



**PROGRAM GUIDELINES
REHAB LOAN PROGRAM**

Our goal is to work with owner occupants to rehabilitate existing dwellings, enhance the appearance of Lynn's neighborhoods and correct all health and safety code violations. This program provides:

Household Size (Number of Persons)							
1	2	3	4	5	6	7	8
\$74,250	\$84,810	\$95,370	\$105,930	\$114,510	\$122,980	\$131,450	\$139,90
Gross Annual Income Limits							

Direct Loan: Owner-occupants of 1 to 4 unit residential buildings, which are located within the city of Lynn with priority given to LHAND's Neighborhood Revitalization Area (NRA), are eligible for a \$15,000 loan at 3% interest for the cost of eligible repairs with a 5 - 15 year repayment period. Household income from all sources cannot exceed the income limits above.

Household Size (Number of Persons)							
1	2	3	4	5	6	7	8
\$54,750	\$62,550	\$70,350	\$78,150	\$84,450	\$90,700	\$96,950	\$103,200
Gross Annual Income Limits as of 06/15/2017							

Elderly Deferred – Direct Loan: Owner-occupants age 62 or older who own a single family home are eligible for a deferred \$15,000 loan at 0% interest for the cost of eligible repairs. Household income from all sources cannot exceed the income limits above. This program is city wide.

Handicap Accessibility – Direct Loan: Owner-occupants who own a 1 to 4 unit residential building are eligible for a \$15,000 deferred loan at 0% in order to make any unit in their home handicap accessible. Household income from all sources cannot exceed the income limits above. This program is city wide.

Lead Paint Leveraging Loan – Owner occupants who own a single family home and are participating in the City of Lynn Lead Abatement Program are eligible for a \$5,000 loan at 2% interest with a repayment term of 5-10 years for eligible improvements with priority given to health and safety code violations. Households whose income to debt ratio exceeds 50% may be eligible to pay interest only for up to 24 months then equal payments for the remainder of the term up to 10 years. Household income from all sources cannot exceed the income limits above.

Eligibility Criteria:

1. The after-rehabilitation appraised value of the purchase property cannot exceed \$335,000 for a single-family home / condominium; \$429,000 for a 2-family home; \$519,000 for a 3-family home; or \$643,000 for a 4-family home.
2. Applicant must be credit worthy. Serious negative credit experiences will have to be fully explained and documented in writing if further eligibility is to be considered.
3. Stable employment for the past two years, and evidence of the likely continuation of current income is required on each borrower. Self-employed or incorporated applicants are required to submit financial statements for the past two years and an estimated statement for "year to date".

4. The housing debt to income ratio cannot exceed 30%, and the total debt to income ratio cannot exceed 36%.
5. Total (existing & proposed) property debt-to-value ratio cannot exceed 90% of the current City of Lynn Assessed Value. This requirement can only be waived if all persons who would sign the note have exceptionally good credit and stable employment histories.
6. The property must be owner-occupied for the duration of the loan indebtedness. LHAND will periodically request that the borrower provide documentation of proof of owner-occupancy.
7. Applications will be accepted on a "first come – first serve basis".
8. As an integral component of LHAND's Rehab Loan Program, all applicable equipment and construction materials must meet Energy Star or LHAND approved sustainability criteria in order to receive approval. Therefore, applicants for this program must utilize Energy Star qualified materials and equipment such as windows/doors, insulation, boilers, hot water tanks and/or roofing materials.
9. Eligible work must conform to LHAND's Rehabilitation Standards.

Application Process:

PLEASE READ THE FOLLOWING CAREFULLY. INCOMPLETE APPLICATIONS WILL RESULT IN A DELAY IN PROCESSING.

STEP 1: Submit the following documents: *(Please provide photocopies)*

1. **Application Form**
2. **Guidelines** - Sign and date.
3. **Income Documents** *The following applies to all members of the owner's household –*
 - Most recent 4 (four) consecutive paycheck stub
 - Current Social Security award letter (1099 is not acceptable)
 - Current pension award letter (Award letters indicate monthly gross income for the current year), and/or other acceptable forms of current income verification, which ever apply.
 - Complete copy of the applicant's most recent federal Income Tax form 1040, with all schedules. If self-employed or incorporated, financial statements for the past three years and profit and loss statement year to date.
 - **Asset Income – 3 (three) consecutive months of bank statement for all bank accounts in the household.**
4. **Deed** – One (1) copy of the deed to the property.
5. **Mortgage(s)** - One (1) copy of the mortgage(s) to the property, and a copy of the **Mortgage Note**, and a copy of the most recent **Mortgage Payment Stub(s)**, if applicable.
6. **Homeowners Insurance Policy** - One (1) copy of insurance policy Declarations Page for the property.
7. **Real Estate Tax Bill** - Photocopy of most recent bill indicating that taxes are paid. (A copy of tax bill can be obtained at the Collector's Office, Lynn City Hall).
8. **Delead "Certificate of Compliance" or Lead Paint Inspection Report** - Photocopy, if children under six (6) reside.
9. **Tenant Survey** - Completed and signed by tenant(s) provided by LHAND.
10. **Vacancy Notice** - Completed and signed by owner, if any vacancies provided by LHAND.

