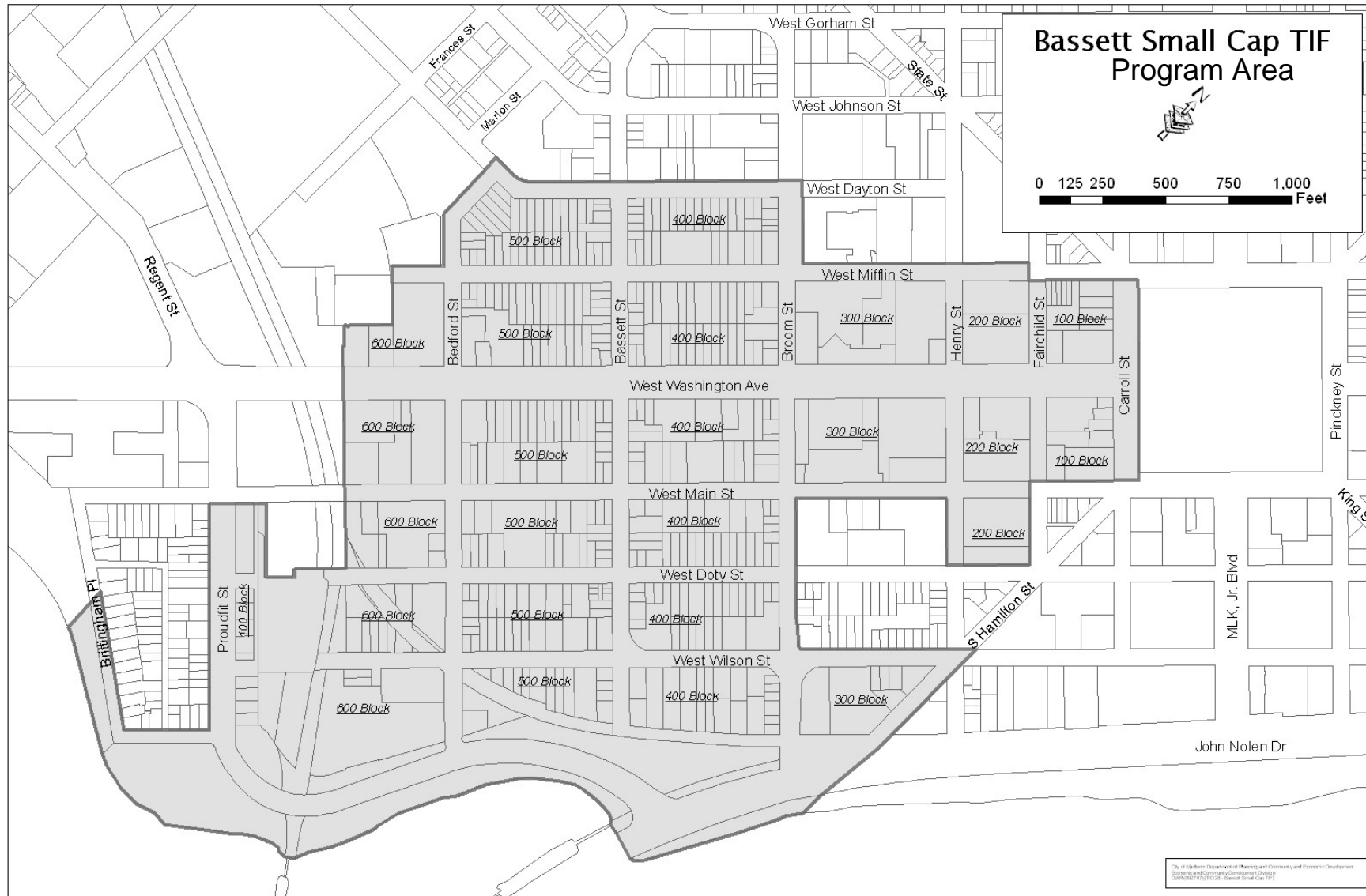


# BASSETT SMALL CAP TIF LOAN PROGRAM



*A purchase and rehabilitation  
assistance program to help you buy  
a home in the Bassett  
Neighborhood in downtown  
Madison.*

A Program administered by the City of Madison  
Dept. of Planning & Community & Economic Development  
Economic Development Division

### Program Description:

The Bassett Small Cap TIF Loan program provides a 0% interest forgivable second mortgage loan to eligible borrower(s) to finance a portion of the purchase price and rehabilitation costs of an eligible property. The maximum loan amount is \$60,000.

