

Accessory Dwelling Unit Lending Program		
Term Sheet		
Goal	Provide financing to encourage the development of ADUs in the City of Madison.	
Eligibility	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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. <p>The property must be zoned for ADUs. Only one ADU is allowed. Must comply with City licensing requirements</p>	
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
	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none">• \$75 Application fee• Title Insurance Policy, in the amount of the ADU Loan (\$300-350)• Recording fee• Appraisal