STEP 2: After the application and all necessary paperwork are returned to LHAND, a Rehabilitation Specialist from LHAND will contact the applicant to schedule an inspection of the interior, exterior and the premises for "Public Health and Safety" violations. Any violations must be corrected during rehabilitation as a condition of the program.

STEP 3: After the inspection, you will receive a copy of the inspection report and work write-up. You then have **30 days** to submit copies of written "itemized" cost estimates from licensed contractors and "itemized" estimates for the cost of materials you may purchase, to your Rehabilitation Specialist. It is *required* that the applicant obtain written itemized cost estimates from 3 (three) contractors for each aspect of required work.

STEP 4: Once application is complete file will be sent to loan committee for approval. If your loan is approved you will receive a commitment letter by mail. Loan closing will take place approximately three weeks from receipt of the commitment letter. The payment of closing costs, in the amount of \$875.00, will be included in the loan. Prior to closing you must also submit documentation to our attorney that you have obtained adequate coverage and name LHAND as the appropriate loss payee on your property insurance policy.

Once you have closed your loan you or your contractor must apply for all the necessary permits. Please submit a copy of all applicable permits to LHAND prior to the commencement of any work. Failure to submit permits in a timely manner will delay your payments.

Work must not begin before the closing. LHAND will not be responsible for any amounts you commit or spend before the closing. Our financial relationship with you begins at the closing, and we are not in any way or at any time responsible to any third party (such as subcontractors or suppliers) in the course of performing the work.

Your monthly payment will begin on the first day of the month that follows the next full month, even if you have not drawn down any funds. As soon as possible after the loan is closed and recorded, you may draw down funds by submitting "itemized" bills for work completed or supplier invoices for materials to be ordered. Due to the administrative costs involved, we ask that you not submit drawdown requests of less than \$1,000 and that you limit the total number of drawdown requests to five. As we receive your bills for work performed, we will inspect the work and initiate payment. Bills submitted by Friday will normally be paid the following Friday, subject to legal holidays or events beyond our control. Work must be completed within 12 months of the Commitment date.

ADDITIONAL REQUIREMENTS:

Dwellings Occupied by Children under the age of 6

Please be advised that as a condition of participating in this program, LHAND will require a Lead-Paint test of the units (included all common areas) occupied by children under the age of six (6) years, IF Lead Paint is found, all applicable areas (interior and exterior) must be deleadaded. The cost of deleadading may be eligible under the Lead Abatement Grant Program.

Should the applicant already have a "Certificate of Abatement Compliance" on the dwelling, the LHAND Rehabilitation Specialist will provide details on the required conditions under which the LHAND can accept the certificate.

Owner Occupied

LHAND must make sure that the property is owner-occupied at time of application and for the duration of the loan indebtedness. To assure this, LHAND may delay payment until we see a copy of the owner's license and an original phone bill. In addition, LHAND will delay payment with the owner if the rental units are vacant. The owner will have 90 days after the completion of the work to rent the unit. If the owner doesn't comply with this requirement LHAND has the right to terminate the assistance.

The principal amount of this loan is due and payable to the LHAND at the time of any additional creation of units to the property, sale, transfer, conversion of the property to a rental unit or to another non-residential use, default, or destruction of the property due to fire or any other unknown reasons. The property must be owner-occupied for the duration of the loan indebtedness. LHAND will periodically request that the borrower provide documentation of proof of owner-occupancy.

The Federal Uniform Relocation Act

Applies to property in which any rental unit is occupied at the time the owner applies for federal assistance. It is most important that the homeowner work closely with program staff in this area to insure full and proper compliance with all provisions of the Uniform Relocation Act.

Tenant Survey forms must be completed, signed by each tenant, and returned to the LHAND before and after rehabilitation. Failure to return completed Tenant Survey Forms will prevent us from processing your package for payment.

*From information provided by the tenant(s) on the Tenant Survey form, LHAND will prepare an Anti-Displacement Notice and Agreement which must be signed by the applicant and the tenant(s) before a Rehabilitation Specialist will inspect the property.

The National Environmental Policy Act

Applies to the rehabilitation of property that is historically or architecturally significant, or; located in a flood zone, or; adversely impacted by consistently high noise levels, or; involved with the disturbance or removal of asbestos.

The rehabilitation scope of work submitted by you will be subject to Massachusetts Historical Commission (MHC) standards when exterior work is proposed. This especially applies to buildings included in the Register of Historic Places; buildings 50 years or older; the proposed use of vinyl or aluminum siding; the reconstruction of fire-damaged buildings; the replacement or repair of porches and handrails, doors, eaves, and roof lines and; proposed changes to any other structural or decorative building component.

Compliance with the above guidelines for exterior work may require detailed drawings as a condition of obtaining MHC approval; therefore, you are strongly encouraged to submit clear and detailed written specifications and cost estimates as early as possible. We will review your plans and, if necessary, forward them to MHC for approval.

Signage:

The owner hereby authorizes the placement of a temporary lawn sign for the duration of the project which acknowledges program participation and funding sources.

You will be given additional assistance on how to comply with the provisions of all the above if it applies to your property.

Please sign below to confirm that you have received a copy of the Rehab Loan Program Guidelines, and that you have read and understand these Guidelines.

DATE

Applicant's Signature

DATE

Co-Applicant's Signature

