

SINGLE FAMILY HOUSING REPAIR LOANS & GRANTS IN MICHIGAN

Also known as the Section 504 Home Repair program, this provides loans to very-low-income homeowners to repair, improve or modernize their homes or grants to elderly very-low-income homeowners to remove health and safety hazards. The program is governed by the Housing Act of 1949 as amended, [7 CFR Part 3550](#) and the [HB-1-3550](#) - Direct Single Family Housing Loans and Grants Field Office Handbook

Qualifications

To qualify, you must:

- Be the homeowner and occupy the house
- Be unable to obtain affordable credit elsewhere
- Have a family income below 50 percent of the area median income
- For grants, be age 62 or older and not be able to repay a repair loan

Eligible Area:

<https://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do;jsessionid=727xutn8NAsghXAM362Bn021>

How may funds be used?

- Loans may be used to repair, improve or modernize homes or remove health and safety hazards
- Grants must be used to remove health and safety hazards

Funding

- Maximum loan is \$20,000
- Maximum grant is \$7,500
- Loans and grants can be combined for up to \$27,500 in assistance

Terms of the loan or grant

- Loans can be repaid over 20 years
- Loan interest rate is fixed at 1%
- Full title service is required for loans of \$7,500 or more
- Grants have a lifetime limit of \$7,500
- Grants must be repaid if the property is sold in less than 3 years
- If applicants can repay part, but not all of the costs, applicants may be offered a loan and grant combination

Application Deadline:

Applications for this program are accepted through your local RD office year round. Approval times depend on funding availability in your area.

Reference

<https://www.rd.usda.gov/programs-services/single-family-housing-repair-loans-grants/mi>

SINGLE FAMILY HOUSING DIRECT HOME LOANS (USDA)

Also known as the Section 502 Direct Loan Program, this program assists low- and very-low-income applicants obtain decent, safe and sanitary housing in eligible rural areas by providing payment assistance to increase an applicant's repayment ability. Payment assistance is a type of subsidy that reduces the mortgage payment for a short time. The amount of assistance is determined by the adjusted family income. Loan funds may be used to help low-income individuals or households purchase homes in rural areas. Funds can be used to build, repair, renovate or relocate a home, or to purchase and prepare sites, including providing water and sewage facilities. The program is governed by the Housing Act of 1949 as amended, 7 CFR, Part 3550 and the HB-1-3550 - Direct Single Family Housing Loans Field Office Handbook.

Eligibility

A number of factors are considered when determining an applicant's eligibility for Single Family Direct Home Loans. At a minimum, applicants interested in obtaining a direct loan must have an adjusted income that is at or below the applicable low-income limit for the area where they wish to buy a house and they must demonstrate a willingness and ability to repay debt.

Applicants must:

- Be without decent, safe and sanitary housing
- Be unable to obtain a loan from other resources on terms and conditions that can reasonably be expected to meet
- Agree to occupy the property as your primary residence
- Have the legal capacity to incur a loan obligation
- Meet citizenship or eligible noncitizen requirements
- Not be suspended or debarred from participation in federal programs

Properties financed with direct loan funds must:

- Generally be 2,000 square feet or less
- Not have market value in excess of the applicable area loan limit
- Not have in-ground swimming pools
- Not be designed for income producing activities

Borrowers are required to repay all or a portion of the payment subsidy received over the life of the loan when the title to the property transfers or the borrower is no longer living in the dwelling

Income Eligibility:

<https://www.rd.usda.gov/files/RD-DirectLimitMap.pdf>

Eligible Areas

Generally, rural areas with a population less than 35,000 are eligible.

<https://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do>

How much may I borrow?

Using the [Single Family Housing Direct Eligibility Assessment tool](#), potential applicants may enter information online to determine if the Section 502 Direct Loan Program is a good fit for them prior to applying. The tool will provide a preliminary eligibility determination after a potential applicant enters information on their general household composition, monthly income, monthly debts, property location, estimated property taxes, and estimated hazard insurance. Potential applicants are welcome to submit a complete application for an official determination by USDA Rural Development (RD) regardless of the eligibility assessment results. Upon receipt of a complete application, RD will determine the applicant's eligibility using verified information and the applicant's maximum loan amount based on their repayment ability and the [area loan limit](#) for the county in which the property is located.

