
CITY OF LEWISTON

COMMERCIAL PROGRAM GUIDELINES

**Revised July, 2008
Community Development Office**

50/50 COMMERCIAL REHABILITATION LOAN PROGRAM INTRODUCTION

The City of Lewiston's Economic and Community Development Department (ECDD) offers a Commercial Rehabilitation Loan Program and Downtown Improvement Program to commercial property owners, who are looking to improve their buildings. The Program is administered by the ECDD. The goals of the programs is to leverage private investment by:

1. the rehabilitation of commercial buildings;
2. elimination of slums/blighted properties;
3. the encouragement of investments which enhance the economic viability and appearance of the CITY

Part 1. PROGRAM SUMMARY

A. COMMERCIAL REHABILITATION LOAN PROGRAM

- Purpose:** To provide for the rehabilitation of commercial properties in accordance with the City's building code standards.
- Eligible Activity:** Loans may be made for the rehabilitation of building exteriors, upgrading building interiors, mechanical systems and structural repairs.
- Applicant Eligibility:** Applicant must submit a completed application along with a business plan which will outline 2 years of projections, personal and business financial documents, and proof of ownership.
- Interest Rate/Terms:** 3% - 10 years
- Matching Funds:** Applicant must provide or secure a matching amount (50% of total project cost) from a participating lending institution, owner equity and/or insurance company.
- Maximum Loans:** \$50,000
- Source:** Community Development Block Grant (CDBG)

B. ELEVATOR GRANT PROGRAM

Purpose: To underwrite the cost of installing a common elevator(s) serving adjacent multi-story commercial buildings which are privately-owned, mixed-use, taxable, and located in the

Downtown (see map - Appendix B-2).

To make space in the upper stories of such buildings more accessible and more readily available for commercial, office, and residential uses.

To stimulate substantial new, private investment in existing multi-story buildings in the Downtown.

Location: Grants may be made to the owner or owners of multi-story commercial buildings in Downtown. Downtown is the geographic area described in the Downtown Master Plan which is part of the Lewiston Comprehensive Plan. Downtown encompasses the area bounded by the Androscoggin River on the west, Bartlett Street on the east, the Maine Central Railroad on the north, and Adams and Locust Street on the south.

Priority will be given to buildings located at 1 – 541 Lisbon St. and 2 - 550 Lisbon Street; Main Street from the intersection of Main and Bates Streets and to the intersection of Main and Canal Streets. In the absence of eligible buildings in the area described above, buildings in other parts of Downtown may be eligible.

Eligibility: Buildings must be at least 3 stories high and located in the portions of Downtown described above.

Grant: The amount of a grant is based on the amount of new, private investment being made in the subject property or properties. For each \$4 of new, private investment in building rehabilitation, the City will grant \$1 toward the acquisition and installation of an elevator(s). The maximum grant amount for any one project is \$80,000. To obtain the maximum grant, the amount of new, private investment must total not less than \$320,000.

Funding

Source: Community Development Block Grant (CDBG)

Maximum number of Grants per fiscal year:

Two (2)

C. DOWNTOWN IMPROVEMENT PROGRAM

Purpose: To provide for the rehabilitation of commercial properties located in the downtown development district (see map) in accordance with the City's building code standards.

Eligible Activity: Loans may be made for the rehabilitation of building exteriors, upgrading building interiors, mechanical systems and structural repairs, acquisition and/or demolition of properties.

Applicant Eligibility: Applicant must submit a completed application along with a business plan which will outline 2 years of projections, personal and business financial documents, and proof of ownership.

Interest Rate/Terms: 3% - 10 years

Matching Funds: Applicant must provide or secure a matching amount (50% of total project cost) from a participating lending institution, owner equity and/or insurance company.

Maximum Loans: \$50,000

Source: Community Development Block Grant (CDBG)

D. DOWNTOWN FACADE GRANT PROGRAM

Purpose: The City of Lewiston is providing financial assistance to rehabilitate and improve the facades of privately-owned, mixed-use, taxable, commercial buildings within the Centreville Zoning District. (See map in Appendix B-2).

Eligibility: Properties must be located in the designated area, must be free of code violations and **must be** current on all taxes, City assessments, and water/sewer owed to the City of Lewiston for subject property are eligible. (Tenants ,with concurrence of property owner, also may apply).