### Eligible Borrowers:

- 1) Must occupy the property as their principal residence for ten (10) years; and
- 2) Must invest a minimum down payment of 3% of the purchase price; and
- 3) Must provide the City with a copy of their first mortgage commitment; or
- 4) Must submit and receive approval of a Bassett Small Cap TIF Loan Application.

### Eligible Properties:

- 1) Must be located in the Bassett TIF District (see map on back of this brochure); and
- 2) Must currently be a rental property; and
- 3) Must be in need of rehabilitation; and
- 4) Must contain no more than three (3) separate dwelling units upon completion of the rehabilitation; and
- 5) Must be brought up to energy efficiency standards prescribed by the Madison Energy Code.

### Loan Amount:

The maximum loan amount under the program cannot exceed the total of 15% of purchase price and/or rehabilitation costs, not to exceed \$60,000 per property.

### Loan Terms:

- 1) The loans are second mortgage loans at 0% interest.
- 2) The principal balance shall decline 10% each year based on the original loan amount provided the property remains the principal residence of the Borrower for a period not less than ten (10) years from the closing date. After ten (10) years, the loan is forgiven.
- 3) If the borrower(s) sells or transfers title within ten (10) years, the outstanding loan balance becomes due and payable.
- 4) Property must be converted to owner-occupied and be occupied by borrower(s) within twelve (12) months of closing.
- 5) The borrower(s) may lease their unit once during the ten (10) year period for a period not to exceed twelve (12) months. The borrower(s) shall notify the City thirty (30) days in advance of such intention to lease prior to executing the lease. If leased beyond this period, the declining balance formula is revoked and the original loan amount is immediately due and payable.

### Other Loan Conditions:

The borrower must comply with all applicable Equal Opportunity, Fair Housing,

Best Value Contracting and Affirmative Action Ordinances of the City of Madison.

### Steps to Take:

- 1a) Borrower(s) works with a lender to obtain a first mortgage commitment on the property they wish to purchase. Borrower(s) inform(s) lender of their interest in using the Bassett Small Cap TIF Loan Program. Lender submits an application packet to the City. OR
- 1b) If borrower(s) owns the property, they need to submit a Bassett Small Cap TIF Loan Application to the City.
- 2) Staff meets with borrower to review program requirements and project.
- 3) Staff inspects property.
- 4) Borrower(s) submits bids for the rehabilitation work.
- 5) At loan closing, the title company will escrow the rehabilitation funds.
- 6) Contractor commences construction.
- 7) Staff conducts progress inspections and authorizes payouts.

*Note: The City requires approximately sixty (60) days to process the Bassett Small Cap TIF Loan.*

### Funds Are Available Now

Funds are limited and are available on a first-come, first-serve basis. These funds are only available through December 31, 2008.

### Example:

Assume the following: A property is purchased for \$300,000 with \$10,000 in rehabilitation costs.

Purchase Price	\$300,000
Rehabilitation costs	+ \$ <u>10,000</u>
<b>TOTAL</b>	<b>\$310,000</b>

You can finance it as follows:

- 1) **Bassett Small Cap TIF Loan** **\$46,500**  
 (\$300,000 + \$10,000) x 15%
- 2) 3% borrower(s) minimum down payment (based on purchase price \$300,000 x 3%) \$ 9,000
- 3) 1st Mortgage Loan \$244,500  
 (\$300,000 - \$9,000 down payment - \$46,500 Bassett Small Cap TIF Loan)

For additional information call 608-266-4223 (Terri Goldbin) or 608-266-6558 (Percy Brown).



*The Bassett Small Cap TIF Loan Program is funded by the City of Madison.*

[www.cityofmadison.com/homeloans](http://www.cityofmadison.com/homeloans)