



CITY OF WAUSAU

WAUSAU/HOME RENTAL REHABILITATION LOAN PROGRAM
GUIDELINES

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CHAPTER I
BACKGROUND INFORMATION

A. LEGAL AUTHORITY FOR RENTAL REHABILITATION LOANS

Rental rehabilitation loans are authorized under an agreement executed between the City of Wausau and the State of Wisconsin Department of Commerce for Wausau/Home Rental Rehabilitation Program funds.

B. PROGRAM OBJECTIVES

1. To eliminate housing conditions which are detrimental to health, safety and public welfare through code enforcement and rehabilitation.
2. To eliminate blight and deteriorating property.
3. To conserve and expand the City's housing stock in order to provide a safe and sanitary home and suitable living environment for City residents.

C. USE OF REPAID RENTAL REHABILITATION LOAN FUNDS

HOME/WRRP and successor program loan funds repaid to the City of Wausau in satisfaction of a Repayment Agreement are considered program income for the Wausau/HOME Rental Rehabilitation Programs and will be used in accordance with the provisions of current rental rehabilitation guidelines.

D. DEFINITIONS

1. Accessory Structure shall mean a detached structure located on any premises and not used or intended to be used for living or sleeping by human occupants.
2. Building Code shall be as outlined in the Wausau Municipal Code of the City of Wausau.
3. Citizen Advisory Committee for Community Development or other appropriate designated body of the City of Wausau shall mean the policy setting body for the Wausau/HOME Rental Rehabilitation Programs by Common Council resolution.
4. Code Violations shall mean a defect, deficiency or violation of the plumbing, heating, electrical, fire codes and/or the Housing and Building Code of the City of Wausau.
5. Community Development Department (CDD) shall mean the Community Development Department which has been designated by the Common Council of the City of Wausau as the responsible agency for administering the Wausau/HOME Rental Rehabilitation Programs.

6. Contractors shall mean a company eligible to perform work on a City of Wausau rental rehabilitation project, be professional contractors and subcontractors whose income is primarily derived from (re) construction contracts, is properly insured and in the judgment of Community Development Department Staff has evidenced experience and quality in undertaking and completing rehabilitation work.
7. Decent, Safe and Sanitary shall mean the minimum standards essential to make dwellings safe, sanitary and fit for human habitation.
8. Deferred Payment Loan shall mean Wausau/HOME Rental Rehabilitation Program funds allocated by the Citizens Advisory Committee for Community Development (CACCD) or other appropriate governing body to an eligible rental housing property for use in rehabilitating that property and, consists of a sum, the principal and interest which is to be repaid beginning in month 61 commencing (year 6) through month 180-completion (year 15) or immediately due and payable to the City of Wausau at the time the property is transferred to a new owner, or when the property is no longer titled to the owners or applicant.
9. Dwelling shall mean any enclosed space that is wholly or partly used or intended to be used for living or sleeping by human occupants, provided that temporary housing shall not be regarded as a dwelling, except as provided under the Program Guidelines.
10. Dwelling Unit shall mean any room or group of rooms located within a dwelling and forming a single habitable unit with facilities that are to be used for living, sleeping, cooking and eating.
11. Electrical Code shall be as outlined in the Municipal Code of the City of Wausau and National Electrical Code.
12. Elderly Household shall mean a household whose head is 62 years of age or older.
13. Equalized Value shall be the current assessed value divided by the most recent equalized ratio as set forth by the State of Wisconsin Department of Revenue for the City of Wausau. The resulting figure represents full market value of the property.
14. Family shall mean any number of individuals related by blood, marriage or adoption, or not to exceed four (4) persons not so related, living together as a single housekeeping unit and using common cooking facilities, or not to exceed ten (10) persons living together as a single housekeeping unit and using common cooking facilities in a foster home wherein the foster parents have been licensed by the State Department of Health and Social Services.
15. Financial Institution shall mean a lending institution which agrees to participate in

the Wausau/HOME Rental Rehabilitation Loan Programs, and which charges total interest rates no higher than the going rate charged for home improvement loans by federally-insured financial institutions.