Matching Funds: Applicant must provide or secure a matching amount (50% of total project cost) from a participating lending institution, owner equity and/or insurance company.

Maximum Grant: \$25,000 per address as defined by the Assessor's Office.

Funding Source: Community Development Block Grant (CDBG)

Part 2.
DEFINITIONS

Facade: The principal face of the building.

Job Creation: New jobs which are created and filled by or made available to persons from households with incomes at or below 80% of the median income. Businesses located in the Enterprise Community will automatically meet this requirement

Job Retention: Retained jobs are existing positions that would be eliminated if the project was not carried out.

Mixed-Use: A property used in some part for residential purposes and in some part for non-residential purposes.

Rehabilitation

Costs: The total of contractor estimates from the lowest eligible contractors, self-help expenses, and the contingency determined to be reasonable by the Rehab Coordinator.

Priority Area: An area within the Target Area which is given preference when processing applications.

Target Area: A designated neighborhood area defined by the Community Development Office for concentrated use of Community Development Block Grant Funds.

Part 3.
PROGRAM ADMINISTRATION

A. The purpose of these loan programs is to provide construction and/or permanent financing loans in conjunction with other Federal, State and/or City Programs. The total investment of City funds cannot exceed fifty percent (50%) of the cost of the project.

Interest bearing permanent financing: upon satisfactory completion of the construction phase and after final disbursement of payments for labor and materials and upon receipt of all required lien waivers from all contractors, sub-contractors, materials persons and vendors, the repayment of funds disbursed during construction phase will commence constituting the permanent financing at a rate prescribed in Part 3.4(D).

The above is contingent upon approved rehabilitation activities being completed in accordance with applicable municipal codes.

No monies will be disbursed to reimburse the borrower for improvements made to the property which were not approved by the Community Development Division.

Prior to loan closing, the borrower and the participating lender are required by the City to enter into an agreement to permit disbursement upon certification by the City that the work for which payment is requested has been performed in accordance with the terms of the loan.

3.1 ELIGIBILITY

A. General

A Loan will be made for the rehabilitation of building exteriors, site amenities, upgrading of building interiors and mechanical systems and structural repairs.

The use of funds for common areas such as the exterior of the building or hallways will be considered as part of the entire rehabilitation loan and will be construed as that loan that best identifies the structure.

In order to qualify for a Loan, both applicant and the property to be assisted must meet the minimum eligibility criteria set forth in Part 3.1(B) and 3.1©).

Mixed use properties are eligible but are limited to the commercial portion of the property.

The Loan Programs are funded through the Community Development Block Grant (CDBG) Program. Because of this, projects must meet the CDBG objectives of benefitting low/moderate income persons or the prevention and/or elimination of slums and blight. Projects located in a blighted area (Census Tracts 201-204), as designated in the City's annual Community Development Plan, automatically qualify as meeting CDBG objectives. Projects not located in a designated blighted area must meet the low/moderate income benefit objective through the creation or retention of jobs which are filled by or made available to persons from households with incomes at or below 80% of the median income for Lewiston. A job is "available" if the experience and educational levels required for the job would not preclude low/moderate income person(s). Retained jobs are existing positions that would be eliminated if the project was not carried out.

B. Property Eligibility

1. The property to be assisted must be within the following designated areas:
Commercial Rehabilitation Program: City Wide
Elevator Grant Program: downtown development district (see map Appendix B-1 for priority area)
Downtown/Facade Improvement Program: downtown development district (see map Appendix B-2 for priority area)
2. The funds must be used to correct code violation(s) as prescribed by City's code enforcement officers;

3. If the City's Community Development Division determines that exterior rehabilitation is needed, it must be included in the project.
4. The funds cannot be used for the rehabilitation of Adult Business Establishments as defined in the City Zoning Ordinance nor may private funds used for Adult Business Establishments spaces be counted as matching funds.

