.

Applicants are served based on a first-come, first-served basis. However, priority is given to low-income families and families in need of repairs to correct unsafe and unsanitary conditions.

Property qualifying criteria:

- The property must be located within the boundaries of the City of Opa-Locka: 151st Street to the north, 135th Street to the south, NW 17th Ave. to the east and NW 37th Ave. to the west.
- The property must be a detached, single-family residence.
- Applicants must be on title (they must own the property/it must be listed in their name).
- The property must be their primary residence (their home). Investment property is not eligible.
- Tax records must show the property has a homestead exemption.
- The property must have been owned for 1 year prior to the date applying for the Rehabilitation Loan.
- The property must have been used as the primary residence for the year prior to applying for the Rehabilitation Loan.
- Applicants cannot have a pending home rehabilitation loan application with Miami-Dade County. If applicants have a pending application with the County, the application must be withdraw for the Lender to consider a new application. Applicant can only receive one rehabilitation loan using Miami-Dade County funds.

Income qualifying criteria:

To qualify, the applicant's total **household income** must be low- to moderate.

What is Household size?

The household size is the number of people who live permanently in a house as their primary residence and who are not claimed as dependents by non-household members. Applicant must provide evidence of household size. For example, an applicant cannot claim a grandchild as a household member without evidence of custody.

What is Household income?

The household income is the total annual income received by all members of the household, which include salary and wages from full-time, part-time or temporary jobs, self-employment income, second jobs, retirement benefits, social security income, disability benefits, alimony, child support, foster care income, rent from boarders, military/veteran benefits, welfare and other public assistance income, interest, dividends and rental income.

Credit qualifying criteria:

- Applicants must be current with their mortgage payment(s) and with their real estate taxes.
- Applicants cannot have any foreclosure action pending.
- Bankruptcy must be fully discharged.

Minimum and Maximum Loan Amount:

The minimum loan amount is \$2,500 and the maximum is \$30,000. However, the maximum amount the applicants can borrow is determined by the amount required to rehabilitate their home.

Repayment Terms and Interest Rate:

- The maximum repayment term of the loan is 20 years. The repayment terms are determined by the applicant's debt and income.
- The maximum interest rate is 2% above prime rate.
- The loan must be paid in full, if the borrower refinances, changes title, rents, uses the property as a second or vacation home, sells the property or no longer uses it as his/her primary residence.

Special terms for the elderly and disabled:

- If applicants are 62 years of age or older, are disabled or has a person with disabilities permanently residing in the home, the loan *may be* deferred for 10 years and forgiven after the 10th year (meaning no payment is required).

Eligible Uses of the Loan

- The loan addresses safety and/or sanitation issues. Structural, electrical and plumbing items are the most common items that are repaired.
 - Common examples of repair include:
 - Roof repair.
 - Electrical system repair.
 - Kitchen and bath repair.
 - Air conditioning repair.
 - Septic system or sanitary sewer system repair.
 - Loans are made only to bring the property up to current Building Code standards.
 - Additions, remodeling and home improvement projects are not allowed.
 - Repair and replacement of materials, finishes, and fixtures must be of comparable quality, brand, and prices found in standard affordable housing. For example, a granite countertop is not an eligible use for the loan.
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Loan Fees and Expenses

The applicant is responsible for paying the following fees:

- Application and credit report fee: \$50.00 (payable at the time of application, non reimbursable).
- Home inspection fees: a minimum \$400.00 and a maximum of no more than 5% of the loan amount. (Payable at the time of accepting loan commitment; this fee is non-refundable).
- Closing, recording fees and taxes (payable at the time of closing, which may be deducted from the loan proceeds).

Homeowner's insurance:

- Applicants must have homeowner's insurance. If the applicant does not have homeowner's insurance, they must have obtained insurance before the rehabilitation process is completed.
- Flood and/or windstorm insurance is required *if* the property is in a flood- or windstorm-designated area.

