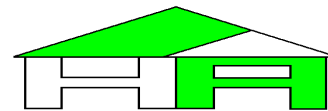


# Housing Authority of Utah County

240 East Center Street

Provo, Utah 84606

(801) 373-8333



## Housing Rehabilitation Program

### Questions and answers about home improvement loans

#### What is a home improvement loan?

A home improvement loan assists homeowners to finance repairs in their owner-occupied homes. Improvements may include electrical and plumbing systems, roofing, siding, correcting code violations, providing handicap accessibility, and energy conservation measures such as improving heating systems and replacing doors and windows.

#### Who sponsors the loan program?

The Housing Authority of Utah County lends HOME / State funds in behalf of two organizations: the Olene Walker Housing Loan Fund, and the Utah Valley Home Consortium. The HOME program is a Federal program, to assist eligible homeowners make necessary home repairs, bring their homes up to building and electrical codes, and maintain safe, sanitary and quality housing. Housing and Urban Development (HUD) administers the HOME program, established by Congress in 1992.

#### Who qualifies for a home improvement loan?

To qualify, homeowners need to occupy their home and meet income guidelines, included in the application (or see the "Home Program" page, which includes income guidelines). Applicants will need to provide employment, credit, mortgage, home insurance, and other third-party verifications.

#### What costs apply to these loans?

Currently, the Housing Authority of Utah County does not charge to submit applications. When the loan is approved, certain fees will apply and be included in the loan.

#### Who approves and declines loans?

The HOME program has a variety of regulations and guidelines that govern the program. In addition, loan committees from Consortium cities or the Housing Authority board review each loan request. The loans are approved based on established policies.

#### Do the committees deny loans?

Loan committees may deny loans to applicants who do not meet program guidelines. A few of the reasons for denying loans include:

1. Mortgage payment/income ratio or debt/income ratio is more than 40 percent
2. Together, household members' incomes exceed program guidelines
3. The applicant has less than 10 percent equity in the property
4. An applicant has poor credit history
5. Repairs are estimated at less than \$1,000.00
6. Residence is not solely owner-occupied
7. Requested work is not within program guidelines
8. Funds are not available
9. Incomplete or falsified application information

**What is equity?**

Equity is the current or appraised value of your home minus what you owe on the home. For example, if your home is appraised at \$75,000 and you still owe \$45,000, your equity is \$30,000.

**How much may I borrow?**

Typical loans range from \$2,500 to \$30,000.

**How much are the monthly payments?**

Monthly payments are based on the loan amount and interest rate. The interest rate may vary from zero to three percent depending on individual circumstances and loan committee approval. Loans are typically for a 10-year period. In certain extenuating circumstances for disabled or elderly applicants, a loan committee may approve a deferred loan.

**Are there prepayment penalties?**

No. You may make additional payments that will apply to the loan principal. A small extra payment each month can significantly reduce your overall loan cost. You may repay the entire loan without penalty at any time. If you sell or transfer the property before the full term of the loan, payment in full is due at the time of sale or transfer.

**How long does it take to obtain a loan?**

Typically, loan processing and approval takes two to six months. A variety of circumstances may lengthen the process.

**Who does the home improvements?**

The applicant will need to obtain at least three bids for the rehabilitation work. Applicants contact the contractors, obtain the bids based on written specifications from the Housing Authority, and select the contractor. The contractor must be state licensed and cannot be debarred by the U.S. Government.

**Who inspects the work?**

Local ordinances require building permits for most work on your home. The contractor is responsible to obtain the necessary permits. As the project progresses, the local building inspector will need to inspect the work. A representative of the Housing Authority will inspect the work before releasing any loan funds. The Housing Authority inspection is to help administer the program and control funds but does not approve craftsmanship, construction or work in any way. The loan applicant has the responsibility of inspecting and accepting the work.

**How do I apply?**

If you live in Lehi, Pleasant Grove, Lindon, Springville, Spanish Fork, Payson, unincorporated Utah County, Wasatch County, Summit County or Tooele County, submit your application to the Housing Authority of Utah County, 240 East Center Street, Provo, Utah, 84606-3162. Amber Maxwell is the program representative and can be reached at (801) 373-8333, ext. 107, or by e-mail at [amaxwell@housinguc.org](mailto:amaxwell@housinguc.org)

If you live in Orem, contact the Orem Redevelopment Agency at (801) 229-7171. If you live in Provo, contact the Provo Redevelopment Agency at (801) 852-6162.