C. Applicant Eligibility

To qualify for a Loan an applicant must:

1. provide proof of ownership, or for lessees, permission from owner for the property to be improved;
2. have paid in full all City property taxes and/or any other assessed utilities and fees;
3. provide or secure a matching amount in part or total from a participating lending institution, owner financing and/or insurance company;
4. be willing to rehabilitate the property in accordance with the design standards set forth in Part 3.3(D);
5. submit detailed plans and cost estimates (i.e. floor, electrical, plumbing plans);
6. provide personal and business tax returns and personal financial information to determine financial capacity as deemed necessary by the City; and,
7. not be, nor any member of his (her) family be: (1) an elected City official; (2) Director of any municipal department; (3) an employee of the City's Department of Development; (4) a member of the City's Finance Committee, Planning Board or Board of Appeals.

3.2 LIMITATIONS OF LOAN PROGRAMS

A. Loans per applicant

No more than one Loan* will be processed at one time on behalf of an applicant in which the same individual(s) or corporation has a substantial interest. For the purposes of this section, loan processing will be considered complete when an application is disapproved or when a project is financed by a properly completed application in accordance with these guidelines.

* The Loan Qualification Committee reserves the right to review simultaneously multiple properties owned by any one property owner or corporation in which the same individual(s) has a substantial interest. If there are presented economic reasons to justify joint bidding and development, these same properties shall be eligible for the same bid.

B. Loans per property

The number of Loans per property is not restricted, except that portions or components of structures previously rehabilitated are ineligible for assistance.

C. Maximum loan amounts

The maximum loan for a rehabilitation project involving either interior or exterior rehabilitation will be established in the following manner:

Commercial Rehabilitation Loan Program: If the property contains a mixture of residential units and commercial space, the maximum allowed for the commercial space is \$50,000. The Housing Rehab Program may be used in conjunction of this program to fund the rehabilitation of the residential portion of the property. For projects to meet the job creation/retention benefit objective, the maximum commercial rehabilitation loan will be \$25,000 for each qualifying created and/or retained job up to the maximum of \$50,000.

Elevator Grant Program: The maximum grant amount for any one project is \$80,000.

Downtown Improvement Program: : If the property contains a mixture of residential units and commercial space, the maximum allowed for the commercial space is \$50,000. The Housing Rehab Program may be used in conjunction of this program to fund the rehabilitation of the residential portion of the property. For projects to meet the job creation/retention benefit objective, the maximum commercial rehabilitation loan will be \$25,000 for each qualifying created and/or retained job up to the maximum of \$50,000.

Facade Grant Program : Reimbursement for completed project will be made at 50% of the shareable costs up to a maximum reimbursement of \$25,000. For projects to meet the job creation/retention benefit objective, the maximum commercial rehabilitation loan will be \$25,000 for each qualifying created and/or retained job up to the maximum of \$50,000.

D. Matching funds:

Commercial Rehabilitation Program, Downtown Improvement Program, Facade Grant Program: loans must be matched by an equal amount secured by a lending institution, insurance company or owner financing.

Elevator Grant Program: The amount of a grant is based on the amount of new, private investment being made in the subject property or properties. For each \$4 of new, private investment in building rehabilitation, the City will grant \$1 toward the acquisition and installation of an elevator(s). To obtain the maximum grant, the amount of new, private investment must total not less than \$320,000.

E. Allowable improvements

Commercial Rehabilitation Program: commercial or industrial property, but where such property is owned for-profit, rehabilitation is limited to the exterior improvements of the building or for the correction of code violations. Further improvements for such buildings may qualify under Special Economic Development Activities.

Required work items for the correction of code violations:

1. Applicable codes, which are the building, electrical, plumbing, fire and life safety, and health codes of the City of Lewiston,
2. Those portions of state and national codes which are incorporated in these local codes.

Elevator Grant Program: installation of a common elevator(s) serving adjacent multi-story commercial buildings which are privately-owned, mixed-use, taxable, and located in the Downtown.

Downtown Improvement Program: Loans may be made for the rehabilitation of building exteriors, upgrading building interiors, mechanical systems and structural repairs, acquisition and/or demolition of properties.

Projects eligible for the Downtown/Facade Improvement Program include:

1. Upgrading and improvements to mixed-use, commercial building facades which are visible to the public and have street frontage. Each property address will be defined by the assessor's office.
2. Preference will be given to property addresses of 1 - 541 and 2 -550 Lisbon Street and 157, 177 Main Street.
3. Grant amount of five dollars per square footage of building facade, with a maximum grant of \$25,000.
4. Renovations must be for the entire facade of the building
5. Exterior signage; (in compliance with City Code);
6. Landscape and lighting improvements to property;
7. Landscaping in areas visible to the public, particularly when public safety is enhanced.

