

Accessory Dwelling Unit Lending Program Term Sheet		
Goal	Provide financing to encourage the development of ADUs in the City of Madison.	
Eligibility	• Minimum credit score of 620 • Liquid assets no more than two times the value of the project. • A minimum 10% equity investment from the borrower. • Commitment from homeowner to live in one of the units.	
Property Requirements	• Located in the City of Madison. • Property must be a single family, detached home. • Occupied by owner who commits to continue living in property • Homeowner's insurance policy is current. • Homeowner is current on outstanding mortgages and property taxes. The property must be zoned for ADUs. Only one ADU is allowed. Must comply with City licensing requirements	
ADU Types	Financing may be used for detached, attached, carve-out units and basement or attic conversions. ADUs can be no larger than 900 square feet.	
Maximum Loan	\$130,000	
Loan-to-Value (LTV)	Maximum LTV: 105%	
Type	15-Year Installment Loan	
Interest Rate	2%	
Expenses	Eligible Costs	Ineligible Costs
	• Construction • Materials and labor • Site delivery or transportation • Site work - foundation, grading, and utility hookups • Mechanical equipment, lighting, ventilation, heating and cooling, insulation and electrical • Vanities, cabinets and countertops • Flooring and carpeting • Solar panels and installation	• Rehab not tied to ADU • Landscaping, patios and ground floor decks • Furniture • Appliances • Luxury items – e.g., hot tubs, custom mill work, high-end fixtures, etc. • In-kind labor
Payback	• Monthly repayment of principal and interest by 15th of each month following issuance of Occupancy Permit. • Balance due in full upon sale or transfer of property, or owner no longer lives on the property. • No pre-payment penalty.	
Restrictions	There are no affordability requirements or rental restrictions.	

Landlord Training	Landlord training is required if the owner elects to rent the ADU as a separate dwelling unit. City's fair housing training for landlords is also encouraged.
Fees	• \$75 Application fee • Title Insurance Policy, in the amount of the ADU Loan (\$300-350) • Recording fee • Appraisal