

## **SAMPLE Homeowner Rehabilitation Resolution**

WHEREAS, Michigan State Housing Development Authority (MSHDA) has previously required that grantees under its CDBG County Allocation housing program provide rehabilitation assistance for owner-occupants in the form of a loan, repayable from the cash proceeds of the home's subsequent sale; and

WHEREAS, \_\_\_\_\_ County (the County) understands that MSHDA's deferred loan policy has always assured that any repayment is limited to the lesser of the actual loan balance or the homeowner's cash proceeds at resale; and

WHEREAS, the County understands that any repayments from these loans are retained by the County as Program Income and used to continue the housing program, provide assistance to additional households, and collect additional administrative funding; and

WHEREAS, federal funding for this program faces an uncertain future with regular proposals for substantial reductions; and

WHEREAS, some program administrators have requested that MSHDA allow counties to offer forgivable loans to assisted homeowners; and

WHEREAS, the County recognizes that the forgiveness of repayable balances will reduce the return of program income to the county; and

WHEREAS, MSHDA has agreed to provide Counties with the option to choose between providing more forgivable assistance to fewer households or providing repayable assistance to more households over time by recycling Program Income; and

WHEREAS, in regular meeting open to the public, the Board of Commissioners of the County has determined that it is in the best interests of the County to provide forgivable loans under this program for the following reasons:

- [insert local reasons for adopting loan forgiveness policy here]

### **THEREFORE BE IT RESOLVED THAT**

1. The County plans to modify its program guidelines to allow the forgiveness of loan balances that may have been repayable from the cash proceeds of resale FOR LOANS ORIGINATED after \_\_\_\_\_ (date), or the first day of the month after MSHDA approves the modified Program Guidelines until further notice; and
2. To reduce the negative impact of this policy on future program income, the County will not forgive these repayable balances before the end of the fifth year of the loan and will forgive no more than 10 percent of the balance each year thereafter from years 6 through 15 until the balance is forgiven up to 100 percent.