Ineligible costs include:

1. General maintenance
2. Repairs covered by insurance, e.g. vandalism

Facade Grant Program: Upgrading and improvements to mixed-use, commercial building facades which are visible to the public and have street frontage. Each property address will be defined by the assessor's office. Renovations must be for the entire facade of the building; Exterior signage; (in compliance with City Code); Landscape and lighting improvements to property; Landscaping in areas visible to the public, particularly when public safety is enhanced.

3.3 PROCESSING AND APPROVAL OF LOAN APPLICATIONS

Approval of any loan will be contingent upon:

1. the Loan Qualification Committee's affirmative vote;
2. the applicants' ability to secure and/or provide a matching source from an institutional lender, owner financing, insurance company, and/or any other form acceptable by the Loan Qualification Committee;
3. the applicant having good credit and demonstrating the ability to repay the loan;
4. an agreement to repay the interest bearing loan;
5. and verification that all property taxes and all other city utilities are paid.

A. Applications

Application forms for the Commercial Loans and/or Grants are available from the Community Development Division, Lewiston Department of Development, Third Floor, Lewiston City Building. Completed applications are to be submitted to the Community Development Division for processing.

The City will make available the services of a Rehab Coordinator who will determine the scope of work, prepare specifications, document eligibility criteria and underwriting, secure approval, prepare loan documents, and act as a project manager including authorize progress payments.

B. Verifications

Copies of all income sources (i.e. check stubs, business financial statements, W-2 forms, State and Federal income tax returns) shall be provided by the applicant. A certified financial statement or other documentation from an accountant or other acceptable source may be required of a corporation, partnership, or other business enterprise. Written verification may be required from income sources.

The Community Development Office shall verify title by checking the records at the Androscoggin County Registry of Deeds.

Initial inspection - If it appears that the applicant and property are eligible for a loan, an initial inspection will be scheduled with the applicant, the City's housing inspector and the Rehab Coordinator. Rehabilitation requirements will be determined during the initial inspection.

Inspection Report and Specifications -- An inspection report shall be prepared by the Rehab Coordinator and mailed to the applicant. The inspection report shall list the rehabilitation requirements to bring it into compliance. Once the owner has reviewed the inspection report, the Rehab Coordinator creates technical specifications for contractor bidding.

C. Loan Qualification Committee

All Loan applications except for the Facade Grant Program applications will be presented for review and approval to the Loan Qualification Committee (LQC), which consists of: the City of Lewiston's City Administrator, Assistant to the City Administrator, Director of Finance, one member of the City Council, and one citizen representative. The actions of the Committee shall be governed by the following rules:

1. A majority of the Committee's members must be present to constitute a quorum. At least three (3) votes on the prevailing side are required to constitute a valid vote on any loan application.
2. Final Committee approval of Loans for rehabilitation will be contingent upon the applicant meeting the matching requirements contained in Part 3.2(D).
3. The Committee has the authority to adjust terms, rates and the match requirement ratios on a case-by-case basis.

D. The Facade Grant Approval:

Applications will be reviewed and approved by Development Department staff. The Director of Development, Deputy Director of Development, Planning Director and Community Development Director. It must be a unanimous decision.

E. Review criteria

The Loan Qualification Committee will review all completed applications for assistance through the Commercial Loan and/or Grant Program to assess the compatibility of projects with the overall objectives of the City's Revitalization Program as follows:

1. Any exterior changes or additions to existing structures should be compatible with the original design of the building (or with overriding architectural style of the area).
2. Building Improvements in the Designated Downtown Historic Districts may require review and approval by the Historic Preservation Review Board.
3. Whenever possible, original exterior details and materials should be retained. If it becomes necessary to introduce new elements or to mix old and new parts, they should harmonize with what already exists.
3. Buildings should not be made to look older than they really are by using details from earlier periods.
4. Design of rehabilitation work should be compatible with the proposed uses.
5. Proposed improvements should harmonize with, and complement, the proposed pedestrian amenities when possible.
6. Provisions of access from **existing and proposed parking** areas to centers of **pedestrian activity should be developed wherever possible**.
7. Loans should be granted only for activities which promote uses in harmony with a redeveloping retail, office, professional, manufacturing, entertainment, and multi-unit residential centers.
8. Signs should be simple, easy to read and harmonize with the building's architecture. Graphic symbols or messages which characterize the local business should be used rather than commercial trademarks and logos. Simple frames and functional mounting hardware should also be utilized.
9. For applications that propose interior rehabilitation, mechanical system upgrading, and/or structural repairs only, the Committee must certify that exterior rehabilitation is not needed. This certification will be based on the determination that the existing exterior is not detrimental to the overall appearance of downtown, and/or that it is not in a deteriorated or dilapidated condition.

