

Single-Family Owner-Occupied Housing Rehabilitation Loan Program

The goal of this loan program is to preserve current housing stock, enable adults to age in place, provide safe, affordable housing for all, and increase a home's energy efficiency.

Eligibility Requirements

Income: A household's income must be at or below 80% of the area median income (AMI). This limit fluctuates from county to county depending on your household size.

Residence: The property being considered for rehabilitation must be the primary residence for the household of the applicant and be in the city limits of Fairmont.

Property: The property must be real property i.e. land or building structures intending to be permanent. Mobile homes are ineligible.

Financials: A homeowner is the applicant, and must be up to date with their taxes and mortgage payments. The home must have adequate insurance to cover the value of the home plus the value of the renovation. The applicant must have the means to fund the match component of the project

Eligible Work

Eligible work includes improvements towards health and life safety, accessibility, and energy efficiency. Common work items may be:

- New roofing, windows, and siding
- Electrical and water / sewer infrastructure
- Exterior doors and windows
- Energy efficient modern furnace, water heater
- ADA accessibility with the installation of grab handles, ramps, or a first-floor bathroom.
- Addressing State Building Code, city code violations prior to new projects

The project must meet the city code and Minnesota Residential Code requirements.

Financial Structure

The loan will fund 50 % of the total project cost up to \$ 25,000. The funding mechanisms is structured as a zero interest, deferred, forgivable loan, and a mortgage lien is placed on the property along with personal guarantees from the applicant. The forgivable benefit is pro-rated annually over a ten-year period where 10 % is forgivable each year. If the applicant meets all the loan requirements over the full 10-year period, it is 100 % forgivable after year 10. Selling the property earlier requires payback of the loan for that prorated portion. The intention of this

financial structure is to put the least amount of burden on the homeowner while ensuring the preservation of a unit for as long as possible.

Application Process

The first step in getting started is to make an inquiry with the city Economic Development office on the program to determine initial eligibility of the applicant and project.

Following a successful initial review a full application will be mailed to the applicant for completion. There are several items required for an applicant to complete the full application. Staff are willing and able to help answer any questions so please find out if clarification is needed.

After eligibility is determined, the city building official will do an initial inspection to identify work that is eligible and needed. Then the homeowner and city staff will work together to identify the work to be done and a budget for the project. Please note that due to funding guidelines there may be some work that is mandatory for the project.

After the budget is determined and loan application is finalized, staff will present the project to the Fairmont Economic Development Authority (FEDA), and subsequently a recommendation is brought to the Fairmont city council for final approval.

The project will be competitively bid on, and contractors are selected by the homeowner and city staff. Once selected, the contractors and homeowners sign a contract and work can begin.

Upon completion of the work, the city staff and the Building Official will do a final inspection ensuring all the work is completed. Then the city will disburse funds to the contractor.