

Frequently Asked Questions

What is the purpose of the Compliance Loan Program?

The Compliance Loan Program aims to help homeowners get the funds necessary to correct code violations and avoid further enforcement action from the Department of Neighborhood Services. This protects neighborhoods from blight and foreclosures and also preserves the property value of nearby houses.

What if I'm not current on my taxes or mortgage?

Since the loan is secured through a mortgage, the City must be reasonably certain foreclosure is not likely. For this reason, it is required that property taxes and mortgage payments be current. In extreme circumstances, payment plans may be considered. However, the usual course of action will be to refer a delinquent owner to services that can help the individual get caught up on these debts before moving forward with the CLP process.

What if I don't meet some other requirement?

The requirements listed are what is expected of most candidates to qualify for CLP funding. The Compliance Loan Program serves a specific function within the larger context of City resources available to homeowners. Individuals who do not meet the listed requirements will most likely not qualify for CLP services. However, homeowners looking for help are still encouraged to contact CLP staff who can provide contact information for other resources available in the community.

What types of income should I report?

Any form of income for any household occupant must be reported. This includes wages, rent, Social Security payments, pension payments, and any other money a person earns. This includes children living at the property. Submit a formal record of the payment, not a bank report showing deposits and withdrawals.

Who counts as an occupant?

Any person using the property as their main place of residence should be included as an occupant and must report their income. If the stay is only temporary, the person does not need to be included. For example, if a family member is staying with you for a month before moving somewhere else, they need not be reported as an occupant.

Is there any interest or hidden fees?

There is no interest on the loan. A loan of \$10,000 today will require a payment of \$10,000 upon transfer of the property, no matter how far in the future such a transfer takes place. There is an administrative fee of \$125. This fee can be included directly in the loan amount, so long as the total stays below the \$15,000 limit. This would mean homeowners pay \$0 up front for the repairs needed on their property.

Can I use my own contractor?

The City has several construction firms under contract to perform work for CLP. Program staff will assign the contractor best able to perform the work in a timely manner. This ensures work stays up to CLP standards and that only properly licensed and insured contractors are used.

What does it mean to have the City place a lien on my property?

The word "lien" is a legal term often used in real estate finance. In this instance, the lien on the property is nothing more than a mortgage agreement. By attaching a mortgage to the property, the City is securing a legal means of obtaining the loan payment when the property is sold. For this reason, the mortgage lien described in the attached documents should not carry with it the possible negative credit score effects of other liens. However, every person's credit situation is unique and the City encourages every individual to survey their financial situation before agreeing to any loan program.

Will the loan affect my current mortgage?

This loan is designed to be as favorable as possible. Therefore, special language is included in the loan documents

stating that the loan is second to any current financing you have on the property. This is meant to ensure CLP loans do not have any negative impact on a homeowner's ability to finance their home.

Do I need to make any monthly payments?

No monthly payments will be accepted. DNS does not have the staff of a bank, and cannot handle the administrative load of processing many different home owners making monthly payments.

Can I pay back my loan early?

Yes. Loans may be paid back early, so long as they are paid in full. This means you must make a one-time payment for the entire sum of the loan. There is no penalty for early repayment of the loan.

What if my children or grandchildren inherit my property?

If your children or grandchildren inherit your property, the transaction is specifically exempt from being considered a transfer requiring repayment of the loan. Instead, the child or grandchild receiving the property would have the same deal as the original homeowner. They would only pay back the loan once they sold the property. For instance, if you have a \$10,000 loan and your children inherit the property, they would not be required to immediately repay the loan. However, if your children then sold the property, they would pay back the loan amount at that time.

What kind of work can be done through the program?

The Compliance Loan Program will perform any work necessary to abate open orders and code violations on a property. CLP functions as a repair program, not a remodeling program. Only renovations necessary to correct building code violations will be performed. For instance, a homeowner with an order to repair their roof may qualify for CLP. If that same homeowner wanted their bathroom repainted, they would need to do so on their own time and with their own money.

Who is in charge of running the project?

A City of Milwaukee CLP Inspector will create a unique Scope of Work for each project. The Scope dictates exactly what work will be done. Once work begins, the CLP Inspector serves as the project manager and oversees the work.

What are my responsibilities while work is in progress?

In order for work to progress smoothly, homeowners should keep the work areas clean and free of debris, allow access to workers during normal work hours, secure any pets, and allow workers access to electricity and water. These are standard expectations for any renovation project.

What kind of materials will be used?

Contractors will use in-stock materials from their normal building materials supplier. This ensures that projects have quality materials at a price that does not cause undue expenses. Special order, second-hand, or luxury materials will not be used.

What if I'm not satisfied with the work?

Homeowners sign a contract with the construction company before work begins. CLP provides financing and Inspector oversight for all work to be completed. Inspectors have high standards of quality which must be met on each and every project. Inspectors will always ensure the work is up to code. Contractors only receive payment once the CLP Inspector approves the work and signs off on closing any open building code violations. If homeowners have additional concerns or requests after the Inspector signs off on the work, they have all the legal means of recourse available to homeowners under traditional private contracts to settle the matter with the construction company.

If you have any other questions, please call Steph O'Connor at 414-286-2567 or email clp@milwaukee.gov for assistance.