



HOMEOWNER LOAN POLICY

Newtown has a limited amount of funding available to help existing CLT homeowners make repairs to their homes and/or replace major components (HVAC, major appliances, water heaters). The assistance will be provided in the form of a no-interest loan.

Upon request, Newtown staff can provide technical assistance to help create a scope of work for the repairs to be done and will help with the bid process and selection of a contractor.

Eligibility

Newtown is not a consumer lender. Therefore, loans are only available to owners of Newtown Community Land Trust (CLT) properties who meet the eligibility and requirements referenced below. To be eligible for a loan, the CLT Homeowner (Borrower) must:

1. Live in home for a period of a minimum of one year;
2. Be current with their mortgage payments, land lease payments and affirm to the same on the Application form.

Eligible Activities

Improvements and repairs include but are not limited to the following (other non-specified work may be approved):

- Weatherization, energy improvements, insulation, window/doors including improvements recommended by a certified home energy audit.
- New HVAC
- Plumbing
- Electrical wiring
- New roof
- Sewer line repairs
- Drainage, gutters
- Siding
- Outdoor walkways where there is a safety issue going into or out of the home
- Carpeting/flooring
- Outside painting or weatherizing
- Termite damage
- Safety and health hazard improvements
- Landscaping

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Ineligible Activities

Ineligible improvements and repairs include but are not limited to:

- Swimming pools
- Hot tubs or spas
- Recreational or entertainment facilities
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Requirements and Guidelines

1. All improvements/repairs must comply with applicable building and safety codes.
2. Any work requiring a licensed contractor must be done by a licensed contractor.
3. The Borrower shall submit an Application form that includes a detailed description of the improvements or repairs to be completed, an estimated cost, and a proposed repayment plan.
4. There is no minimum loan amount. Amount of loan will be considered at the time of the request. Maximum loan amount is presently \$7,000. Loan requests over \$7,000 may be considered on a case-by-case basis. All loans will be secured by a Promissory Note and Deed of Trust. The Deed of Trust will be recorded with the Maricopa County Recorder's Office.
5. A Truth-in-Lending Disclosure Statement will be provided to the homeowner that includes the amount of the processing fee, amount financed, total number of payments and a payment schedule.
6. Newtown does not charge interest for its CLT Homeowner loans.
7. Newtown will charge a processing fee for each loan in the amount of \$100.00. The processing fee is due at the time of signing of the loans and cannot be included with the loan.
8. All loans will be repaid in the shortest amount of time possible while at the same time not creating an undue hardship on the Borrower. The maximum term shall be 60 months.
9. Repayment will begin on the first day of the month no sooner than 30 days from the first draw. The payment amount will be based on the full loan amount.
10. On a case by case basis, repayment of a loan may be deferred until resale (i.e., the loan is repaid from the sale proceeds when Borrower sells their house). Deferred loans will also be secured by a recorded Deed of Trust and Promissory Note.

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Loan Approval Process

1. The Executive Director has authority to approve loans up to \$6,000.
2. The Loan Committee has authority to approve loan requests over \$6,000 up to \$7,000.
3. The Finance Committee has authority to approve loan requests over \$7,000 .
4. Loan requests will be reviewed and the Borrower notified within 10 working days from the time a completed application is received by Newtown.
5. If approved, the funds will be disbursed upon presentation of receipts/bills and paid directly to vendor.

Contact

Please contact Betty Schaffer if you are interested in this program or have questions at betty@newtowncdc.org

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newtowncdc.org

Community Development Corporation | Community Land Trust | HUD Approved Counseling Agency

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