



The City of Milwaukee's Strong Neighborhoods Investment Plan

Homebuyer Assistance Program FAQ's

Information About: Eligible Properties

How does Homebuyer Assistance help?

The Program provides owner-occupants with forgivable loans to help pay for the rehabilitation costs of City owned foreclosed properties.

How do I find eligible foreclosed properties?

City-owned foreclosed properties with 1-4 housing units are eligible. To view City-owned properties for sale, please visit: <http://city.milwaukee.gov/CityHouses.htm>. Homes listed for sale for more than \$50,000 and which also have initial estimated renovation costs ("Scopes of Work") of less than \$15,000 are not eligible for the program.

Are there foreclosed properties not on the list?

Not all City owned homes are listed for sale at a given time. Some severely deteriorated City owned homes will be demolished and others may be listed for sale after the initial inspection. Potential homebuyers interested in Homebuyer Assistance should review the City website to determine the homes available for sale.

I know about a property that is going into foreclosure but hasn't gone to sale yet. Is it eligible for the Homebuyer Assistance Program?

Homebuyer Assistance is available only for properties that have already been foreclosed on and are listed for sale by the City.

I recently bought a foreclosed home. Is it eligible for the Homebuyer Assistance Program?

You must apply to the Program and be approved for a loan before purchasing a foreclosed property in order to be eligible. Homebuyer Assistance is not available if you have already purchased the property.

Information About: Purchasing a Foreclosed Property

How do I buy a foreclosed property?

Buyers are encouraged to complete homebuyer counseling prior to shopping for a home. A list of area counseling agencies who provide this service at no charge are available at <http://city.milwaukee.gov/NIDC>. Any licensed real estate agent is able to help you identify and walk you through foreclosed homes that are listed for sale. Use referrals from friends, family members, and neighbors to help you identify an agent you are comfortable working with.

Additional information about the process of purchasing a City owned home is available at <http://city.milwaukee.gov/CityHouses.htm>.

Are there income restrictions?

There are no maximum income limits to be eligible for Homebuyer Assistance.

Why do I have to go through homebuyer counseling?

The City wants to do everything possible to make sure you'll be able to stay in the home as long as you wish. Another family already lost the home; we don't want that to happen again. Counseling agencies will help you get bank pre-approval and provide a Certificate of Completion. Pre-approvals and the Counseling Certifications are required before you apply for the City's forgivable loan.

The counseling is free.

What Counseling Agencies are providing classes?

A list of eligible agencies is located on the website: <http://city.milwaukee.gov/NIDC>.

Information About: Financial Assistance for Buyers

What help is available?

Forgivable loans of up to \$20,000 are available through the Homebuyer Assistance Program. These loans are fully forgiven once you live in the property for five years after the rehabilitation project is complete. Technical assistance with developing a scope of work, getting bids, and monitoring construction work is also provided through the Program.

How do I apply for Homebuyer Assistance?

Applications are available online: <http://city.milwaukee.gov/NIDC>

Do I have to use the Homebuyer Assistance program if I buy a City owned property?

Buyers are not required to use the program, but because of the complexity of financing and rehabilitating a foreclosed home, and because the City is providing generous assistance, it is strongly suggested that eligible buyers consider the Program before "going on your own."

What are the loan terms?

The loans bear no-interest and are forgiven annually on a *pro rata* basis (i.e. become a grant) after 5 years. Equal amounts are forgiven in each year of the loan term.

How long do I have to own the home before the loan is forgiven?

The terms of the Homebuyer Assistance loan require that you own and occupy the home for at least 5 years after the completion of the rehabilitation project. If you sell the home before the minimum occupancy period is up, the balance of the forgivable loan must be repaid.

What if I need to move?

If you sell the home before the minimum occupancy period is up, the balance of the forgivable loan must be repaid. If a qualified hardship condition requires that you sell the property, a new buyer may be able to assume the loan, as long as they are an owner occupant purchaser and agree to the loan terms. Examples of a qualified hardship would be an out-of-area job transfer, or inability to make payments on the house (such as through loss of a job or medical emergency). Hardship conditions are evaluated on a case-by-case basis.

Can the home be rented before the loan is forgiven?

Until forgiven, 100% of the loan balance is due if the home ceases to be your principal residence.

The home I'm interested in needs a lot of work. What help is available?

Homebuyer Assistance can help with the rehabilitation costs. A qualified Rehabilitation Specialist will go through the home with you and identify work that needs to be done. The Rehab Specialist will help you find qualified contractors and will monitor the construction. The City places a strong emphasis on the exterior condition of the property and on energy conservation.

Information About: Processing Time

How long does your process take?

A purchase-rehabilitation project can be complicated. After we receive an application, a NIDC loan officer will contact you about your case and discuss the process. We can issue a pre-commitment within five business days of receiving a complete application. Generally, clients should allow for 45 days between submitting a complete application and the closing on the purchase of the home. This allows time to develop a scope of work, select a contractor, and finalize your financing.

What about inspections, the scope of work, and appraisals?

After the pre-commitment, a staff Rehabilitation Specialist will contact you to go through the property and work with you to develop the scope of work. All City owned properties are listed along with basic scopes of work summarizing repairs needed to bring the homes into code compliance. Participants in the Homebuyer Assistance

program may be required to make additional repairs to minimize the chance that critical systems in the home (roofing, electrical, plumbing, furnace, etc.) will require major repairs during the initial years of ownership.

The scope of work then gets referred to your bank's appraiser. NIDC doesn't control the appraisal process, but your lender should be able to give you an estimate for how long the appraisal will take. Buyers are also encouraged to have an independent home inspection completed.

Then I have to get bids from contractors?

Yes, the next step is finding qualified contractors to do the work. NIDC will help, but the primary responsibility for getting contractors' bids is yours. It may take 2-3 weeks, or longer, to get a bid from a contractor you trust, and whose price fits your budget. Once you select a contractor, the bid will go to NIDC and your lender for final approval of the loans.

When will the Homebuyer Assistance forgivable loan close?

After the loan has been approved, we will close our loan when you close on the purchase of the property. After you have selected your contractor and the loan has been approved, we will work with you and your mortgage lender to set up a closing.

How long will the construction take?

It's important that you discuss start and finish dates with your contractor. Generally you can't move in until the construction is done, so be sure you feel comfortable with the contractor's proposed schedule. It's best to give yourself extra time in case the contractor is delayed. The City requires that all work required for code compliance be completed within 90 days of a new owner purchasing a City owned property. One 90 day extension can be provided in case of weather related or other unexpected delays.

I've read the information on your website but still have questions.

Is there a number I can call?

414-286-5610