Interest Rate and Payback Period

- Fixed interest rate based on current market rates at loan approval or loan closing, whichever is lower
- Interest rate when modified by payment assistance, can be as low as 1%
- Up to 33 year payback period - 38 year payback period for very low income applicants who can't afford the 33 year loan term

Down Payment

No down payment is typically required. Applicants with assets higher than the asset limits may be required to use a portion of those assets.

Applications

Applications for this program are accepted through your [local RD office](#) year round. Application processing times vary depending on funding availability and program demand in the area in which an applicant is interested in buying and completeness of the application package.

Reference

<https://www.rd.usda.gov/programs-services/single-family-housing-direct-home-loans>

MUTUAL SELF-HELP HOUSING TECHNICAL ASSISTANCE GRANTS (USDA)

The program provides grants to qualified organizations to help them carry out local self-help housing construction projects. Grant recipients supervise groups of very-low- and low-income individuals and families as they construct their own homes in rural areas. The group members provide most of the construction labor on each other's homes, with technical assistance from the organization overseeing the project. By working in partnership with trusted local organizations, this program helps very-low- and low-income families get affordable, clean and safe homes of their own in rural areas. Very-low-income families living in substandard housing are given first priority for loan assistance. The program is governed by the Housing Act of 1949 as amended, [7 CFR 1944-I](#) and the agency Instruction – [1944-I](#).

Eligibility

Eligible applicants include:

- Government non-profit organizations
- Federally-recognized Tribes
- Private non-profit organizations

Applicants can check eligible areas at [eligible addresses](#).

Funds may be used for

- Give technical and supervisory assistance to participating families
- Help other organizations provide self-help technical and supervisory assistance
- Recruit families, help them complete loan applications and carry out other related activities that enable them to participate

Funds MAY NOT be used to:

- Hire people to perform construction work for participants
- Buy real estate, building materials or other property
- Pay debts, expenses or costs for the participants
- Pay for employee training
- Pay other indirect costs.

Application Deadline?

Applications for this program are accepted through our [local offices](#) year round.

Reference

<https://www.rd.usda.gov/programs-services/mutual-self-help-housing-technical-assistance-grants>

HOUSING PRESERVATION GRANTS (USDA)

The program provides grants to sponsoring organizations for the repair or rehabilitation of housing owned or occupied by low- and very-low-income rural citizens. USDA will award a total of \$15,888,420 in Housing Preservation Grant Program funding for the repair and rehabilitation of rural housing units. The program is governed by Code of Federal Regulation, [7 CFR 1944-N](#) code of Federal Regulation, [7 CFR Part 1970 A-O](#), RD Instruction [1944-N](#), RD Instruction [1940-L](#), Methodology and Formulas for Allocation of Loan and Grant Program Funds, RD Instruction [1901-E](#), Civil Rights Compliance Requirements. This program is authorized by Title V of the Housing Act of 1949.

Eligibility

- Most State and local governmental entities
- Nonprofit organizations
- Federally Recognized Tribes
- Individual homeowners are not eligible
- Applicants must have the necessary background and experience with proven ability to perform the responsibility of repair and rehabilitation of low-income housing
- Applicants are required to make quarterly progress reports and a final audit on their accomplishments

Areas that may be served include:

- Rural areas and towns with 20,000 or fewer people--Check [eligible addresses](#)
- Federally Recognized Tribal lands

Funds may be used

- Applicants provide grants or low-interest loans to repair or rehabilitate housing for low- and very-low-income [\(1\)](#) homeowners
- Rental property owners may also receive assistance if they agree to make units available to low- and very-low-income [\(1\)](#) families
- Eligible expenses include:
 - Repairing or replacing electrical wiring, foundations, roofs, insulation, heating systems and water/waste disposal systems
 - Handicap accessibility features
 - Labor and materials
 - Administrative expenses
 - For a complete list, see Code of Federal Regulations (CFR) [1944.664](#)

Getting started

Applications are accepted on an annual basis through a Notice of Solicitation of Application (NOSA) in the Federal Register.

Note: Very-low-income and low income: Very-low-income is below 50% of area median income; low-income is 50-80% of area median income

MI HOME LOAN

The MI Home Loan program is a mortgage product that is available to first-time homebuyer's state-wide and repeat homebuyers in targeted areas. All homebuyers work directly with a participating lender.

To determine eligibility please contact an [Experienced Participating Lender](#) (An experienced lender has completed at least one MSHDA Loan in the last six months.)