F. Bid Process

Each loan applicant must secure at least two (2) bids for each specific rehabilitation task. Bids may be obtained from a general contractor, covering all rehabilitation tasks or from separate contractors for each specific rehabilitation task. Standardized forms for bid proposals may be provided by the City's Community Development Division. The applicant is solely responsible to

invite and accept or reject any bid proposal. If **however, the low bid is not accepted** and the rehabilitation activity is awarded to a higher bidder, the applicant must submit to the City Community Development Division a written statement which explains the reason for accepting the higher bid. Any contractor chosen must prove his ability to provide all necessary insurances, expertise, equipment, and materials to satisfactorily complete the respective task.

G. Contractor Eligibility:

To be an eligible contractor the following standards apply:

1. Insurance -- The contractor and subcontractors shall carry Worker's Compensation Insurance for all their employees in accordance with the Worker's Compensation laws of the State of Maine. The contractor and subcontractors shall carry Manufacturer's and Contractor's Public Liability Insurance with a limit of \$300,000 for personal injury or death and \$100,000 for property damage. The Community Development Office may require bonding for contracts in excess of \$100,000. The Community Development Office will require evidence of insurance prior to signing a construction contract.
2. License and Qualifications --The contractor shall have in effect a license if required by the City of Lewiston, or State of Maine. The contractor must have completed a Department of Environmental Protection approved lead-smart renovator's course, if pertinent to the work being performed.
3. Credit -- The City may require a list of credit references, names of suppliers, name of bank where contractor does business, and names and addresses of recent home improvement customers.
4. Skill and Equipment -- No approval of a contract shall be given unless the construction contractor can satisfactorily demonstrate that he/she and/or their subcontractor(s) have the necessary skills and equipment to perform the work in an efficient and expedient manner.
5. Bid proposals may be secured from and awarded to a member of the applicant's family (i.e. relative) if the bidder:
 - a. is a bona fide and skilled tradesman;
 - b. is not living in the same household as the borrower;
 - c. has no direct or indirect financial interest in the property to be rehabilitated; and
 - d. the relationship is disclosed in writing by the Borrower at the time of bid proposal.

6. All contractors working on federally funded projects of \$2,000 or more are subject to Davis Bacon Act which requires the City to monitor for compliance with this Act. The contractor must agree to submit certified payrolls for all employees who are employed on the project and the City must have access to those employees for the purpose of conducting an interview as part of the compliance.

H. Labor Performed by the Borrower

Bid proposals may be secured from and awarded to the Borrower (i.e. Borrower may serve as general contractor and/or do work on his/her own property), if the Borrower meets the following requirements:

1. Is a contractor or tradesman who has an ownership interest in a contracting or trades business that has been in existence for at least six (6) months prior to loan application or, as a property owner, has employed, for at least six (6) months prior to loan application, a full-time maintenance crew with the expertise and equipment to satisfactorily complete the respective tasks which the Borrower proposed to perform.
2. The Borrower must have completed a Department of Environmental Protection approved lead-smart renovator's course, if pertinent to the work being performed.
3. For those tasks to be performed by the Borrower and/or the Borrower's employees:
 - a. Bid proposals shall be for materials and employee labor only, with no profit, overhead or payment to the Borrower for his/her personal expertise and/or labor allowed;
 - b. Invoices for materials shall be for costs only, including any discounts, with no mark-ups allowed;
 - c. Invoices for labor shall be accompanied by payrolls which include hours and work performed by each employee.
4. Bid proposals shall be for materials and employee labor only, with no profit, overhead or payment to the Borrower for his/her personal expertise and/or labor allowed. ii. Invoices for materials shall be for costs only, including any discounts, with no mark-ups allowed. iii. Invoices for labor shall be accompanied by payrolls which include hours and work performed by each employee. c. For those tasks to be performed by a sub-contractor (e.g. plumbing, electrical, etc.), at least two (2) separate bids shall be secured for each specific rehabilitation task.