Rehabilitation Procedures:

- The Opa-Locka Home Rehabilitation Loan Program provides the financing only. The Lender is NOT responsible for any of the following: seeking construction estimates, hiring contractors, supervising the construction or ensuring the quality of the work.
 - Applicants must select their own contractor. The contractor must be licensed, and must carry general liability and worker's compensation insurances.
 - Any disputes with the contractor are between the homeowner and the contractor; the Lender is not involved.
 - If necessary, the homeowner can "fire" the contractor & hire a different contractor to complete the job.
 - Alternatively, the homeowner can elect to be his/her own "owner/builder" under certain circumstances and act as his/her own contractor.
 - An inspector hired by the Lender will inspect the property and will prepare a report with the list of items that need repair or replacement in order to bring the property up to code.
 - Applicants will receive copy of the report to assist with seeking construction estimates. A minimum of three (3) written construction estimates are required. The applicants are encouraged to share with contractors the inspection report but without the cost estimate provided by the inspector.
 - The Lender must approve the contractor and its estimate in order for the applicant to use such contractor.
 - The contractor's estimate that is closest in price to the inspector's estimate will be approved. The contractor is approved provided he/she is licensed and insured. The construction contract must meet the lender's minimum requirements.
 - Contractors are paid through a "payment request" process. The contractor is paid either at completion of the rehabilitation or as the rehabilitation progresses. Payments during construction must be agreed to in advance.
 - Inspections draws will be required for the contractor to be paid.
 - Applicants must approve the payment request and the quality of the work for the payment request to be processed. *If the homeowner is **not** satisfied with the quality of work, then he/she is to ask the contractor to correct the work until it is satisfactory.* The rehabilitation work must pass all applicable inspections from the building & zoning department with jurisdiction.
 - Contractors must guarantee their work for a minimum of one (1) year. Roofs are guaranteed for a minimum of 5 years.
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Method of Loan disbursement:

- The Opa-Locka Home Rehabilitation Loan is for eligible rehabilitation work. Loan proceeds are not directly disbursed to the applicant at the time of closing. Instead, the loan proceeds are held in escrow by the Lender and disbursed directly to the Contractor in accordance with the terms of the Contract previously approved by the Lender.
- Funds are disbursed to the Contractor only after the Borrower signs a “Request for Payment”. In no event will the Borrower receive funds for purposes other than those of the rehabilitation work.
- The Lender has the right to request documentation such as receipts and invoices to support the disbursement of any loan proceeds.

What happens if the estimated rehabilitation cost exceeds the loan amount approved?

If the estimated rehabilitation cost exceeds the loan amount approved and the borrower does not have other sources of funds to cover the difference, the rehabilitation work has to be prioritized and limited to the available funds. Repairs that affect the structural integrity of the home and the safety of its occupants take priority over other repairs. For example, repairing a leaking roof will take priority over replacing kitchen cabinets. Further, the rehabilitation must be done in order of priority in case the rehabilitation of high priority items experience cost overruns.

If the cost of the rehabilitation work is below the loan amount available for rehabilitation, after subtracting the closing costs, the Lender will apply the difference to reduce the outstanding loan amount owed by the borrower. In such case, the borrower will only pay principal and interest for the amount of the funds disbursed by the lender.

Summary of the steps to obtain a Housing Rehabilitation Loan:

1. Submit a completed loan application, pay the applicable application/credit report fee and provide supporting documentation required with the loan application.
 2. Upon loan approval, a commitment letter is issued with the terms and conditions. The Applicant must sign and submit the commitment letter along with the Lender’s Inspection Fee (fee may be taken from loan funds at closing).
 3. The inspection is conducted and a report is provided to the applicant to seek construction estimates. Applicants submit construction estimates/contract, contractor’s license, and contractor’s insurance, to the lender for approval.
 4. Upon approval of the contractor’s estimate, the Applicant provides a signed contract with the Contractor and the loan package is submitted to the Loan Committee for approval.
 5. Upon Loan Committee approval, the Closing is scheduled to sign all the necessary loan documents (loan agreement, promissory note, mortgage, etc.) The notice of commencement of rehabilitation is issued and the rehabilitation work begins after the necessary building permits are secured.
 6. Rehabilitation work is completed and payment to the contractor is made.
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