Program Description:

- Michigan Down Payment up to \$7,500. (**Homebuyer Education class required.**)
- Available to first-time homebuyers (have not owned a home in the previous three years) statewide and repeat homebuyers in [targeted areas](#).
- [Household income limits](#) apply and can vary depending on family size and property location.
- Sales Price limit - \$224,500 statewide.
- Minimum credit score of 640 required or 660 for multiple-section manufactured homes.

Reference

https://www.michigan.gov/mshda/0,4641,7-141-45866_45868-370762--,00.html

MI HOME LOAN FLEX

The MI Home Loan Flex program is designed for first-time and repeat homebuyers looking for a more flexible loan product and can be used with the Michigan Down Payment loan.

Contact a MSHDA [Experienced Participating Lender](#) for current Interest Rates and to determine eligibility.

Program Description:

- Michigan Down Payment up to \$7,500.
- Available to first-time and repeat homebuyers statewide.
- All adults in the household DO NOT need to apply. Only qualifying borrowers will be underwritten for credit, assets and income.
- Collections and judgments DO NOT necessarily need to be paid off; the lender will follow their Automated Underwriting System findings.
- [Income limits](#) can vary depending on family size and property location.
- Maximum sales price is \$224,500 statewide.
- Minimum credit score of 660 required.

Reference

https://www.michigan.gov/mshda/0,4641,7-141-45866_45868-284858--,00.html

MORTGAGE CREDIT CERTIFICATE PROGRAM

Mortgage Credit Certificate (MCC) Federal Tax Credit

The Mortgage Credit Certificate (MCC) program provides housing assistance by issuing a federal tax credit to first-time homebuyers statewide and repeat homebuyers in targeted areas.

Program Description:

- Qualified homebuyers can credit 20% of their annual mortgage interest paid against their year-end tax liability. A tax credit is a **dollar for dollar reduction in tax liability**.
- The tax credit is allowable every year for the life of the original mortgage (up to 30 years!)
- Available to first-time homebuyer's statewide and repeat homebuyers in [targeted areas](#).
- [Household income limits](#) can vary depending on family size and property location.
- Maximum sales price is \$224,500 statewide.

Reference

https://www.michigan.gov/mshda/0,4595,7-141-45866_45868-216692--,00.html

PROPERTY IMPROVEMENT PROGRAM (PIP) LOANS FOR HOMEOWNERS

Apply through a MSHDA approved [Participating Lender](#) or [Community Agent](#) after reviewing the details below.

Payment Estimator

https://www.michigan.gov/mshda/0,4641,7-141-45866_47906_49317-312306--,00.html

Loan Benefits

- Loan terms up to 20-years keeps monthly payments affordable
- No appraisal required
- No lien placed on loans under \$7,500.

Eligible Applicants

Homeowners with equity in their home, annual household income up to \$105,700 with a credit score of at least 620. The home must be the borrower's primary residence, either single-family or manufactured home, located in Michigan. Cumulative Loan to Value is 105%.

Funding

Loan amounts vary depending on the property type up to \$25,000.

Interest Rates

Interest rates for homeowners vary based upon the gross household income:

- Gross Household Income \$19,999 or less - 4% - APR 4.5653%
- Gross Household Income \$20,000 to \$39,999 - 6% - APR 6.6123%
- Gross Household Income \$40,000 to \$105,700 - 8% - APR 8.6610%

The annual percentage rate (APR) quoted above represents a typical \$10,000 FHA-insured fixed rate loan with a 20-year term. This APR is based on a 2% origination fee, \$200 application fee and \$100 inspection fee. Please note that the APR may vary depending upon the Mortgage Loan Fees the participating lender charges the borrower.

Eligible Improvements

Improvements must substantially protect or improve the basic livability of a single-family or manufactured home. Major systems repairs, replacement and energy efficiency updates include:

- Roofing, insulation, siding, windows and doors
- Heating, air conditioning, plumbing and electrical
- Kitchen and bathroom remodeling
- Attic and basement finishing, garage, carport and decks
- Septic and sewer replacements

Getting Started

Gather the necessary documents to apply and contact MSHDA-approved [Participating Lender](#) or [Community Agent](#) located in your area for an application.

