

HASTINGS ECONOMIC DEVELOPMENT & REDEVELOPMENT AUTHORITY

OWNER-OCCUPIED REHABILITATION

PUBLIC PURPOSE. Supplemental financing of building improvements which accomplish one or more of the following purposes: to preserve and improve affordable housing; to preserve and make appropriate improvements to buildings which contribute to neighborhood appearance or the historic character of the community; to correct conditions which threaten the health, safety and welfare of the residents.

FORM OF ASSISTANCE. The HEDRA will lend funds for half of the costs, up to a limit of \$20,000 per property. The property owner will have to pay for or secure a bank loan for balance of the costs.

APPLICATION PROCEDURE.

1. Complete the attached application for the HEDRA to determine if the project meets their program criteria. The application form is only a summary of the work, costs and sources of funds. In addition, document the work and costs with photographs, drawings, plans and specifications, written and signed bids, etc. The HEDRA Director (480-2347) can advise on what is needed.
2. If necessary, arrange with your bank to borrow the amount you need for the balance. Ask the bank to write the HEDRA using the attached form letter.
3. If the loan is approved by both the HEDRA Board and the bank, the loan proceeds will be disbursed at agreed intervals upon submission of invoices and demonstrated progress.

REQUIREMENTS

1. If CDBG funds are used, the household income must be within the limits set by HUD annually for low-moderate income in the Metro Area. The current income limits are available from the HEDRA staff.
2. If the CDBG funds are not used, the HEDRA may consider waiving the household income limits if other community needs are met such as the preservation of designated historic buildings and emergency replacement/repair for health and safety.
3. Work must conform to building codes and structural maintenance codes. The borrower must secure building permits and if necessary, certificates of occupancy as required by city ordinance. The contractor must be licensed or exempt by ordinance.
4. If the property is a designated heritage preservation site or contributing to a district, exterior work must be approved by the City's Heritage Preservation Commission. A copy of the Certificate of Approval will be provided to the HEDRA.

5. The assistance funds must be spent on improvements to the residential building such as material and labor for interior and exterior replacement, repair and remodeling, HVAC, electrical and plumbing systems, health and safety, access and energy requirements, code compliance, design and fees. Demolition, additions, improvements to the grounds and repairs to accessory buildings must be specifically requested by the borrower and approved by the HEDRA.

STANDARD TERMS.

1. The HEDRA loan may be up to \$20,000 but will not exceed 50% of the rehabilitation costs (purchase not included). The remaining 50% is provided by the owner and/or the bank loan.
2. A project agreement, mortgage, note and other security documents will be executed by the HEDRA and the borrower.
3. Typically, the term of the loan is 10 years. Starting with the first draw on the loan, the interest rate is 0 for the first 12 months and 4% for the next 48 months, and 9% thereafter.
4. The HEDRA board will consider a grant or forgivable loan for some or all of the costs in specific, documented, cases of hardship.

ADDITIONAL MATERIAL NEEDED FOR APPROVAL

- a. Contractor's written and signed bids, and agreement or contract form specifying materials and labor to complete the work.
- b. Building permit application.
- c. City Planning application if required for variance, relocation, or special use.
- d. Preservation Commission Certificate of Approval if property is designated Historic.
- e. Documentation of applicant's annual household income.
- f. Lender's letter for the owner's 50% of the funding.
- g. Information for loan documents.

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Owner-occupied Rehabilitation Loan Program

APPLICANT _____ Phone _____

Property address _____

Mailing address if different _____

General description of work (add drawings, photographs and additional pages as necessary):

PROJECT COSTS

Mechanical, HVAC _____ Plumbing _____

Electrical, lighting _____ Appliances _____

Structural, walls _____ Roof, skylights _____

Windows, doors _____ Carpets, floors _____

Exterior _____ Architect, Engineer _____

Demolition _____ Permits, fees _____

Total estimated costs _____

HEDRA LOAN AMOUNT REQUESTED: \$ _____

Bank loan \$ _____ Owners cash \$ _____

Bank name: _____

Address _____

Person to contact _____ phone _____

PROPERTY OWNERS

Name(s) _____

Signature _____ date _____

INFORMATION FOR HEDRA LOAN DOCUMENTS

1. Name, address and legal status of borrowers: corporation, partnership, husband and wife

2. If purchasing on contract for deed, give name, address and phone of fee owner:

3. Legal description of property where work is to be done and to be mortgaged:

4. Principle amount, interest and term of loan.

Principle: \$_____

4% interest starting one year after first draw for four years; 9% interest following five years or until paid in full.

5. Brief description of the nature of the work done with the loan.

6. Mortgages or liens already recorded on the property.

Applicant will provide information for each existing mortgagor or lien holder: name of lender, date of document, dollar amount of mortgage or lien, the document number and the date it was recorded by county. Give the current balance of each.

7. The cost of preparing and filing legal documents to secure the loan will be added to mortgage amount. This rarely exceeds \$300. Indicate if you prefer to pay them at the time of signing the documents.

8. Full legal names, middle initials (and if a business, titles) of those signing note and mortgage:

9. Work is to be started by _____ and finished by_____

10. Other requirements:

Building permits for work as required by code

Preservation Commission approval for Designated Historic Properties

Documentation of owner's household income

BANK'S LETTER

(LETTERHEAD)

date

John Grossman
Hastings Economic Development and Redevelopment Authority
City Hall, 101 E 4th St.
Hastings MN 55033

RE: name of applicant and address of property

Dear Mr. Grossman,

This letter is evidence of our willingness to lend \$ _____ to the above applicant for the rehabilitation project which may also be funded in part by the Hastings Economic Development and Redevelopment Authority.

The loan will be for a term of _____ and at a rate of _____ %.

Yours truly,

ResRehabApp.Owner