

## PROGRAM OVERVIEW

The *Rutland City Market Rate Revolving Loan Fund: Revitalizing Market Rate Rental Housing Program* (hereafter referred to as ‘the Program’) will be managed and administered by NeighborWorks of Western Vermont (NWWVT), in partnership with the City of Rutland. High quality repairs and rehabilitation to market rate quality rental units in the City of Rutland will be the expected standards with the use of these funds. Additionally, the intent is not to have a repaired market rate unit only, but rather to improve the quality of entry, common areas and shell of the property in total, to include porches, siding, windows, curb appeal, etc. Priority will be given to those applications which renovate, enhance or convert the unit to be ADA compliant. The use of these funds is intended to be for long-term rental leases.

All eligible property owners who are approved for a loan with NeighborWorks of Western Vermont, and recommended by the Rutland Redevelopment Authority will be considered fully admitted into the Program.

### Program Overview:

- The program offers *loans* up to \$30,000 per unit for repairs needed to bring vacant rental units up to the minimum Vermont Rental Housing Health Code guidelines, with the expectation that property owners generally bring high quality repairs and rehabilitation to market rate units in the City of Rutland. These standards include, but are not limited to units which are, in their finished state:
  - incorporating above builder grade materials,
  - use aesthetically pleasing colors,
  - free of damage and debris,
  - energy efficient where possible,
  - durable flooring and finishes,
  - bathrooms fully rehabilitated with water-conscious fixtures,
  - kitchens fully rehabilitated with energy efficient appliances,
  - walls should be refurbished and insulated if possible, for efficiency and noise reduction,
  - windows should all be operable and efficient.
- Program offers an *additional loan* of up to \$30,000 for structural, mechanical and common area upgrades affecting multiple units (building shell improvements).
- Maximum loan of \$90,000 per borrower (3 units or 2 Units + Shell). Other proposals may be considered with a 4-unit property to include common area improvements and mechanicals.
- Loan terms include the following, more information will be provided with loan application:
  - 1.5% fixed interest rate,
  - Interest-only for 12 months, P & I for 120-month repayment schedule,
  - LTV or appraisal is required,
  - 3-month principal, interest, taxes, and insurance reserve,
  - Minimum 620 credit score,
  - Use of general secondary market underwriting standards.

- Loan disbursements:
  - 50% at the time of loan closing
  - 50% at the time of final completion to include signed lease and completion per the scope of work.
- Code and ordinance compliance for the City of Rutland must be adhered to for all property owned by all owners prior to application approval, including certificate of occupancy (COO) on all units.
- The property owner must be in good standing with the City of Rutland related to all municipal fees, permits and taxes, as well as current mortgage payments on all unit(s) owned, including all units owned by LLC in which the property owner is a managing member.
- Completed units must comply with the Vermont Rental Housing Health Code and with all local, state and federal regulations concerning lead and asbestos must be adhered to.
- Eligible applicants MUST have the ability to meet an 12-month deadline for completion from loan closing signature date.

**\*Program can be combined with VHIP 2.0 10-yr grant program. If approved for VHIP 2.0, Program funding can be used for match requirement and Program project timeline extended to 18 mos.**

**ADDITIONAL ITEMS OF NOTE AND COMPLIANCE:**

- Applicant(s)/owner(s) should understand that at the time of completion, your property may be reassessed, and property taxes may increase.
- This program is not meant to displace any currently housed tenant, and as such applicant(s)/owner(s) will attest to not displacing any current tenant in order to participate in this program.
- Applicant(s)/owner(s) agree that before and after photos, and testimonial on the program including use of funds and program management may be used in promotional material.
- Applicant(s)/owner(s) agrees to complete satisfaction survey after project completion which may be used to improve the program.

**ELIGIBILITY DOCUMENTS PACKAGE (include all documents):**

- Completed Eligibility Form, signed by the Applicant(s)/(Property Owner(s))
- Copy of Property Insurance
- Copy of the Tax Bill
- Copy of Warranty Deed
- Copy of Permits (supplied by Applicant/Property Owner)
- Scope of Work and Budget (incl. sources and uses which cover full project cost)

NOTE: NWWVT reserves the right to request additional information needed to clarify the eligibility form, scope of work, costs, project understanding, materials, etc., on behalf of the City of Rutland and the Rutland Redevelopment Authority before making recommendations to the RRA Board.

**ENGAGEMENT WITH NWWVT:**

**Program participants agree to allow and engage with NeighborWorks of Western Vermont (NWWVT) on the following activities:**

- Attend an initial site visit of the property/units with property owner.
- Review proposed scope of work and budget, as well as assist in defining and finalizing the project scope.
- Verify that all permitting and compliance with local, state, and federal regulations are satisfied.
- Confirm construction deadlines are being met and provide loan disbursements.
- Conduct progress and final inspection to ensure all repairs have been completed.



- Collect and verify all program documents: pre-work, during-work, post-work as required.
- Project Timeline: 12 construction completion - *All units must be done with construction, occupied (with a Certificate of Occupancy) and all invoices submitted to NWWVT no later than 12 months after signing of the loan documents for the project. By missing this deadline, you will be in non-compliance with the Program, owner-borrower will assume the remaining payments due to the contractor and/or supplier and NWWVT as lender to this program.*

**For questions, please contact:**

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