
CITY OF LEWISTON

HOUSING REHABILITATION LOAN PROGRAM GUIDELINES

**Revised October 2, 2008
Community Development Office**

Housing Rehabilitation Loan Programs

Introduction

The City of Lewiston's Economic and Community Development Department (ECDD) offers a Housing Rehabilitation Loan Program to property owners, both investors and owner-occupied, who are looking to improve their buildings by creating safe, affordable, decent housing for low income residents. The Program is administered by the ECDD. The goal of the programs is to leverage private investment by:

- ▶ the rehabilitation of residential properties throughout the City with an emphasis on the Enterprise Community and the Community Development Block Grant (CDBG) Target Area (SEE MAPS available in the Economic and Community Development Department office);
- ▶ the encouragement of investments which enhance the appearance of the entire city;
- ▶ to assist property owners to rehabilitate properties in order to offer safe, decent and affordable housing units;
- ▶ elimination of slums/blighted properties;
- ▶ to provide homeownership assistance to low and moderate income individuals and families who are at or below 80% of median income;
- ▶ to assist homeowners with emergency repairs that threaten the life and safety of occupants.

Part 1

Program Summary

A. HOUSING REHABILITATION LOAN PROGRAM

Purpose: To provide for the rehabilitation of residential structures in accordance with the City's building code standards and Housing Rehabilitation Standards.

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

Applicant Eligibility:

- ▶ **Single Family (one unit):**
 - owner-occupied: Owner's income must be at or below 80% of the median income (Appendix A) for Lewiston as determined by HUD or the property must be located in the "Target Area" (Appendix C).
- ▶ **Single-Family (2-4 units)**
 - owner-occupied: 51% of units must be occupied by tenants, including the owner's unit, who are at or below 80% of the median income (Appendix A) for Lewiston as determined by HUD or the property must be located in the "Target Area" (Appendix C).
- ▶ **Investor:** 51% of tenants must be at or below 80% of the median income (Appendix A) for Lewiston as determined by HUD or the property must be located in the "Target Area" (Appendix C).

Interest Rate/Terms:

- | | | |
|--|----|------------------|
| ▶ Owner Occupied - Target Area | 1% | 20 years maximum |
| ▶ Owner Occupied - Outside Target Area | 2% | 20-years maximum |
| ▶ Investor, Lewiston Resident | 2% | 20-years maximum |
| ▶ Investor, Non-Lewiston Resident | 4% | 20 years maximum |

Matching Funds: The applicant must provide or secure a matching amount from a participating lending institution, owner equity and/or insurance company. This will be a 75/25 match for both owner-occupied and investor properties.

Maximum Loans: Single Family (one unit)

- ▶ \$50,000 per single-family owner-occupied house;

Multi-Unit Properties:

- ▶ \$12,000 per one bedroom unit;
- ▶ \$17,500 per two or more bedrooms unit.

Source: Community Development Block Grant (CDBG)

B. EMERGENCY LOAN PROGRAM

Purpose: To provide immediate assistance to owner-occupied buildings (1-4 units) for emergency situations that present life safety issues.

Eligible Activity: Life safety issues as determined by the City's electrical, building and plumbing inspectors, water and sewer department and fire inspectors. (Malfunctioning furnaces, water leaks etc.) Income may not exceed 115% of median income levels established by HUD.

Interest Rate/Term: 2% interest rate, 10 year maximum term

Matching Funds: None required

Maximum Loan: \$5,000.00

Source: Community Development Block Grant (CDBG)

* Applicants with income at 50% or below median income can qualify for a deferred loan at 0% interest.

C. HOME OWNERSHIP ASSISTANCE LOAN PROGRAM

Purpose: To provide financial assistance to first time home buyers, individuals and/or families.

