

URBAN HOMESTEAD PROGRAM (HOME Funds)

1. Eligible Developers

Any not-for-profit corporation that has the capacity to undertake and complete their building construction or rehabilitation which will be used by elderly and/or low and moderate income persons. The corporation must be a 501 (c) 3 or 4 tax exempt organization and have been serving the community in their capacity for a minimum of 3 continuous years prior to the application date, which includes 3 years of housing counseling experience. The corporation shall not be eligible for loan funds under this program if any of its officers or board members are in default of any taxes or debts owed to any bank or governmental unit.

2. Eligible Purposes

Funds used for the Urban Homestead Program must be used solely for the cost of purchasing a new or rehabilitating single family housing for the benefit of lower income homebuyers, including mentally or physically disabled persons. The house must be occupied by an income eligible owner for a period of 10 years. No board member or officer of the corporation shall be an eligible purchaser of any housing constructed under this program.

3. Construction Contracting

The non-profit housing development organization may serve as its own contractor if it has a minimum of three years housing construction experience. A housing development organization with less than three years construction contracting experience shall hire a general contractor through the public bid process administered on its behalf by the Department of Redevelopment. The maximum time for completion of construction will be 8 months from the date of fund reservation.

4. Eligible Purchasers

An eligible purchaser of an Urban Homestead Property from a non-profit housing development organization shall be a first-time homebuyer having a gross family income no greater than 80% of the median income of Vigo County and purchases the property as a principal place of residence.

The purchaser is required to participate in a program of housing counseling provided by the developer and acceptable to the Department of Redevelopment. The purchaser must be determined to be responsible and credit worthy by the non-profit housing developer. The purchaser shall not be eligible for loan funds under this program if they are in default of any taxes or owe debts to any governmental unit in Vigo County or bank mortgages made in conjunction with any HUD funds administered by the Department of Redevelopment.

5. Eligible Property

Buildings eligible for purchase through the Urban Homestead Program must be located in the City of Terre Haute in a census block having a median income not in excess of 80% of the median income of Vigo County or in officially adopted Urban Renewal Areas of the City.

6. Required Building Standards

Buildings purchased through the Urban Homestead Program must be affordable to lower income persons, meet applicable building codes, and have construction plans and specifications approved by the Department of Redevelopment. All construction work must be inspected by the Department of Redevelopment and City Building Inspector prior to release of funds.

7. Loan Provisions

Housing purchaser will be granted from HUD HOME Funds a 10 year forgivable loan with no interest charge. The loan shall be forgiven at a rate 1/120th of the loan amount per month. After the 10 year term of the loan, the balance payable will be zero. The maximum amount of loan shall be no greater than 50% of the construction costs up to \$35,000.00. The loan shall be assumable to a subsequent eligible low income purchaser.

Urban Homestead loan funds shall be provided to the purchaser of a single family home from the non-profit housing developer at the time of sale (closing). The purchaser shall execute an agreement for a 10 year forgivable loan with the Department of Redevelopment at the time of sale.

8. Provision for Affordable Resale

The property may be sold to a subsequent low income purchaser that has an income no greater than 80% of the median family income of Vigo County. The total monthly payment (principle, interest, taxes, insurance) of a subsequent purchaser must not exceed 30% of their gross monthly income. After an owner has owned the property for ten years, it may be sold without affordability restrictions.

9. Fair Housing

The developer and home purchaser must market any sale or resale of the real estate in accordance with all applicable state, federal, and city fair housing laws.

10. Application Process

The Department of Redevelopment will give public notice of the availability of funds by legal advertisement. Proposals to reserve funds will be accepted from non-profit housing development organizations and allocated on a first-come, first-serve basis.

No organization will receive a reservation of more than 50% of the funds unless there are no other applicants. Reservations will be awarded by the Department of Redevelopment.