16. Fire Code shall be as outlined in the Municipal Code of the City of Wausau.
17. Household shall mean all non-rent paying occupants of a dwelling unit that reside there at least nine months out of the year.
18. Household Annual Income shall mean the household's gross annual income.
19. Housing Code shall be as outlined in the Municipal Code of the City of Wausau.
20. HUD - The U. S. Department of Housing and Urban Development.
21. Immediate Family shall mean brothers or sisters, father or mother or sons and daughters of the applicant.
22. Investor-Owned Property shall mean a property used entirely for residential purposes that is either non-owner occupied, or contains five or more dwelling units whether or not occupied by the owner.
23. Land Sales Contract shall mean any property transaction in which the purchaser-occupant obtains fee title if he or she completes a series of installment payments to a vendor rather than to a mortgagee over a term of years.
24. Loan Subsidy shall mean the Wausau/HOME Rental Rehabilitation Programs subsidy allocated by the CACCD in combination with the funds loaned by a lending institution to an eligible owner to rehabilitate an eligible property. The funds loaned by the lending institution must be repaid according to the lending institution's requirements. The Wausau/HOME Rental Rehabilitation Programs subsidy shall be repaid under the conditions stated in the Program Guidelines and Repayment Agreements.
25. Owner shall mean any person who alone or jointly or severally with others: (a) shall have legal title to any dwelling or dwelling unit with or without accompanying possession thereof, or (b) shall have charge, care or control of any dwelling or dwelling unit as an executor, administrator, trustee or guardian of the estate of the owner.
26. Owner-Occupied Property shall mean property occupied by the owner (s) that is used for residential purposes and that contains one to four dwelling units.
27. Plumbing Code shall be as outlined in the Municipal Code of the City of Wausau.
28. Repayment Agreement shall mean the agreement between the City of Wausau and the owner/applicant of a rehabilitated structure that requires repayment of a

Wausau/HOME Rental Rehabilitation Program Loans.

29. Safety shall mean the condition of being free from danger and hazards that may cause accidents or disease.
30. Section 8 Existing Housing Quality Standards (HQS) shall mean the housing standards set forth in the Department of Housing and Urban Development 25 CFR 882.109.
31. Section 8 Income Limits shall mean the very low and lower family income limits established annually by the Department of Housing and Urban Development for individual localities.
32. Specifications shall mean a statement itemizing all rehabilitation work needing to be undertaken on a property to bring that property into compliance with the minimum code requirements and other applicable property rehabilitation standards. The work write-up is prepared by the Community Development Department and/or Inspection staff on the basis of an on-site inspection.
33. Temporary Housing shall mean a tent, trailer or other structure used for human shelter which is designed to be transportable.
34. Wausau/HOME Rental Rehabilitation Programs shall mean the Programs and funds managed by the City of Wausau Community Development Department as originally provided by the State of Wisconsin.
35. Value of the Improvements shall be 50% of the cost of the improvement.

AUTHORITY TO ADMINISTER REPAYMENT AGREEMENTS

The Community Development Department is authorized by the Common Council of the City of Wausau, to administer state funds in connection with the Rental Rehabilitation Programs. Administration includes, but is not limited to, interpreting program guidelines, determining economic feasibility, approving or denying loan applications, entering into the agreements and obligating the city in accordance with the objectives and provisions of these guidelines. Community Development staff is not held personally liable for undertaking and conducting projects in accordance with their judgement and interpretation of the Rental Rehabilitation Programs, regulations and codes.