Eligible Activity: Down payment and closing costs

<u>Applicant Eligibility:</u>	Applicant's income must be at 80% or below the median income level (Appendix A) or the property must be located in the "Target Area" (see Appendix C). First-time home buyers are those people that have not owned a property within the past three years. Applicant must complete a Homebuyer's Education Course and the Landlord Education Course if the property to be purchased will be a multi-family building.
<u>Interest Rate/Term:</u>	1% interest rate, 10 year maximum term if properties are located in target area; 2% interest rate, 10 year term if properties are located outside the target area.
<u>Matching Funds:</u>	No match required.
<u>Maximum Loan:</u>	\$3,000 per single family home buyer
<u>Source:</u>	Community Development Block Grant (CDBG)

Part 2 Definitions

Household Income:

- a. Income of all members of the household is considered for computing total household income. This may include wages, salaries, overtime, bonuses, fees, tips, commissions, interest and dividend income, net rental income, child support, alimony, Social Security benefits, SSI retirement, pension, or annuity, AFDC, unemployment benefits, worker's compensation, and disability or benefits from any source.
- b. For the purpose of computing income, a household shall be defined as all persons who occupy a housing unit. The occupants may be a single family, one person living alone, two or more families living together or any other group of related or unrelated persons who share living arrangements.
- c. Exception -- An exception to calculating household income will be for boarders of the applicant. A boarder is an adult who pays the market rate to rent a room and shares kitchen facilities with the applicant. The applicant must produce verification of rental income such as canceled checks and rental income on a federal income tax form. The gross income of the boarder will not be included in calculating the applicant's household income. Instead, the HUD Fair Market Rent for a 0 bedroom unit shall be added to household income. The boarder will not be counted as a household member when calculating family size.

Investor: Absentee owner who may receive rehabilitation assistance in order to improve housing conditions for low/moderate income tenants.

Investor,
Lewiston
Resident:

An investor who owns investment property in Lewiston but also has his permanent residence in the City of Lewiston. Staff may use any means necessary to determine residency of applicant including but not limited to driver's license, motor vehicle registration, voter registration, tax bill mailing address, etc.

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

Owner-
Occupied:

An applicant who holds the entire ownership interest of a property and lives in one unit of the property as a primary residence.

Rehabilitation

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

Residential

Property: A property used entirely for residential purposes (household living space).

Single-Family

Property: A property which has 1 - 4 residential units.

Target Areas: A designated neighborhood area defined by the (ECDD) for concentrated use of Community Development Block Grant Funds. Census Tracts 201, 202, 203 and 204 are designated as the "Target Area". The Enterprise Community (Census Tract 201 and 204) is within this designated area.

Part 3

Program Administration

3.1 PURPOSE

- 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 or other lending institutions. The total investment of City funds cannot exceed seventy-five percent (75%) of the cost of the project or cannot exceed 100% loan to value.

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 ECDD .

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.

3.2 LOAN APPROVAL

Approval of any loan will be contingent upon:

1. the Loan Qualification Committee's affirmative vote;
2. the applicant's ability to secure and/or provide a matching source from an institutional lender, owner financing, owner equity, 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, water sewer fees, trash collection fees and all other city assessments are paid.

3.3 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.

In order to qualify for a Loan, both applicant and the property to be assisted must meet the minimum eligibility criteria set forth in Sub Parts 3.3.B and 3.3.C.

Mixed use properties are eligible but only that portion which is used for residential purposes.

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 “Target Area” (Census Tracts 201 thru 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.

B. Property Eligibility

1. The property to be assisted must be within the following designated areas:

- a. Housing Rehabilitation Loans City-wide
- b. Emergency Loan City-wide
- c. Home Ownership Loans City wide

2. The funds must be used to correct code violation(s) as prescribed by City's code enforcement officers; investors who own more than one property must agree to a code enforcement inspection for all their properties and will agree to maintain all buildings so that they are free of code violations.

Emergency repairs are permissible upon determination by the City's code enforcement officers that a life safety issue is present and when property owners prove inability to complete necessary repairs with owner financing and/or an ability to obtain a match from any eligible lending source.

3. If ECDD determines that exterior rehabilitation is needed, it must be included in the project. Peeling and chipping paint must be corrected and maintained.

4. Multi-unit housing (2 or more units) having rental charges which are considered affordable to low/moderate income tenants are to be determined in the following manner:

- a. Monthly rental charges for each dwelling unit in the property, at the time of application and/or the term of the loan must not exceed the maximum set by HUD. These figures are based on Section 8 Fair Market Rents (FMR) (Appendix B);
- b. The maximum rental charges include the cost of heat, hot water and water and sewer, the maximum rents will be reduced by a utility allowance. Charges for parking spaces will not be considered part of the monthly rent charges;

- c. At the time of the loan application and after completion of the rehabilitation and for the term of the loan, a minimum of fifty-one percent (51%) of the tenants residing in the property must be at or below the low/moderate income limits set by HUD.
- d. Rents cannot be raised for two years from the date the loan is closed unless the Fair Market Rent (FMR) for the area is adjusted to reflect an increase in rents. If this occurs the property owner may raise rents to the newly adjusted FMR but no higher. The Property Owner will agree to submit annual reports verifying rents collected.