- State-licensed contractor's detailed cost estimate
- Driver's License
- Proof of Social Security number
- Income verification (30-day current pay stubs, SS or pension benefit's statement.)
- If self-employed, copies of two year's prior Federal tax returns
- Copy of Mortgage Statement
- Proof of State Equalized Value (SEV) or recent Appraisal
- Proof of ownership (owners Title Insurance policy or copy of the recorded Warranty Deed)
- Proof of property taxes paid up to date, if taxes are not escrowed into mortgage.

Reference

https://www.michigan.gov/mshda/0,4641,7-141-45866_47906_49317-187374--,00.html

HELP FOR HOMEOWNERS

Help for homeowners having trouble making your mortgage payments or falling behind on property taxes due to an involuntary hardship.

- The [Step Forward Michigan](#) provides interest-free forgivable loans to assist with mortgage, property taxes, and/or condominium association fees. If you had an involuntary qualifying hardship that caused the delinquency (Examples: Job loss, medical event, death, divorce, one-time critical housing repair) and have the income necessary to sustain future payments, visit the [Step Forward Michigan Program](#) website to apply or call 866-946-7432.
- MSHDA's statewide network of [Housing Educators](#) can help if you're having financial trouble, need help finding local resources or even facing foreclosure. Select the link above to find a counseling agency near you or select [stages of foreclosure](#) to review your options.

Reference

<https://www.michigan.gov/mshda/0,4641,7-141--370865--,00.html>

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY DOWN PAYMENT ASSISTANCE

The Michigan State Housing Development Authority (MSHDA) offers a Down Payment Assistance (DPA) program in conjunction with a MSHDA first mortgage, to help homebuyers overcome down payment obstacles and obtain the dream of homeownership.

Down Payment is available to qualified borrowers who meet the eligibility which includes but is not limited to, income, credit and property type requirements.

Single Family DPA

- Up to \$7,500 in down payment assistance; can be used for borrower paid closing cost, pre-paid expenses and down payment.
- The DPA second mortgage terms include 0% interest and no payments until the home is sold, refinanced, transferred or the MSHDA first mortgage is paid in full.
- Borrower's minimum investment is 1% of the purchase price.
- DPA loan is available with a MSHDA first mortgage*

**Down Payment is available as a second mortgage combined with either the MSHDA MI First Home or MI Next Home first mortgage program with a loan type of FHA or USDA Rural Development Guaranteed Mortgage.*

Reference

<https://www.hud.gov/states/michigan/homeownership/mihoc>

HABITAT FOR HUMANITY

Habitat homeowners play a hands-on role in the homeownership process, beginning with the sweat equity hours they perform. To fulfill sweat equity hours, they work alongside volunteers to help build and renovate the places they will call home. Some also work toward this requirement by putting in time at their local Habitat ReStore, while others may serve on committees or help out in their local Habitat office. Future homeowners are also required to attend financial education and budget-planning classes.

Qualifications

Habitat homeowners must be active participants in building a better home and future for themselves and their families. Every Habitat home is an investment. For us, it is one answer to a critical need, and we believe that stronger homes will create stronger communities.

- Prospective Habitat homeowners must demonstrate a need for safe, affordable housing. Need will vary from community to community.
- Once selected, Habitat homeowners must partner with us throughout the process. This partnership includes performing “[sweat equity](#),” or helping to build their own home or the homes of others in our homeownership program. Sweat equity can also include taking homeownership classes or performing volunteer work in a Habitat ReStore.
- Homeowners must also be able and willing to pay an affordable mortgage. Mortgage payments are cycled back into the community to help build additional Habitat houses.

Application Process

Habitat’s homeowner selection is managed at the local level, through our hundreds of local Habitat for Humanity locations all over the U.S. and around the world. For more information and to learn more about the process or how you can apply, please contact [your local Habitat](#), or call 1-800-HABITAT (1-800-422-4828).

MICHIGAN DEPARTMENT OF HEALTH AND HUMAN SERVICES

State Emergency Relief assists with home repairs to correct unsafe conditions and restore essential services. Eligible home repairs may include repair or replacement of a non-functioning furnace, hot water heaters or septic systems.

