

City of Cudahy Neighborhood Loan Program

Attic Improvement Loan, \$20,000 Duplex Conversion Loan, \$20,000

Applicant Process

- Step 1. Determine if eligible and funding available
- Step 2. Apply to North Shore Bank
- Step 3. City approval
- Step 4. Construction Bids
- Step 5. City Confirmation Letter and Closing Deadline
- Step 6. Loan Closing
- Step 7. Work Permits
- Step 8. Loan Disbursement
- Step 9. Loan Repayment

Step 1. Eligibility and Funding. Resident contacts City Planning & Development Department or Cudahy North Shore Bank Branch to confirm funding available and if home is eligible. If no funding, resident may be placed on a waiting list maintained by the City Economic Development, Zoning & Inspection Department and are contacted once funding becomes available. Typically two loans are paid back annually and revolve out to those on the waiting list.

- A. **Eligibility.** One- and two-family homes qualify and must be owner-occupied. The homes fair market value must not exceed a value number updated annually based on the City's average price of home sales. The Economic Development, Zoning & Inspection Department maintains those figures. Duplex Conversion Loans do not require value limits.

Step 2. **Meeting with Bank.** If home is eligible, the applicant schedules a meeting with North Shore Bank who has one person assigned to the program. The meeting is for completing a loan application and gathering the necessary documents for the approval process. The bank provides a *Loan Application* and a *Check List* in advance. The check list identifies documents that must be brought to that meeting. It may take up to two weeks for the bank to approve their part of the loan application once all documents are provided.

Step 3. **City Approval.**

- A. **Home Inspection for Duplex and Attic Loans.** The bank will notify the City whether the application was approved. The City is required to verify credit history and will

contact the applicant to schedule a home inspection. An inspection for a Duplex Conversion loan will verify the dwelling is a two-family dwelling. An inspection for an Attic Improvement Loan will verify the attic is currently uninhabitable. The City notifies the bank if approved.

Step 4. **Construction Bids.** The applicant must submit two construction bids. No work may be completed by the homeowner that is covered by loan funding. The applicant may choose which contractor to work with. Both bids must be submitted to North Shore Bank before the loan closing. Contractors must be bonded and insured.

Step 5. **City Confirmation Letter and Closing Deadline.** Once approved by the bank and City, the City will mail a letter confirming the loan and process and provide forms that are given to the hired contractor for submitting payment requests. There will be an expiration date of 6 weeks from the time of approval to the loan closing date so funding remains active. Extensions may be given if there is no demand at that time.

Step 6. **Schedule Closing with Bank.** Once all approvals are complete and two bids are submitted, the applicant contacts North Shore Bank to schedule a closing. NO WORK may begin prior to the closing that is intended to be funded through this loan.

Step 7. **Work Permits.** Once the closing is completed, the contractor submits the necessary work permits along with other forms provided to the applicant.

Step 8. **Reimbursement.** Up to two payments are made directly to the contractor. Requests are completed on the form provided to the applicant and submitted to the Planning & Development Department. The request form requires the applicant's signature and details of work completed. Work completed must be on the contractor's letterhead.

Step 9. **Loan Repayment.** The loan will appear on the property title as a lien. If the property is sold or refinanced, the City's loan is automatically paid back. The property owner must pay back the loan if the home becomes a rental property. The City reviews ownership semi-annually.

- Construction Loans. When a construction loan is part of the home improvement, the loan must be closed at a future date, requiring a refinance. The City will not require repayment at that time but will be required to complete a loan satisfaction and record the document.