CHAPTER 2

ELIGIBILITY REQUIREMENTS

A. ELIGIBLE PROPERTIES

1. Residential rental property (including mixed use) located within the corporate limits of the City of Wausau is eligible for a loan if all other program requirements are met including:
 - a. If a property is being purchased on a land sales contract it is eligible for a loan if the following conditions are met:
 - (1) The contract shall be a written, legally binding and recorded instrument.
 - (2) The seller's equity must exceed the buyer's equity.
 - (3) The buyer's equity contributed toward purchase must equal or exceed 100% of the project cost.
 - (4) Under the contract; the seller and any subsequent holder of the fee to the property must be obligated, without qualification, to deliver to the purchaser fee simple title and a deed to the property upon full payment of the contract price or some lesser amount.
 - (5) Under the terms of the contract, the purchaser shall have full use, possession and quiet enjoyment of the property, and equitable title to the property.
 - (6) The seller must co-sign all Repayment Agreements.
 - (7) If buyer defaults on a land contract, then the seller is held liable to pay back the rental rehabilitation loan.
 - (8) All other program requirements.
 - b. A property must be located within the City of Wausau.
 - c. If a property is covered by life estate, it is eligible for a loan if the life tenant and the recorded title holders sign the repayment agreement, and if all other program requirements are met.
 - d. If a property is located in the flood plain as defined by the Department of Housing and Urban Development Federal Insurance Administration Map, the property must be covered by flood insurance for the amount of the rehabilitation work. Prior to commencing rehabilitation work, the owner must submit evidence of flood insurance.

- e. The project must result in a positive impact on the area as determined by the Community Development Department.

B. INELIGIBLE PROPERTIES

- 1. A property which has delinquent property taxes as determined by the City of Wausau Treasurer=s office is ineligible for a loan.
- 2. Property which has been deemed condemned by the City of Wausau Building inspector.

CHAPTER 3

ELIGIBLE LOAN EXPENDITURES

A. ELIGIBLE LOAN EXPENDITURES

1. All requirements of the HQS and the Section 8 Existing Housing Code are eligible expenditures, and
 - a. When necessary to meet a specific requirement of the Plumbing, Building, Electrical, Heating, Health and Fire and Housing Codes or to maintain the structure in a safe and sanitary condition as determined by CDD staff.
 - (1) The repair, removal or replacement of elements of the dwelling structure and basic equipment are eligible expenditures. The term "basic equipment" includes such items as boilers, furnaces, water heaters, electrical fixtures, and sanitary facilities, and generally appliances will not be considered eligible unless installed with the prior approval from CDD staff.
 - (2) The provision, expansion and finishing of space necessary to accommodate sanitary and other facilities are eligible expenditures.
 - (3) The provision of additional or enlarged bedrooms is an eligible expenditure if required to comply with HUD's Minimum Housing Quality Standards.
 - (4) The conversion of building into residential rental units from a former use.
2. Correcting incipient violations is an eligible expenditure. All incipient violations will be recorded on the work write-up specification for the property. An incipient violation exists if at the time of inspection it is thought that the physical condition of an element in the structure will deteriorate into an actual violation in the near future. For example: A dwelling roof has one or more small leaks that can be patched at a low cost, but the roof will continue to develop leaks after repair. Therefore, the entire dwelling would be considered an incipient violation and an eligible expenditure.
3. The purchase of building permits and related fees are eligible expenditures either singly or as part of the construction contract (s).
4. Treatment for wood eating insects, termites, or pest infestation is an eligible expenditure.
5. Items not included in the HQS or the Housing Code that put the rental unit or building in good and readily maintainable condition are eligible expenditures, but

do not necessarily take priority over code requirements.

6. General property improvements not included in the HQS, the Housing Code, or the good and readily maintainable category are eligible expenditures, if they do not exceed 50% of the total loan amount.
7. Architectural services for preparation of plans and working drawings are eligible expenditures in specific cases. Permission to include architectural fees in the loan amount must be requested prior to initiating rehab work.
8. The removal of accessory structures is an eligible expenditure if the accessory structure is not code complying and is located on a property that is undergoing rehabilitation.
9. The construction of an accessory building attached or detached.

B. INELIGIBLE LOAN EXPENDITURES

1. Materials, fixtures, equipment or landscaping of a type of quality which exceeds that customarily used on the locality for similar properties, are ineligible expenditures.
2. The construction of swimming pools and similar improvements are ineligible expenditures.
3. Purchase, installation or repair of furnishings are ineligible expenditures.
4. Acquisition of land is an ineligible expenditure.
5. Work contracted, underway or completed prior to a rental rehabilitation application are ineligible.
6. Items that exceed the maximum loan amount are ineligible expenditures unless supplemental funds are available or unless the CDD approves additional expenditures to complete work necessary to make the structure decent, safe and sanitary. This project must still meet all other program requirements.

C. ELIGIBLE ADMINISTRATION EXPENDITURES

Related fees such as title reports, appraiser's fees, recording of liens, wood eating insect, termite and pest infestation reports and the expense of analysis for lead paint as required by federal regulations 24 CFR 35.24 are eligible expenditures.

