



2020

Pre-Development Loan Program

Walk-in Funding Program



mainehousing.org | 207-626-4600

Pre-Development Loan Program

INTRODUCTION

The Maine State Housing Authority is providing interest-free capital to cover mortgageable pre-development costs incurred by nonprofit borrowers who are developing affordable supportive housing projects or preserving certain federally-assisted housing projects. Pre-Development Loan (PDL) funds will be used to leverage private and other funds for the construction of new affordable supportive housing, the adaptive reuse of existing structures for supportive housing, or preservation of units with assistance from a Rural Development program or HUD's Rental Assistance Demonstration (RAD) Program.

MaineHousing may suspend or terminate this program at any time, reject or cease processing any application prior to closing, and award all, a portion of, additional, or none of the available funds.

ELIGIBLE USES

Eligible uses of PDL proceeds include any mortgageable costs incurred in the pre-development phase of the project including, but not limited to:

- option or earnest money payments on a purchase and sale contract
- environmental testing
- legal services
- architectural services
- engineer's assessment
- market study and appraisal services
- consulting fees or staff time devoted to project management

Organizational overhead and staff costs directly attributable to pre-development activities are eligible for pre-development funding up to a maximum of \$7,500 per pre-development loan application. Construction and infrastructure costs are ineligible.

Pre-development costs incurred by the applicant before the execution of the PDL Agreement are eligible for reimbursement, so long as it can be demonstrated by the applicant that the expenses were directly related to the proposed project. These costs and evidence of payment **must** be submitted at the time of the PDL application.

MaineHousing reserves the right to deny or partially fund payment for any eligible use.

ELIGIBLE APPLICANTS

1. A non-profit corporation which has either filed for or has received 501(c)(3) tax-exempt status, is registered to do business in the State of Maine, and is developing a supportive housing project for persons of low income.
2. Public Housing Authorities that wish to assume ownership of, and preserve Rural Development projects for persons of low income.

MaineHousing reserves the right to limit the number of PDL's an applicant can hold at any one time.

ELIGIBLE PROJECTS

Each application will need to be complete, demonstrate a need for funding, and demonstrate preliminary project feasibility, and organizational capacity to undertake the proposed project.

LOAN TERMS

Loans will be 0.0% interest deferred debt. Repayment is deferred until the earlier of the end of 24 months or the initial project loan closing.

For supportive housing projects of 1-4 units, the maximum funding available is \$45,000. For projects consisting of five (5) or more fully independent units, the maximum available will be \$60,000.

In the event that the PDL work plan is not accomplished within the schedule agreed to by the parties in the PDL Agreement, or the loan is not repaid at the expiration of the PDL term, MaineHousing reserves the right to commence the assessment of interest on the outstanding principal at MaineHousing's current cost of capital. Additionally, MaineHousing may forgive the outstanding principal if the project does not go forward for reasons which, in the sole opinion of MaineHousing, are beyond the control of the borrower.

APPLICATION REVIEW

All applicants for the PDL must submit a completed MaineHousing Pre-Development Loan Application. Contingent on the availability of funds, applications will be reviewed as they are received.

A PDL commitment carries no entitlement or assurance of a commitment for the same project through other MaineHousing financing programs.

SUBMISSION REQUIREMENTS

The Application must be in the form prescribed by MaineHousing for this program, and found on the MaineHousing website, www.mainehousing.org. Applications that MaineHousing determines are complete, eligible, and feasible will be processed. Applications that do not meet these requirements, will be rejected. Please call Chris DeMerchant of the Development Division, at (207) 626-4681 if you have any questions about required documentation or access to MaineHousing's ShareFile.

REPORTING

The applicant will be expected to communicate periodically with the assigned MaineHousing loan officer concerning the status of its project. MaineHousing reserves the right to establish a schedule for written status reports if necessary.

DISBURSEMENT PROCESS

Once a PDL Agreement is executed, MaineHousing will disburse funds in accordance with a work plan and budget mutually agreed to by the borrower and MaineHousing. The proceeds of the loan will be set aside in an escrow account at MaineHousing.

MaineHousing will reimburse the borrower directly upon receipt and approval of evidence of applicant's having paid an eligible expense, or will write a two-party check to the applicant and second payee upon receipt and approval of invoices for eligible services rendered to the applicant.

MaineHousing may limit the frequency of requests for reimbursement. MaineHousing reserves the right to review any and all of the expenses being paid for by the PDL.

MODIFICATION, REDUCTION, OR RECAPTURE OF LOAN

If MaineHousing determines that the applicant has failed to meet one or more of the obligations of the PDL Agreement, MaineHousing will notify the applicant and give it an opportunity within a prescribed time to show that it has taken curative action. If the applicant fails to do so, MaineHousing may modify, reduce, or recapture the loan, or take other appropriate action.

MAINEHOUSING'S NONDISCRIMINATION POLICY

MaineHousing does not discriminate on the basis of race, color, religion, sex, sexual orientation, national origin, ancestry, physical or mental disability, age, familial status or receipt of public assistance in the admission or access to or treatment in its programs and activities. In employment, MaineHousing does not discriminate on the basis of race, color, religion, sex, sexual orientation, national origin, ancestry, age, physical or mental disability or genetic information. MaineHousing will provide appropriate communication auxiliary aids and services upon sufficient notice. MaineHousing will also provide this document in alternative formats upon sufficient notice. MaineHousing has designated the following person responsible for coordinating compliance with applicable federal and state nondiscrimination requirements and addressing grievances: Louise Patenaude, Maine State Housing Authority, 26 Edison Drive, Augusta, Maine 04330, Telephone Number 1-800-452-4668 (voice in state only), (207) 626-4600 (voice) or Maine Relay 711.