

## **2910      PRE-CONVEYANCE REQUIREMENTS - FINANCING**

- 2910.1 Homesteaders shall be responsible for obtaining private interim and permanent financing for rehabilitation costs exceeding the amount that may be provided to the project by DHCD pursuant to § 2910.3.
- 2910.2 Homesteaders shall apply to at least one (1) commercial lender for such financing within a reasonable period of time after establishing the estimated amount required and affordable to the homesteader as indicated on a financing worksheet provided to the homesteader by the Program staff.
- 2910.3 The DHCD shall provide a deferred payment loan to, or on behalf of, each eligible homesteader in an amount not to exceed ten thousand dollars (\$10,000) per dwelling unit under the following terms:
- (a) The loans shall be available only to low and moderate income homesteaders;
  - (b) Loans shall be made at a rate of three percent (3%), simple interest, per annum, which interest may be deferred and accrued;
  - (c) Loans shall be secured by a second deed of trust;
  - (d) For single family homesteads, loans shall be paid in full upon sale or transfer of the property by the homesteader or according to other terms which may be incorporated into the loan agreement; and
  - (e) For multi-family homesteads, loans made on behalf of an eligible homesteader shall be paid in full upon sale or transfer of that share by the homesteader to a person who is not a low or moderate income household; provided, however, that upon sale or transfer of that share to a low or moderate income household, the loan shall be assumed by the new share owner without modification or amendment.
- 2910.4 The Administrator may, at his or her discretion, waive payment of any or all interest which may accrue on loans made pursuant to § 2910.3.
- 2910.5 Loans made pursuant to § 2910.3 may be subordinate to private financing obtained by a homesteader for the purpose of accomplishing required rehabilitation of a homestead.
- 2910.6 If a homesteader is unable to obtain sufficient private financing from two (2) or more commercial lenders and produces loan applications and rejection letters as evidence of that fact, the Administrator may, as applicable, refer the homesteader to the Single Family Housing Rehabilitation Program or the Multi-Family Rehabilitation Program administered by the DHCD Neighborhood Improvement Administration for the purpose of applying for rehabilitation financing.

2910.7 Homesteaders shall obtain acceptable written commitments for all funds required for rehabilitation prior to conveyance of title to the property.

SOURCE: Notice of Final Rulemaking published at 34 DCR 4947, 4956-57 (July 31, 1987).