5. The relationship is disclosed by the Borrower at the time of bid proposal. The Loan Qualification Committee is empowered to waive the bidding requirement where an applicant proposes to use a preferred contractor(s) and the applicant obtains at his or her expense, an independent cost verification of the bid submitted by the preferred contractor(s).
6. All bids must be secured and submitted to the City's Community Development Division in a sealed envelope to be opened in the presence of the applicant at the City Building at a time chosen by and agreed upon by CD and the applicant.

3.4 GENERAL TERMS AND CONDITIONS OF LOAN

A. General

This section sets forth the general terms and conditions to which an applicant must agree in order to receive a loan through the Loan Programs.

The documents containing all specific terms and conditions which an applicant must sign in order to close a Rehabilitation Loan are the following: Terms and Conditions; Personal Guaranty, Promissory Note; and Mortgage or other security instrument.

The City of Lewiston views the documents executed at the loan closing as a contractual agreement between the Borrower and the City. To fulfill this agreement, the Borrower must:

1. Complete within six (6) months all rehabilitation work as described in the loan application submitted by the applicant and approved by the Loan Qualification Committee.
2. Repay in full and in the manner prescribed, all loan money disbursed to the Borrower by the City of Lewiston through the Rehabilitation Loan Programs.
3. The Borrower accepts ultimate responsibility for fulfillment of this agreement and further agrees that:
 - a. Other verbal agreements or written contracts entered into for the completion of any rehabilitation activity is made solely between borrower and the respective contractor and/or supplier;
 - b. Will indemnify and hold harmless the City of Lewiston and its agents from any and all disputes or claims of any nature for damages which may arise from the performance of any rehabilitation activity.

B. Project Loan Note

At the time of loan closing, the applicant will be required to execute a promissory note, and/or a mortgage for the full amount of the loan. From this point on, the applicant will be known as the "Borrower". The note or mortgage will provide for payment of the loan according to a repayment schedule. It will establish the time and place for delivery of payments, the amount, the maturity date, and it will provide for any loan security or additional stipulations.

C. Loan Cancellation Provisions

The City of Lewiston, at its option, reserves the right to make due and payable the Borrower's entire indebtedness if, after 60 days from the date of execution of the note, the Borrower has failed or refuses to commence rehabilitation/sign improvement activities. Further, the City, at its option, may make due and payable the Borrower's entire indebtedness if after one calendar year (commencing on the date of the loan closing) the owner has not fully completed the rehabilitation activities as described in Part 3.4(A) above. Other loan cancellation or acceleration provisions are contained in the Promissory Note.

D. Interest Rate

All permanent financing will carry a maximum interest rate of three (3%) percent for the full term of the note, except those conditions outlined in Part 3.4(F) "Interest Penalty". A reduction of .25 basis points will be given to applicant/owner if he/she is a resident of the City of Lewiston.

Interest rates for the matching portion of the loan will be individually negotiated between the loan applicant and the respective lending institution providing the match.

Rates may be set and/or waived by Loan Qualification Committee.

E. Term of Loans

The maximum term for repayment of a Rehabilitation Loan is ten (10) years. Term may be set and/or waived by Loan Qualification Committee.

F. Loan payments, Late Charges and Interest Penalties

Loan payments are payable to the City Treasurer, without late charge, from the first to the tenth day of each month. The Borrower's first payment is due during **this ten day** period beginning the first month after the date of the last construction loan disbursement.

Payments made on or after the eleventh day of the month are considered delinquent and subject to the City Treasurer applying a late charge of five percent (5%) of the Borrower's monthly loan payment.

If a Borrower fails to maintain a rehabilitated property at or above the minimum acceptable level prescribed by municipal codes, the City Treasurer may assess an interest penalty to be added to the Borrower's monthly payment. This interest penalty shall be equal to the unpaid principal of the loan after the code violations are discovered, times one-twelfth of the annual effective interest rate of the matching bank loan, and shall be assessed each first day of the month thereafter, until the code violations are corrected.

