# Loan Modification Program Application

## Rental Loan Program and Project-Based Section 8

### I. PROGRAM ELIGIBILITY

**a. Loan Eligibility.** In order to be eligible for a loan modification under the Program a loan must: (i) be an existing MaineHousing loan in good standing; (ii) be secured by a mortgage and security agreement; (iii) be a multifamily project financed by MaineHousing; and (iv) not have been modified within the last five year period prior to making application under the Program.

A loan subject to an existing restriction concerning prepayment, which satisfies the loan eligibility requirements set forth above, with an interest rate above the Program interest rate, is not eligible for an interest rate modification under the Program. The loan may however be eligible for an extension of the term in accordance with the Program.

A loan subject to an existing restriction concerning prepayment, which satisfies the loan eligibility requirements set forth above, with an interest rate below the Program interest rate, is eligible for an interest rate modification, and will be modified to reflect the Program interest rate in connection with a modification of the term of the loan.

Additionally, in order to qualify for a loan modification under the Program borrowers requesting modification of an eligible loan must modify all other eligible loans secured by the same project in accordance with the Program. Deferred loans are not eligible for an interest rate modification but are eligible for an extension of loan term in order to be coterminous with the extended term of an eligible loan modified in accordance with the Program. A loan may be modified under this Program one time only in a five-year period.

If a loan has been modified under the Program within the past five years, and the borrower applies for additional funds under MaineHousing's Subsequent Loan Program, MaineHousing may waive the five-year loan modification prohibition for the purpose of permitting the modified loan to be coterminous with the subsequent loan.

**b. Borrower Eligibility**. Any entity with a loan which meets the loan eligibility requirements under the Program Eligibility Section is eligible to apply.

No application for the Program will be considered or approved if the borrower, any of its principals, any entity controlled by the borrower, any affiliates or any guarantor of a borrower's loan obligations (i) is in default or violation of any obligation to MaineHousing; (ii) has been more than 60 days delinquent on any loan with MaineHousing in the past year or has been issued a notice of default or loan document violation in the last 6 months, unless an approved payment or workout plan is in place and in good standing; or (iii) was the owner of a MaineHousing financed project upon which MaineHousing foreclosed.

A borrower or member of a development team may not participate if the borrower or development team member (i) is debarred, suspended, or excluded from any federal program; or (ii) has ever had a professional license to provide the services the party seeks to provide for the project suspended or revoked; or (iii) is debarred, suspended, or voluntarily excluded from any MaineHousing programs. Borrowers and their contractors and agents will be required to certify that they are not so classified.

**MaineHousing may direct applicants to other financing programs for any proposed capital improvements, as it deems appropriate.**

**MAINEHOUSING WILL IN ITS SOLE DISCRETION MAKE THE FINAL DETERMINATION REGARDING WHETHER OR NOT EACH LOAN AND BORROWER IS ELIGIBLE FOR THE PROGRAM, INCLUDING WHETHER OR NOT A LOAN IS SUBJECT TO AN EXISTING RESTRICTION CONCERNING PREPAYMENT.**

**A NONREFUNDABLE $1,000 APPLICATION FEE IS DUE WITH THE APPLICATION.**

## Loan Modification Terms

**a. Accounts.** Any replacement reserve accounts and/or tax and insurance accounts that exist outside MaineHousing must be transferred to MaineHousing to be held in an institution of MaineHousing's choice, or its designee, as sole signatory on the accounts.

b. **Program Interest Rate.** The current program interest rate can be found here: Subsequent Loan Program

c. **Loan Options.**

**Amortizing Loan:**

☐ 15 to 30 years, fully amortizing — Years ____

☐ 15 to 29 years based on 30-year amortization with balloon at maturity — Years ____

☐ 30-year term with 40-year amortization with a balloon payment in year 30

**Interest Only Loan:**

☐ 30-year interest only with a balloon in year 30 with one-time option to amortize after year 15

