

IC 36-7-16

Chapter 16. Home Rehabilitation Loans

IC 36-7-16-1

Application of chapter

Sec. 1. This chapter applies to all units except townships.

As added by Acts 1981, P.L.309, SEC.35.

IC 36-7-16-2

Definitions

Sec. 2. As used in this chapter:

"Agency" refers to the department of metropolitan development in a county having a consolidated city, the works board in second class cities, and the department of redevelopment in other units.

"Home" means a residential building containing no more than four (4) family dwelling units.

As added by Acts 1981, P.L.309, SEC.35.

IC 36-7-16-3

Appropriations; federal monies and monies received on resale of property; grants to homeowners

Sec. 3. (a) A unit having an agency may appropriate money to the agency for the purpose of making rehabilitation loans and administering this chapter.

(b) The unit, through its agency, may use federal monies that it receives for these purposes and monies that it receives as a result of the sale or lease of property to which it has held title as a result of failure to comply with the terms of a loan or grant made under this chapter.

(c) A unit, through its agency, may make home rehabilitation grants to bona fide homeowners, if the monies used for these grants are received only from federal grants and are appropriated under the terms and regulations of the granting federal entity. Federal grants that may be used under this subsection include monies appropriated to units under the 1974 Community Development Act, as amended (42 U.S.C. sections 5301-5318).

As added by Acts 1981, P.L.309, SEC.35.

IC 36-7-16-4

"Concentrated code delinquency area" defined; loans; authorization; prerequisites

Sec. 4. (a) As used in this section, "concentrated code delinquency area" means an area of at least one-half (1/2) square block in which:

- (1) at least two-thirds (2/3) of the lots are occupied by improvements;
- (2) at least two-thirds (2/3) of the improvements are homes; and
- (3) an investigation by the agency shows that at least one-half (1/2) of the homes are not in compliance with applicable building code standards.

The agency may conduct an investigation on its own initiative, and

shall conduct an investigation on receipt of a petition signed by the occupants of at least one-half (1/2) of the family dwelling units within the proposed area. In conducting the investigation, the agency may use its own staff or hire independent appraisers and inspectors.

(b) Rehabilitation loans may be made to enable the borrower to make repairs that will bring his home into compliance with applicable building code standards, if all of the following conditions are present:

(1) The borrower holds marketable title to the property, subject only to mortgage indebtedness or contract for the purchase of the property, the lien of taxes that are not yet due and payable, and any assessment for public improvements that is not yet due and payable.

(2) The property is located within the area of a community development target area designated by an application to the Department of Housing and Urban Development under the 1974 Community Development Act, as amended (42 U.S.C. sections 5301-5318), an urban renewal project, a concentrated code delinquency neighborhood, or an area needing redevelopment.

(3) The agency has determined that the borrower is an acceptable credit risk. In making this determination, the agency shall be guided by the fact that a principal purpose of this chapter is to make rehabilitation available to those who would be unable to obtain such loans through normal commercial channels.

(4) The borrower has in full force and effect a policy of insurance protecting the property in an amount and with an insurer satisfactory to the agency.

(c) Subject to subsection (d), the agency shall use the procedures prescribed by IC 36-7-14-15 through IC 36-7-14-18 to make a finding that an area is an area needing redevelopment.

(d) The agency in a consolidated city shall use the procedures prescribed by law to make a finding that an area is an area needing redevelopment.

As added by Acts 1981, P.L.309, SEC.35. Amended by Acts 1981, P.L.310, SEC.92; P.L.185-2005, SEC.49.

IC 36-7-16-5

Purchasers under land sales contracts; eligibility for loans

Sec. 5. (a) A purchaser under a land sales contract is eligible for a loan to cover the costs of repairs that will bring his home into compliance with applicable building code standards, if all of the following conditions are present:

(1) The contract is a written, legally binding instrument involving a residential property containing, after rehabilitation, not more than four (4) dwelling units.

(2) The seller of the property holds fee title to the property, and, while the contract is in good standing, is unable to use the property for collateral or to convey it to any other party, unless the use for collateral or conveyance of fee is subject to the land

sales contract. The agency shall record this agreement, or the contract, promptly after loan settlement.

(3) Under the contract, the seller and any subsequent holder of the fee to the property is obligated, without qualification, to deliver to the purchaser fee simple title and a deed to the property upon full payment of the contract price, or some lesser amount.

(4) Under the contract, the purchaser has:

(A) full use, possession, and quiet enjoyment of the property;

(B) equitable title to the property; and

(C) full rights of redemption for a period of not less than ninety (90) days.

(5) The purchaser has had possession and use of the property under the contract for at least twelve (12) months before the date of application for a loan. If the loan is to include an amount to refinance the balance due under a land sales contract, this requirement does not apply.

(b) The agency may purchase the property from the contract seller at any time by the exercise of any right of accelerated payment that is provided for under the contract, by negotiation with the contract seller, or by the exercise of the power of eminent domain.

As added by Acts 1981, P.L.309, SEC.35.

IC 36-7-16-6

Property acquired by default; disposition

Sec. 6. If the agency acquires title to property as the result of a failure to comply with the terms of a loan made under this chapter, the agency may make the same use or disposition of the property that it may make of any other property to which it acquires title.

As added by Acts 1981, P.L.309, SEC.35.

IC 36-7-16-7

Loans; no application fee; closing costs and charges

Sec. 7. The agency may not charge an application fee in connection with the loans authorized by this chapter. However, if an application is approved, the agency shall include in the principal amount of the loan an amount sufficient to cover closing costs and the cost of:

(1) bringing the title to date;

(2) obtaining title insurance or a title opinion from counsel;

(3) appraisal; and

(4) any necessary permits.

As added by Acts 1981, P.L.309, SEC.35.

IC 36-7-16-8

Loan rates; administration of chapter

Sec. 8. (a) Loans made under this chapter shall be made at rates to be determined by the agency. The proceeds of loans shall be used to defray the expense of administering this chapter.

(b) The agency may employ the persons and establish the

administrative guidelines required to carry out the purposes of this chapter.

As added by Acts 1981, P.L.309, SEC.35.