D. WORK PRIORITIES

The goal of each rental rehabilitation project is to have a fully code-complying residential

property upon project completion.

If the household cannot correct all Housing Code violations for reasons including, an inability to obtain sufficient funds; the work items to be undertaken shall first be determined by the CDD, then if necessary the Building Inspector shall prioritize violations. The most hazardous violations shall be corrected first. No general improvement work items shall be allowed until all Housing Code violations are corrected.

E. SELF-HELP

An owner or household may use loan funds to purchase supplies or do his/her own work, but under the same standards and guidelines undertaken by professional contractors.

Funds are not to be used to pay labor for owner and immediate family unless owner is a certified contractor, which has been verified by CDD and has prior approval from CDD Staff.

CHAPTER 4

LOAN LIMITS

A. LOAN LIMIT

The rental rehabilitation loan amount will be awarded according to the following schedule:

Up to a maximum of \$40,000 per unit, but not more than 75% of unit costs for Wausau Rental Rehabilitation Program and \$14,999 for HOME Rental Rehabilitation Program. The other 25% of funds shall be provided by the owner.

The loan amount shall be equal to the total eligible expenditures of the dwelling.

1. Under special circumstances the CDD may approve funds in excess of the loan amount if unforeseen or additional costs must be incurred to complete the rehabilitation project or to make the structure decent, safe and sanitary.

B. INSUFFICIENT LOAN FUNDS

1. In some instances the work expenditures may exceed the maximum amount of loan funds. If the loan will not be sufficient to pay for the work, the owner will be encouraged to seek supplemental funds to finance the work.
2. If the property owner must obtain supplemental funds, the application shall not be approved until the Community Development Department has written evidence that the property owner has obtained an adequate and satisfactory supplemental funds commitment. The supplemental funds shall be sufficient to rehabilitate the property to meet the decent, safe and sanitary criteria.

CHAPTER 5

PROPERTY INSPECTION

A. PROPERTY INSPECTION PROCEDURE

The Community Development Department staff shall inspect the property and prepare specification that identifies each deficiency which may be corrected with loan funds. The specification shall serve as the basis for the contractor=s proposals and bid estimates.

B. LEAD BASE PAINT WARNINGS

All property owners shall receive lead base paint warning notices at the time of the project closing. If there is a child residing in the living unit under 6 years of age with an elevated blood level (EBL), the Community Development Department staff will test subject property for lead based paint according to U. S. Department of Housing & Urban Development guidelines.

C. LEAD BASE PAINT INSPECTION (HRRP)

All properties built prior to 1978 will have a Lead Base Paint Risk Assessment performed indicating where lead based paint in present. Any lead based paint detected must be in good condition or necessary steps to correct the damaged area will be required through the program. Good condition consists of no peeling, flaking or damaged painted surfaces as well as areas in which dust samples are taken and the results indicated a lead hazard. Only certified lead contractors can perform work on any pre-1978 home.

CHAPTER 6

ADMINISTRATIVE PROCEDURES

A. APPLICATION PROCESSING ORDER

The Community Development Department shall accept and process applications on a first-come first-serve basis. Rental property units when rehabilitated shall be affordable to low and moderate income families.

B. IMMEDIATE AND URGENT THREAT TO HEALTH AND SAFETY

When a housing condition poses an immediate threat to the health and safety of the occupants, the program procedures shall be modified to allow the application to be considered and acted upon immediately by the rental rehabilitation staff.

C. PROCEDURES FOR PROCESSING A RENTAL REHABILITATION LOAN APPLICATION

1. Advise the applicant of the programs general objectives.
2. Advise the applicant of available benefits, type of financing and applicant's responsibilities pertinent to the rental rehabilitation project.
3. Property owner shall complete and submit a formal application for the rental program and shall attach
 1. Copy of deed
 2. Most recent copy of property tax, and
 3. Property insurance
 4. Payment of application fee
4. The property is inspected by CDD and/or Inspection staff to determine eligible expenditures, approximate cost of the rehabilitation work, and the scope of the work.
5. The owner/applicant is provided with a copy of the specifications. After the owner has approved the work he/she is provided with a sufficient number of bid specifications to enable him/her to solicit contractors.
6. The owner will solicit contractors to submit work proposals. The contractors shall use the specifications as the basis for work proposals. The owner, even though a qualified contractor him/herself must collect at least two proposals for each trade area listed on the specifications unless the nature of the item is not conducive to bidding, such as minor, inexpensive items in which case one proposal is sufficient

as long as the cost is deemed reasonable by the rental rehabilitation staff. All contracts are made between the owner and the contractor(s).