**Bifurcated Loan:**

☐ For amortizing loans exceeding $25,000 per unit on a case-by-case basis

Amortizing amount ____

Interest only amount ____

## II. APPLICANT INFORMATION

Name of Applicant

Taxpayer ID Number or Social Security Number

Contact Person & Title

Mailing Address

Email Address

Telephone Number

FAX Number

Type of Ownership

- ☐ Individual
- ☐ Bond For Deed
- ☐ Corporation
- ☐ Non-Profit
- ☐ Partnership
- ☐ Limited Partnership
- ☐ Limited Liability Corp.
- ☐ Other (specify)

Attorney

Email Address

Telephone Number

## III. PROJECT/BUILDING INFORMATION

| | |
|---|---|
| Name of Project | |
| Project # | |
| Address | |
| Mailing Address | |
| | |
| Total # of Units | |

☐ Elderly ☐ Family ☐ Both

Remaining Term of HAP/Restrictive Covenants ____ Years

HAP/Covenants Expiration ____

Date of Purchase ____ Purchase Price ____

## IV. PROJECT FINANCIAL INFORMATION

**Current Project Financing**

| | Source | Interest Rate | Current Loan Balances | Maturity Date | Prepayment Prohibition? Y / N |
|---|---|---|---|---|---|
| 1 | | | | | |
| 2 | | | | | |
| 3 | | | | | |
| 4 | | | | | |
| 5 | | | | | |

| | Contract Rent Amount | # of Units |
|---|---|---|
| 0BR | | |
| 1BR | | |
| 2BR | | |
| 3BR | | |
| 4BR | | |

**Utility Allowance** ☐ Yes ☐ No

If yes, complete the folllowing:

Type: ☐ Heat ☐ Hot water ☐ Cooking ☐ Other electric

**Last Three Fiscal Year-End Cash Positions**

20 ____ 

20 ___ 

20 ____ 

I/we understand that this is a preliminary application. MaineHousing reserves the right to request additional information deemed necessary for processing this Application.

I/we certify that the information provided is true and correct to the best of my/our knowledge.

Name ____________ Date ____________ Title ____________

Name ____________ Date ____________ Title ____________

**MaineHousing will process signed applications only. Applications may be submitted in hard copy or by scanning the signed application as a pdf file and sent via email.**

**<u>Conflict of Interest:</u>**

To maintain the continued confidence of Maine citizens in carrying out our joint mission to assist Maine people inobtaining and maintaining quality affordable housing, MaineHousing Partners must avoid situations which are, orappear to be, at odds with their responsibilities to MaineHousing. Maine law and federal regulations (when federalfunding is involved) govern conflicts of interest.

Applicants must review MaineHousing's Conflict of Interest Policy for MaineHousing Partners and complete theDisclosure Form as part of the Application, which is attached hereto.

MaineHousing
MAINE STATE HOUSING AUTHORITY

# Conflict of Interest Policy – MaineHousing Partners *

To maintain the continued confidence of Maine citizens in carrying out our joint mission to assist Maine people in obtaining and maintaining quality affordable housing, MaineHousing Partners must avoid situations which are, or appear to be, at odds with their responsibilities to MaineHousing. Maine law and federal regulations (when federal funding is involved) govern conflicts of interest.

MaineHousing Partners must ensure that **no** person who is an employee, agent, or consultant of the Partner – *and* who performs any functions with respect to any MaineHousing program – may obtain a personal or financial interest or benefit (other than their earnings) from MaineHousing programs, either for themselves or for those with whom they have family, business, or close personal ties. As soon as the Partner becomes aware of a potential conflict of interest:

- The Partner must disclose to MaineHousing all personal and business relationships between Partner's employees and any contractors, agents, or consultants who work on MaineHousing programs.
- The Partner must disclose to MaineHousing all employees (including temporary employees and volunteers) of the Partner who are applicants for MaineHousing programs administered by the Partner.
- The Partner must disclose to MaineHousing anyone who will be paid for work on MaineHousing programs who is a current or former MaineHousing employee or commissioner – or has family, business, or close personal ties with a current or former MaineHousing employee or commissioner (within the last year.)