C. Applicant Eligibility

To qualify for a Loan an applicant must:

- 1. provide proof of ownership, or for a lessee, permission from owner for the property to be improved or provide a signed purchase and sale agreement;
- 2. have paid in full all City property taxes, water/sewer fees, trash collection fees and/or any other assessed fees;
- 3. provide or secure a matching amount in part or total from a participating lending institution, owner financing, owner equity and/or insurance company;
- 4. be willing to rehabilitate the property in accordance with the City Building Codes and the Housing Rehabilitation Standards;
- 5. be willing to correct any/all code violations in all properties owned by applicant which are located in the City of Lewiston;
- 6. be willing to have the property inspected by a Licensed Lead Inspector and to comply with the Lead Paint regulations in properties built prior to 1978 (see fee schedule - Appendix D);
- 7. submit plans (i.e. floor, electrical, plumbing plans) as requested by ECDD;
- 8. provide personal and business tax returns and personal financial information to determine financial capacity as deemed necessary by ECDD; and,
- 9. 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.
- 10. demonstrate a record of compliance with the City of Lewiston's codes, ordinances and policies and any other local, state or federal rules and regulations that apply. Isolated violations will not be considered as a failure if addressed in a cooperative manner.

3.4 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:

1. If the property contains a mixture of residential units and commercial space, the maximum allowed for the residential units will be determined according to the number of 1 and 2 bedroom units and the limits as identified below. The match requirement is 25% of the total project cost.
2. If the project involves the rehabilitation of a single family building or structure, owner occupied, the maximum loan amount will be **\$50,000**. If such a project involves only interior renovations, ECDD must review the loan request in light of the requirement outlined in Sub Part 3.3(B). For projects that are single family (2-4 units) the maximum loan is **\$12,000** per each 1 bedroom unit and **\$17,500** per each 2 or more bedroom unit, the match requirement is 25% of the total project cost, for occupied properties and for investor properties.
3. The amount of any Loan must be secured from an institutional lender, owner financing, owner equity or insurance company. Other sources of matching funds are eligible upon acceptance from the Loan Qualification Committee.

D. Matching loans

Housing Rehabilitation Loans must be matched by an amount of monies secured from a lending institution, insurance company, owner financing, home equity and/or sweat equity (cost of labor not expended for the Rehabilitation) that is acceptable by the Loan Qualification Committee. The matching percentages for HR Loans will be 75/25.

Emergency Loans do not require a match.

E. Allowable improvements

Allowable improvements are defined as basic and necessary items that improve the basic livability, safety, or utility of the residence. Any violations of state, federal or local codes relating to minimum standards for residential housing must be corrected. Examples of allowable improvements include:

1. Repair or replacement of inadequate heating, electrical, or plumbing systems.
2. Insulation, paint, siding, floors, ceilings, walls and windows.
3. Removal of asbestos, lead paint or other hazardous substances.
4. Accessibility improvements
5. Improvements to an existing garage if the improvements substantially improve the basic livability or energy efficiency of the residential structure.
6. Energy improvements

F. Unacceptable Improvements:

These improvements are defined as any unnecessary cosmetic repairs, luxury items or purchase of fixtures that are not permanently affixed to the property. Examples are but not limited to:

1. Appliances, furniture or other personal items
2. New construction of decks, patios, sheds or other outbuilding.
3. Fences
4. Fireplaces, generators, heating fuel

5. Hot tubs, whirlpool bath or saunas.

6. Landscaping

3.5 PROCESSING AND APPROVAL OF LOAN APPLICATIONS

A. Applications

Application forms for the Rehabilitation Loans are available from the Economic and Community Development Department (ECDD), Third Floor, 27 Pine Street, Lewiston, ME. Completed applications are to be submitted to the ECDD for processing.

The City will make available the services of a Rehabilitation 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, 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.

