

HPR (Homebuyer Purchase Rehabilitation Program) – Success Story

In August 2010, Jennifer Eising obtained the goal of a lifetime, the all-American dream: owning her own home.

With the assistance of several area programs, she was able to purchase and rehabilitate a beautiful home just inside the city limits of Lake City.

This past spring, Eising, a single parent of three children, began the process to purchase a previously-owned home from Habitat for Humanity. With the changes in the housing market, Habitat for Humanity of Missaukee County has changed tactics and can now assist clients with the purchase and rehabilitation of existing homes. Eising was a perfect candidate: she has been willing to put in numerous hours of “sweat equity,” physical labor on the home, working alongside friends and other volunteers of Habitat for Humanity.

“I learned many new things about working on a house and became a stronger person, giving me more confidence in myself. I saw that I could accomplish something. It made me feel capable.”

With all the work that Eising and Habitat for Humanity completed on the home, there was still more to do.

Northwest Michigan Community Action Agency (NMCAA) assisted the homeowner with a number of repairs, as well as closing cost assistance for the purchase of her home, using its Homebuyer Purchase Rehabilitation program, which is a **0% interest, forgivable loan** through the Michigan State Housing Development Authority (MSHDA).

The program works with income-eligible homebuyers looking for a property within the city limits of Cadillac or Lake City, and can assist with major rehabilitation work, closing costs and sometimes even down-payment assistance, depending on the property and the qualifications of the purchaser. The maximum amount of assistance for one property is \$30,000.00, but every property and every homebuyer qualifies differently.

“Homebuyers must be able to obtain a first mortgage, but if they can’t qualify for the full cost of the home that they are trying to buy, this program may be able to fill the gap with down-payment assistance”, said Cathy Odom, Housing Programs Manager for NMCAA. “We inspect the house and loan the buyer funds to fix health and safety issues and hopefully ward off any major repairs like a roof or a furnace for years to come.”

But the best part is that no payment is required on these loans, and the full amount is forgiven over 10 years if the client continues to live in the home.

In Eising’s situation, she was eligible for \$2,307.00 to help with her closing costs, as well as \$23,215.00 in rehabilitation work on her new home.

As the home had been a foreclosed property, there was a long list of repairs to be made: the list included new doors, drywall work, a whole new kitchen and appliances (the old kitchen was completely removed before Eising purchased the home), plumbing repairs, lighting, flooring, bathroom upgrades, electrical work and a variety of other issues.

Because the repairs were so extensive, Eising and her children had to wait months to move in. The process seems time-consuming, but the rewards are great.

“My kids are happy to have their own rooms now and they have seen what hard work and perseverance can achieve. Although they are young (5, 8, 12) they helped paint and do yardwork,” said Eising.

Eising is not the only one that can benefit from this program. NMCAA has a goal to complete four more projects of the same nature during the next 12 months, and is looking for clients who want to purchase homes in the city limits of Lake City or Cadillac.

To qualify for these MSDHA funds, families need to earn less than 80% of the median income which is, for example, \$41,450 per year for a family of four, \$37,350 per year for a family of three, or \$33,200 for a family of two. The home they purchase needs to be located in the city limits of Cadillac or Lake City. The buyer needs to have at least 1% of the purchase price as a down payment and be able to also obtain financing from a lender for the first mortgage, according to Odom.

“If you are considering buying a home this is a great opportunity. Obtaining a zero-percent interest, forgivable loan is the next best thing to the (expired) homebuyer tax credit.”

For more information on the Homebuyer Purchase Rehabilitation program, call Jeannette at NMCAA’s Cadillac office at (800) 443-2297 or visit www.nmcaa.net.