The Borrower's failure to make any monthly payment in full within thirty (30) days of the date when due, or the Borrower's failure to make full payment of any late charge or interest penalty within thirty (30) days of the date assessed, shall constitute a default.

G. Loan Default

The entire principal balance and all accrued interest shall become immediately due and payable without notice or demand upon the foregoing events:

1. The Borrower's failure to make any monthly payment in full within 30 days of the date when due, or the Borrower's failure to make full payment of any late charge or interest penalty within 30 days of the date assessed, shall constitute a default;
2. The commencement of any proceedings by or against the developer under any bankruptcy or insolvency laws;
3. The dissolution of, insolvency of, appointment of a receiver for, or assignment for the benefit of creditors of any property of, the developer;
4. Loss of, substantial damage to destruction of, sale of encumbrance upon (whether first or second position to this note and the mortgage securing this note), seizure of, levy against, attachment of, failure to pay any property taxes or other city utilities upon, or insurance premiums on the project property;

H. Security

Rehabilitation Loans will require a security instrument which is acceptable to the City. The cost of preparation and registration of the security document will be the Borrower's responsibility to bear and will be payable to the City at the time of the loan closing.

I. Inspection

A Borrower agrees to permit inspection of the property, rehabilitation work and all contract agreements, materials, equipment, payrolls, and conditions of employment pertaining to the rehabilitation project by the City's ECDD and/or Code Enforcement personnel.

J. Municipal codes and conditions

The Borrower agrees to follow the procedures and conditions of all established and applicable municipal ordinances in the physical rehabilitation and maintenance of improved property. Work not meeting minimum standards and procedures established by code is unacceptable for disbursement of any loan funds.

I. Disbursement of Rehabilitation Loan funds

Disbursement of all Rehabilitation Loan funds is made to the Borrower and the contracted contractor upon request submitted to the City's ECDD. Invoices received by Tuesday, end of day, will be processed for payment on Wednesday of the following week, no earlier than 3:00 pm.

Repayment of the loan will begin upon completion of the construction phase or six (6) months after the closing date.

The above is contingent upon approved rehabilitation activities being completed according to applicable municipal codes. No money will be disbursed to reimburse the Borrower for improvements made to the property which were not approved by the Loan Qualification Committee before they were commenced.

Prior to loan closing, the Borrower and the participating lender are required to enter into an agreement to escrow all participating lender loan funds and to permit disbursement only upon certification by the City that the work and materials for which payment is requested has been performed and verified by the City in accordance with the terms of the loan.

In the case of owner cash contribution, prior to loan closing, the Borrower and the City are required to enter into an agreement to escrow all applicant cash contributions and to permit disbursement only upon certification by the City that the work and materials for which payment is requested has been performed and verified in accordance with the terms of the loan.

J. Use of funds

The funds must be used to carry out only approved rehabilitation activities. Any rehabilitation loan funds not expended upon completion of the approved rehabilitation activity must be either returned to the City as a loan repayment or used for additional rehabilitation activities submitted to and approved by the Community Development Division for the same property. Any such prepayment shall reduce the principal amount due to the City.

K. Prepayment of Note

The Borrower may prepay any or all outstanding principal to the City at any time and without penalty.

L. Transfer of Improved Property

Ownership or control of a property improved with rehabilitation loan funds cannot be transferred in any manner to another individual, partnership or corporation until the entire amount of the outstanding loan balance is repaid, in full, to the City.

M. Insurance

The Borrower is required to maintain hazard insurance on the improved property for the full term of the note and for an amount equal to the total value of all mortgages held on the property. Prior to disbursement of rehabilitation loan funds, the City shall be listed as a loss payee on the policy for the property.

N. Records

The Borrower agrees to keep such records as may be required by the City of Lewiston with respect to the rehabilitation activities.

O. Points of agreement with respect to Federal Regulations

The Borrower further agrees to abide by all terms and conditions of Federal Regulations, including:

1. **Federal Labor Standards**: The Borrower must abide by established minimum wage rates (Davis Bacon Act as supplemented by Department of Labor regulations) contained in entitlement grant regulations 24 CFR 570.603 FOR ALL commercial construction contracts awarded in excess of two thousand dollars (\$2,000).