ECDD shall verify title by checking the records at the Androscoggin County Registry of Deeds.

C. Inspections:

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 Code Enforcement Officer and the Rehabilitation Coordinator. Rehabilitation requirements will be determined during the initial inspection.

Inspection Report and Specifications -- A code enforcement inspection report shall be prepared by the Code Enforcement Officer and mailed to the applicant. The Rehabilitation Coordinator shall prepare a report and list the rehabilitation requirements to bring the property into compliance as well as any other rehabilitation work the property owner has requested. Once the owner has reviewed the inspection reports, the Rehabilitation Coordinator creates technical specifications for contractor bidding.

D. Lead

ECDD must consider whether the rehabilitation calls for lead hazard control measures. This may involve hiring a risk assessor or lead inspector who will determine whether lead hazards exist and what methods must be used to control them. It may also require clearance testing of the construction area to confirm the absence of lead hazards after the work is completed. The Contractor, owner and Rehabilitation Coordinator will work closely to minimize the need to displace occupants of a dwelling unit as well as ensure no residents of the property are affected by lead hazards.

E. Loan Qualification Committee

All Loan 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 Sub Part 3.4.(D)
3. The Committee has the authority to adjust terms, rates and the match requirement ratios in order to make the loan meet national objectives.

F. Review criteria

The Loan Qualification Committee will review all completed applications for assistance for the Housing Rehabilitation and Homeownership Loan Programs to assess the affordability and feasibility of rehabilitation projects and that the National Objectives are met as follows:

1. ensuring that the applicant is at/or below eighty percent (80%) of median income guidelines established by HUD or that the property to be rehabilitated is located in the "Target Area";
2. that at the time of the application, that a minimum of fifty-one percent (51%) of the tenants that reside within the structure are at or below the low/moderate income limits set by HUD;
3. that eighty percent (80%) of all loans are for low/moderate income households; and,
4. that the rehabilitation will eliminate and/or improve slum/blight properties.

G. 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 ECDD. 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 ECDD 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.

H. 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 ECDD may require bonding for contracts in excess of \$100,000. The ECDD 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.

I. 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. A maximum of **\$5,000** per unit will be allowed for materials purchased;
 - c. Invoices for materials shall be for costs only, including any discounts, with no mark-ups allowed;
 - d. Invoices for labor shall be accompanied by payrolls which include hours and work performed by each employee.
4. Bid proposals shall be for
 - a. 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.

- d. 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 ECDD 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 ECDD and the applicant.

Part 4
Terms and Conditions

The Terms and Conditions of the Housing Rehabilitation Loan Program are set forth in the “Rehabilitation Agreement” (see Appendix E) . It provides the applicant with an understanding of all requirements by which the applicant must comply to secure and maintain a 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
Fair Market Rents
(effective October 1, 2008)

Zero Bedroom	\$420.00
One Bedroom	\$526.00
Two Bedroom	\$643.00
Three Bedroom	\$815.00
Four Bedroom	\$902.00
Five Bedroom	\$1,037.00

Housing Utility Allowances

<u>Utility</u>	<u>0 bedroom</u>	<u>1 bedroom</u>	<u>2 Bedroom</u>	<u>3 Bedroom</u>	<u>4 Bedroom</u>	<u>5 Bedroom</u>
Heating						
Natural Gas	\$69	\$79	\$100	\$123	\$141	\$169
Bottle Gas	113	158	168	209	268	298
Oil	146	203	217	270	345	385
Electric	50	75	100	125	150	175
Kerosene	75	94	114	143	175	194
Cooking						
Natural gas	\$26	\$29	\$31	\$33	\$36	\$40
Bottle Gas	31	38	41	45	51	58
Electric	8	11	13	15	20	23
Other Electric	\$22	\$30	\$39	\$57	\$64	\$77
Water Heating						
Natural Gas	\$18	\$28	\$34	\$46	\$69	\$87
Bottle Gas	17	21	27	34	41	48
Oil	22	27	35	44	53	62
Electric	19	21	27	44	67	80
Water	\$11	\$11	\$15	\$24	\$30	\$39
Sewer	\$6	\$21	\$21	\$33	\$42	\$54
Range/Microwave	\$9	\$9	\$9	\$9	\$9	\$9
Refrigerator	\$11	\$11	\$11	\$11	\$11	\$11

APPENDIX C

Map of Target Area for Housing Rehabilitation and Home Buyer Assistance are available in Economic and Community Development Office. Please call with specific addresses and you will be advised if in the target area. 207-513-3126.