Eligibility

To qualify for State Emergency Relief, you must meet a number of requirements. [Apply online using MI Bridges](#). In general, eligibility is based on the number of individuals in your household, your monthly income and effective 12/01/19 your countable cash assets over \$15,000 (except for those applying for burial services). Some assets such as homestead, one vehicle, personal and household goods are excluded.

https://www.michigan.gov/mdhhs/0,5885,7-339-71547_5531_7872---,00.html

Home Repairs Offered

Payments are made only if the repair(s) is essential to remove a direct threat to health or safety or is required by law or a mobile home park regulation. The repair(s) must restore the home to a safe, livable condition. This does not pay for improvements or nonessential repairs. In addition, the requirements listed below must be met.

- **Energy-Related Furnace Repairs:** Repairs are available with a lifetime maximum of \$4,000 per family group. All energy-related repairs approved since 1/1/1978 count toward this maximum.
- **Non-Energy-Related Repairs:** All home repairs, except furnace repair or replacement, including hot water heaters and septic systems for client-owned housing, have a lifetime maximum of \$1,500 per family group. All non-energy-related repairs approved since 12/1/1991 count toward this maximum.

Requirements

To receive home repairs, the following conditions must be met:

- Applicant must be the owner or purchaser of the home, or hold a life estate or life lease on the home with the responsibility for home repairs.
- The home is the applicant's permanent, usual residence.
- The home is not listed for sale.
- The home is not in jeopardy of loss. Repairs will be denied if there is a house payment or property tax arrearage, unless a workable plan exists for paying the arrearage.
- The ongoing cost of maintaining the home is affordable to the applicant (total housing costs cannot exceed 75 percent of the group's net income).

Reference

https://www.michigan.gov/mdhhs/0,5885,7-339-71547_5531_62129---,00.html

FHA 203K LOANS – MORTGAGE LOAN FOR A FIXER-UPPER

US Department of Housing and Urban Development

An FHA 203k loan is backed by the federal government and is a financing option for buyers who want to buy a damaged or older home and do repairs on it. The program provides financing up to 110% of the after-improvement value. However, the borrower is required to provide a detailed proposal of the work they want to do and cost estimates for each item so will need to hire an independent consultant or licensed contractor to prepare these exhibits.

Another obstacle is to identify a lender that has experience with the program. The US Department of Housing and Urban Development (HUD) provides a tool to help with this search. Local lenders could offer the product although it would take considerable time and effort to familiarize themselves with the program.

Reference

www.hud.gov/program_offices/housing/sfh/203k.

HOMESTYLE RENOVATION MORTGAGE

Federal National Mortgage Association / Fannie Mae

Similar to the FHA 203K loan, the HomeStyle Renovation Mortgage can provide a financing option to buy and renovate an existing house. One of the major differences between the two loans is that a HomeStyle Renovation Mortgage can finance renovations to a primary residence, rental property, or vacation home while FHA restricts use to primary residences only. With this flexibility comes a slightly higher down payment minimum of 5% and stricter lending requirements with a minimum FICO score of 620.

Reference

www.fanniemae.com/HomeStyle/lender/index.html

FIRSTLOOK REOMATCH

National Community Stabilization Trust

REOMatch is an online tool that provides a mechanism to sell bank-owned properties to community partner organizations such as a local nonprofit group, community development corporation, and other neighborhood stabilization-focused buyers that are pre-qualified by the National Community Stabilization Trust (NCST). The First Look program provides an additional benefit to these local groups giving first right of refusal of REO properties before they are listed on the Multiple Listing Service (MLS) or auction sites.

The programs serve as a critical tool for municipalities and buyers as they save these organizations valuable time and resources. The programs also allow sellers to process foreclosures more quickly and at less expense than a traditional sale, and advance their commitment to community revitalization. A quicker sale lessens the risk of potential vandalism and property value deterioration for both the community and the sellers.

Reference

www.stabilizationtrust.org/what-we-do/reomatch/.

FEDERAL HISTORIC TAX CREDIT (HTC)

US National Parks Service

The Historic Tax Credit (HTC) program encourages investment in the rehabilitation and re-use of historic buildings. The federal tax credit allows program participants to claim 20 percent of eligible improvement expenses against their federal tax liability. The federal tax credit program uses the US Secretary of the Interior's Standards for Rehabilitation to determine what kinds of work are appropriate for historic buildings and eligible for the tax credits (link [NPS website](#)). IN addition, federal tax credits require a property must be income-producing such as an apartment building, upper-story housing on main street or some other commercial use (i.e. private residence ineligible).

Reference

<https://www.nps.gov/tps/tax-incentives.htm>