7. The work proposals are reviewed by the owner and the rental rehabilitation staff. The owner will select the contractors to perform the services and the project cost will be determined by totaling the contract prices.
8. If the project cost exceeds the limit of funding, the applicant has the option to provide supplemental funds to cover costs in excess of the spending limits, to delete non-code enforcement items to reduce the project cost (to make the cost conform to the spending limits), to request the CDD staff to waive the spending limit, or to withdraw from the Rental Rehabilitation Program.
9. If the CDD denies the application, the applicant will be informed of the action in writing. If the CDD approves the project, the owner will be notified to sign the Mortgage and Note and requested certifications and provide the supplemental or loan funds that are required for this project. After the necessary documentation has been signed, the project may proceed.

D. LOAN ACCOUNTS

A copy of the contractor=s invoice, lien waivers, payment voucher forms, copies of the checks, and other necessary documents shall be maintained by the rental rehabilitation staff.

E. LOAN CLOSEOUT

After final inspection is completed a final loan payment is made.

F. CANCELLATION OF THE HOUSING REHABILITATION DEFERRED PAYMENT LOAN.

1. An applicant for a rental rehabilitation loan may withdraw the loan application at any time before the application has been approved by the CDD.
2. The CDD staff may not consider or may discontinue work on an application for a rental rehabilitation loan for any of the following reasons:
 - a. The project is not eligible for any type of loan available under the Program.
 - b. The property for which the loan is sought is not eligible for a rehabilitation loan.
 - c. The owner/applicant consistently refuses to cooperate with the rental rehabilitation staff in preparation of the application.

- d. The applicant gives false or misleading statements in the application.
 - e. The applicant does not permit the property for which the loan is sought to be inspected by the Housing Rehabilitation Specialist and/or the City Inspection Department.
 - f. The rehabilitation of the property is not feasible because of the poor physical condition of the structure, or the financial feasibility of the proposed project.
 - g. The applicant withdraws the application.
 - h. The owner/applicant is identified by HUD as an ineligible contractor.
- 3. After a housing rehabilitation loan has been approved by the CDD the applicant may cancel the loan within a three day period after loan settlement by exercising the right of recession provided by Truth-in-Lending procedure.
 - 4. Cancellation and termination of rental rehabilitation loan may be effected by the City of Wausau by sending a written notice of cancellation to the borrower at his or her mailing address as set forth in the application if, in connection with a loan in the amount of \$1,000.00 or more, a prior adverse lien has been recorded against the property before the city=s mortgage or other loan security instrument has been recorded.
 - 5. Cancellation and termination of a rental rehabilitation loan may also be effected by the City of Wausau by sending a written notice of cancellation to the borrower at his or her mailing address as set forth in the application if, for a period of sixty days from the date of execution of the loan repayment agreement, the borrower shall have failed or refused to cause the commencement of physical rehabilitation work on his or her property, or if the borrower shall have failed to complete such rehabilitation work in a reasonable time as determined by the CDD Staff. Upon such action by the CDD, all funds for that particular loan will immediately be cancelled and any funds expended by the borrower will be immediately due and payable to the City. The failure of the City to exercise this right shall not be deemed a waiver thereof, as long as the rehabilitation work remains uncompleted.

G. MONITORING TRANSFER OF TITLE

The rental rehabilitation staff will monitor the transfer of properties to recapture rental rehabilitation loans.

CHAPTER 7

CONTRACTING FOR WORK

A. CONTRACT POLICY

The work shall be undertaken only through a written contract between the contractor (s) and the owner. The CDD shall assist each applicant in arranging for and obtaining an acceptable contract, if necessary (no owner, who is not a full-time professional qualified contractor, shall be self-employed with or without pay to do work on his/her property).