## Conflict of Interest Definitions

A ***conflict of interest*** arises when the personal interest of an employee (or a family member, friend, or business associate of the employee) conflicts or potentially conflicts with the employee's work duties or responsibilities to MaineHousing. Conflicts of interest can occur when actions may be improperly influenced by a secondary motive, such as:

- financial gain,
- professional advancement, or
- desire to do favors for family and friends.

An ***appearance of a conflict of interest*** exists if circumstances are believed to create a risk that decisions may be improperly influenced by other motives. It is important to note that a conflict of interest may exist, regardless of whether any unethical or improper act has taken place.

A ***direct interest*** occurs when the employee individually, or through a majority stakeholder position in an entity, owns or is a party to any contract, business agreement, project, or property. Individuals with management, control or other decision-making responsibilities, or voting rights for an entity, are also considered to have a direct interest.

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* This policy applies to all individuals and organizations who receive funding from or who have a business or contractual relationship with MaineHousing. Pertinent partners include, but are not limited to: Grantees, Subgrantees, Sub-recipients, Community Action Agencies, Shelters, Developers, Applicants, Contractors, Administrators, and Vendors.

An ***indirect interest*** occurs when family members, friends, or business associates of the employee have ownership or contractual rights in any contract, business agreement, project, or property. Shares in an entity by the employee or commissioner through an investment vehicle, a trust or estate arrangement, mutual fund, or other intermediary also meets the definition of an indirect ownership interest. Additionally, any ownership interest in a related entity (such as a parent company or subcontractor) that plans to do business with MaineHousing is considered an indirect interest.

***Family members*** are defined broadly, and include spouse/partner, mother, father, son, daughter, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother, sister, brother-in-law, sister-in-law, nephew, niece, uncle, aunt, first cousin, grandparent, grandchild. Family members also include all "half" or "step" relatives (e.g. half-brother or step-daughter).

## Conflict of Interest Procedures

*Personal or Business Relationships Involving Employees*

As soon as a Partner becomes aware of a personal or business relationship involving an employee that could give rise to perceived partiality, an appearance of a conflict of interest, or an actual conflict of interest in connection with MaineHousing programs, **the Partner shall disclose the relationship to MaineHousing in writing, with a description of the Partner's plan to manage the potential conflict.** Once reviewed and approved by MaineHousing's Internal Auditor, the plan must be signed by the employee and representative(s) of the Partner and submitted to MaineHousing. Plans must be reviewed and re-signed once a year.

*Employees as Applicants for MaineHousing Programs*

If eligible, Partner employees (including temporary staff and volunteers) are encouraged to apply for MaineHousing programs administered by the Partner. However**, in advance of a benefit being paid**, approval of any program application by a partner employee **requires two levels of signature**, including the Director or other Senior Executive of the Partner.

**Copies of signed applications must be submitted to MaineHousing,** and maintained by the Program Department in accordance with required Records Retention periods. The Partner must also retain original signed and approved applications in accordance with required Records Retention periods.

Compliance with the Partner Conflict of Interest Policy and Procedures will be monitored by MaineHousing staff and subject to periodic program audits.

**If you are unsure** whether a situation constitutes a conflict of interest, please consult with your contact at MaineHousing, or email MaineHousing's Internal Auditor, Kimberly Whitley, at **kwhitley@mainehousing.org**.

MaineHousing
MAINE STATE HOUSING AUTHORITY

**MaineHousing Partners**
**Conflict of Interest Disclosure Form**

**I have read and understand the *Conflict of Interest Policy – MaineHousing Partners.***

☐ **YES**

☐ **NO**

**Do you (or any of your principals or affiliates, or anyone who will be paid for work in connection with the project, program, contract or services at hand), have business ties, family relationships, or other close personal relationships with a current MaineHousing commissioner or employee or anyone who was a MaineHousing commissioner or employee within the past year?**

☐ **NO**

☐ **YES (please describe below, or attach)**

Signed: ______________________________ Date: ________________________

Printed Name: ________________________ Title: _________________________