2. **Lead-Based Paint Hazards:** Any Rehabilitation loans made by the City of Lewiston shall be subject to the current federal regulations contained in entitlement grant regulations 24 CFR Part 35 provisions providing for the elimination of lead-based paint hazards.
3. **"Section 3" of the Housing and Urban Development Act of 1968:** The Borrower must comply with the Provisions of Training, Employment and Business Opportunities and will comply with Title IX Section 915, Section 3 of the Housing and Urban Development Act of 1968, as amended in 1992; and in accordance, in all work made possible by or resulting from this contract, affirmative action will be taken to ensure that residents (preferably; lower income) of the City of Lewiston are given maximum opportunities for training and employment and that business concerns located in or owned in substantial part by residents of the City of Lewiston are to the greatest extent feasible, awarded contracts.
4. **Flood Hazard Insurance:** If the property to be improved is located in a designated flood hazard area, the applicant is required to carry flood plain insurance in accordance with the National Insurance Act of 1968 (as amended) and abide by the regulations of the Flood Disaster Protection Act of 1973 as contained in Entitlement Grant Regulations 24 CFR 570.605.
5. **Civil Rights Act of 1964:** The Borrower must not discriminate upon the basis of race, color, creed, or national origin in the sale, lease, rental or occupancy of an improved property and will comply with Title VI of the **Civil Rights Act of 1964, codified** in United States Code Title 42 Sec. 2000(d), and Title VIII of the Civil Rights Act of 1968, and Section 109 of the Housing and Community Development Act of 1974, and in accordance therewith, no person in the United States shall, on the ground of race, color, national origin, religion, age, or sex, be excluded from participation in, be denied the benefits, or be subjected to discrimination under, any program or activity funded in whole or in part with the Community Development funds or any other federal financial assistance. The operating agency will immediately take any measures necessary to effectuate this agreement.
6. **Interest of Certain Federal Officials:** No member of or Delegate to the Congress of the United States, and no Federal Housing Commissioner shall be admitted to share any part of this Program or any benefit to arise from the same.
7. **Interest of Members, Officers, or Employees of Operating Agency, Members of Local Governing Body, or Other Public Officials:** No member, officer or employee of the Department of Development (Planning, Community Development or Code Enforcement) or its agents or assignees, no municipal officers of the City, and no other member of any board or commission, elected or appointed official of Lewiston or employee of the City of Lewiston, who exercises any decision-making functions or responsibilities regarding the Community Development Program, shall have any direct or indirect pecuniary interest, as that term is defined by 30 MRSA, Section 2250, et seq., in any contract, subcontract or the proceeds thereof for work to be performed in connection with the program assisted under this agreement.

8. **Bonus, Commission or Fee:** The Borrower cannot pay any bonus, commission or fee for the purpose of obtaining the City of Lewiston's approval of the loan application, or any other approval or concurrence required by the City of Lewiston or its designee to complete the rehabilitation work, financed in whole or in part with the rehabilitation loan.

APPENDIX A

**Low and Moderate Income Limits
Effective Date: January 8, 2008**

Median Income is \$52,900

| FAMILY SIZE | 80% of Median Income | 50% of Median Income | 30% of Median Income |
|--------------------|-----------------------------|-----------------------------|-----------------------------|
| 1 person | \$30,450 | \$19,050 | \$11,400 |
| 2 persons | \$34,800 | \$21,750 | \$13,050 |
| 3 persons | \$39,150 | \$24,500 | \$14,650 |
| 4 persons | \$43,500 | \$27,200 | \$16,300 |
| 5 persons | \$47,000 | \$29,400 | \$17,600 |
| 6 persons | \$50,450 | \$31,550 | \$18,900 |
| 7 persons | \$53,950 | \$33,750 | \$20,200 |
| 8 persons | \$57,400 | \$35,900 | \$21,500 |

APPENDIX B

FEE SCHEDULE

| | Applicant - Lewiston Resident Pays | City Pays | Applicant - Non- Lewiston Resident Pays | City Pays |
|-------------------------------------|--|-----------------|---|-----------------|
| City Code Enforcement Inspection | | in-kind service | | in-kind service |
| Closing Costs: | | | | |
| Application Fee: | \$50.00 | | \$100.00 | |
| Appraisals | 100% | | 100% | |
| Underwriting Fees: | 50% | 50% | 100% | |
| Attorney Fees (if applicable) | 100% | | 100% | |