

Type of Loan

Deferred Payment Loan – offers a zero % interest loan which is deferred until title is transferred or property is sold or refinanced. Eligible repairs include roofing, painting, stucco, garage doors, driveway, window replacement, and correction of code violations, with the exception of garage restoration fees. Work must be completed by a State licensed General Contractor. Maximum loan amount is \$65,000. If any rental units are rehabilitated along with the owner occupied unit on the same lot, a minimum affordability period of 10 -15 years will be required for the rental units. Work must be completed in six (6) months.

Type of Grant

Special Grant – must be used in conjunction with a Deferred Payment Loan. Provides grant funds for lead paint testing and abatement, termite inspection and repairs. This Special Grant does not have to be repaid. Work must be completed by a State licensed Contractor. The maximum Special Grant amount is \$10,000.



The City of South Gate's Home Improvement is federally funded by the HOME Program funds. This program will encourage and provide for the improvement of deteriorated housing throughout the city. More specifically, this program will provide assistance up to \$65,000 to being an owner-occupied home into compliance with U.S. Department of Housing and Urban Development (HUD) Housing Quality Standards (HQS) for decent, safe and sanitary housing. The intent of the program is to provide zero interest loans to very low and low income families for the purpose of making home improvements that will improve or protect the livability of their residences.

Funds are available on a first come first serve basis. In all instances, the property must be located within the City of South Gate.

City of South Gate Home Improvement Program

8650 California Avenue
Phone: 323-563-9592
Fax: 323-567-0725

www.cityofsouthgate.org



City of South Gate Home Improvement Program



Deferred Loan Program

& Special Grant Program

Features of Loan

- The maximum deferred loan amount is \$65,000 and minimum is \$20,000 or as determined by the cost of work required for the residence to comply with the minimum U.S Department of Housing and Urban Development (HUD) Housing Quality Standards.
 - The maximum loan of \$65,000 can be exceeded on a case-by-case basis for justable reasons. An exception of this nature must be reviewed and approved by the city's Housing Administrator.
- The loan is secured by a Deed of Trust (the conditions of city's loan) on the property.
- The loan is due and payable to the city when the house is sold, no longer owner-occupied; ownership is transferred, refinanced with cash-out or at the death of the last surviving person signing the Deed of Trust.
- The loan includes a closing cost fee of approximately \$545, which is directly paid out of the loan amount. The program loan covers the cost for all home improvements and the loan-closing costs made by the city for the homeowner. The homeowner does not receive any cash. Funds are paid directly to the licensed contractor with the homeowner's approval. Homeowners and / or household members are prohibited from performing any type of work under the program.
- A grant for Lead-Based Paint Abatement and Termite Fumigation is awarded with the loan.

Program Eligibility

To qualify for the program, the applicant must meet the following requirements:

- The property must be located in the City of South Gate and the applicant must be current owner and occupant of the residence that will be improved with the proceeds of the program. Note: Owner must live in the property for the life of the loan.
- The applicant must provide documentation providing ownership of their home, proof of homeowners or hazard insurance and current property tax receipts.
- The applicant(s) must be a citizen of the United States or legal resident alien. If married, at least one must be a legal resident alien.
- Total household gross annual, income cannot exceed the maximum household income adjusted to household size. Household income is determined annually by the Department of Housing and Urban Development, <http://www.huduser.org/portal/datasets/il/il2015/2015summary.odn>.
- The property must have enough equity to secure a minimum loan amount of \$20,000.
- The property taxes, mortgage payments and home insurance must be paid to date – No late payments allowed.
- The mortgage note cannot have any balloon payments, negative amortization, interest only payments or reverse equity.
- The homeowners cannot be in a home loan modification process or trial period.

Process Time

An application is submitted by mail, fax, or in person and is placed on a waiting list. Currently, there is a 12-month waiting list for the program.

Eligible Property Type

Eligible property types include: 1–to-4 unit property, condominium or mobile home.

If the property has more than one unit, each tenant must apply and report individually their income in an application, in order for the property to receive assistance.

Type of repairs covered by the program

Windows, roof, attic insulation, water heater, plumbing & electrical improvements, bathroom /bedroom / kitchen repairs, safety improvements, such as GFI outlets and other items subject to program approval.

Note: Remodeling, room additions and luxuries, such as A/C, high-end items are not permitted.