APPENDIX D

FEE SCHEDULE

	Applicant -Lewiston Resident Pays	City Pays	Applicant - Non- Lewiston Resident Pays	City Pays
Application Fee:	\$50.00		\$100.00	
Appraisals	100%		100%	
Credit Check	\$20.00		\$20.00	
Title Update:	up to \$200		up to \$200	
Recording Fee:	\$13 first page, \$2 each additional page		\$13 first page, \$2 each additional page	
Discharge Fee:	\$13.00		\$13.00	
Attorney Fees (if applicable)	100%		100%	
City Code Enforcement Inspection		in-kind service		in-kind service
Housing Rehabilitation Inspection		\$200 (1 st unit) \$50 (each additional unit)	50% of fees as outlined	50% of fees as outlined
Housing Rehabilitation Specifications		\$400 (1 st unit) \$100 (each additional unit)	50% of fees as outlined	50% of fees as outlined
Lead Inspection		\$375 (Single Family & 1 st unit of Multi) \$300 (each additional unit)	50% of fees as outlined	50% of fees as outlined
Lead Design Plan		\$500 per unit	50% of fees as outlined	50% of fees as outlined
Lead Clearance Testing		\$265 per unit (if re-testing is necessary because of failed results)	50% of fees as outlined	50% of fees as outlined

Appendix E

HOUSING REHABILITATION LOAN PROGRAM REHABILITATION AGREEMENT

The applicant must agree to these Terms and Conditions in order to obtain a rehabilitation loan. These terms and conditions will be incorporated in the mortgage and/or other security instruments, and the Promissory Note.

A. General

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; 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 Housing Rehabilitation Loan Program.
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 Rehabilitation 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 improvement activities. Further, the City, at its option, may make due and payable the Borrower's entire indebtedness if after six (6) months (commencing on the date of the loan closing) the owner has not fully completed the rehabilitation activities. Other loan cancellation or acceleration provisions are contained in the Promissory Note.

The Borrower, if an owner-occupant, has all rights of cancellation provided by Federal Law as outlined in the "Right of Rescission".

D. Interest Rate

All permanent financing will carry a maximum interest rate for the full term of the note, except those conditions outlined in Section F below "Interest Penalty" as follows:

- ▶ Housing Rehabilitation Loans
1% owner occupied, located in target area
2% owner occupied, outside target area
2% investor, Lewiston Resident
4% investor, Non-Lewiston Resident
- ▶ Emergency Loans
2%
0% deferred loan if below 50% of median income
- ▶ Home Ownership Loans
1%, target area
2%, outside target area

Interest will begin accruing on a daily basis upon the first disbursement. 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 as follows:

- ▶ Housing Rehab Loan Twenty (20) years;
- ▶ Emergency Loan Ten (10) years;
- ▶ Home Ownership Loan 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 or insurance premiums on the project property;
5. Failure to maintain affordable rental charges, as required in Appendix B.

H. Security

Rehabilitation Loans will require an acceptable security instrument. 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. The Borrower agrees to code enforcement inspections for other properties owned by borrower located in the City of Lewiston and to correct, if any, all code violations that may be reported.

K. 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 the end of the day on Tuesday , will be processed for payment and the disbursement shall be available by the Wednesday of the following week , no earlier than 3:00 pm. Borrower will be required to pick up the check in person unless prior arrangements acceptable to the City have been arranged.

Repayment of the loan will begin upon completion of the construction phase, or 6 months after the closing date, whichever comes first.

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.

L. 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 ECDD for the same property. Any such prepayment shall reduce the principal amount due to the City.

M. Prepayment of Note

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

N. 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.

O. 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.

P. Records

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

Q. 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. Fair Housing Act: 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 the Fair Housing Act of 1968 as amended.
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 th 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 or 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.

The undersigned certifies that he/she/they is/are in full agreement and will abide by these "Terms and Conditions" as set forth this ____day of _____, 200__.

SIGNED:

By: _____

By: _____

CITY OF LEWISTON

By its: Housing/Community Development Officer