B. PROPOSALS FOR WORK

Contract proposals for work shall be obtained based upon the work write-up. Submitted contract proposals must specify the location and type of work to be done, the materials to be used, and the total cost of the work. At least two proposals should be obtained for each job. The CDD shall review all contract proposals to assure all code items are covered and that all contract proposals are complete. The owner is responsible for the final contract selection.

C. CONTRACT

1. Each contract shall be single document signed by the contractor prior to approval of the loan. Each document shall contain a proposal by the contractor along with the contract listing of general conditions. It shall be accepted by the owner following approval of the loan by the CDD.
2. The contract general conditions shall be prepared by the CDD. They shall include, but not be limited to the following requirements for contractors:
 - a. Work must commence within 30 days after issuance of the proceed to work order, unless other arrangements are made with the CDD.
 - b. Work must be completed within a specified number of days after issuance of the proceed order, unless other arrangements are made with the CDD. If all work is not completed by agreed date, the city shall take action necessary to correct the breach of contract conditions.
 - c. All payments shall be in one lump sum at the completion of the contract work unless otherwise determined by staff. There shall be no more than two progress payments. No progress payments shall exceed 80% of the total cost.
 - d. Evidence of completed operations liability and comprehensive public liability insurance coverage for the protection of the owner for not less than

\$100,000/\$300,000 in the event of bodily injury including death, and \$50,000 in the event of property damage arising out of the work performed by the contractor; and evidence of insurance or other coverage required by law governing workmen's compensation.

- e. Obtain and pay for all permits and licenses necessary for the completion and execution of the work and labor to be performed.
- f. Perform all work in conformance with applicable local codes and requirements.
- g. Provide a one year guarantee for all work after the date of completion.
- h. Other contract conditions when the HSA feels the nature of the work warrants them.
- i. The CDD may refuse to approve any loan which will be used to pay a contractor who the CDD Staff deems to be unqualified. Unqualified means that the contractor has, on at least two occasions, performed work of unsatisfactory quality, or has failed to repair the work to the satisfaction of the City's Inspection Department.

CHAPTER 8

FINANCING A LOAN

A. FUNDING SOURCE FOR LOAN SUBSIDIES

Loan funds for the Rental Rehabilitation Program and loan subsidies shall come from the Wisconsin Rental Rehabilitation Program or HOME Rental Rehabilitation Program.

B. FINANCING A RENTAL REHABILITATION LOAN

The cost of the rehabilitation work may be paid for with Wisconsin Rental Rehabilitation Funds. The owner/applicant will make no monthly payments for a period of 5 years. The owner/applicant will sign a Repayment Agreement providing for repayment. The interest rate on the Rental Rehabilitation Payment Loan will be a 2% per annum simple interest. Deferred/monthly/payments shall accrue and be added to the principal at the end of month 60; interest is calculated from the date of signature of mortgage and promissory note on a 365 day year. The CDD Staff, upon only exceptional circumstances, retains the option to develop projects under alternative financing schemes.

The CDD will evaluate a Rental Rehabilitation Loan Project in terms of economic feasibility as determined by the following formula:

1. Determine the amount of existing indebtedness against the property. Items to be examined are mortgages, liens, and judgements.

All Wausau/HOME Rental Rehabilitation Program funds will be disbursed via the Community Development Department. Lending institution loan funds will be disbursed via the local institution.

CHAPTER 9

INSPECTION AND PAYMENT FOR WORK

A. INSPECTION AND PAYMENT FOR WORK

1. A compliance inspection of the work shall be made by the CDD Staff or the appropriate inspection department staff before the CDD makes a progress payment or final payment on a contractors invoice.
2. If the CDD determines that the work completed for a progress payment is satisfactory and in accordance with the contract, the Community Development Department shall draw a check payable to the owner or applicant.
3. If the CDD determines that all work completed under a contract is satisfactory and in accordance with the contract, the CDD shall obtain from the contractor and supplier a lien waiver for the work. After receipt of lien waiver the Community Development Department shall draw a final payment check payable to the property owner. After securing the owners endorsement on the release form, the HSA shall transmit the check to that owner. In addition final payment will not be made until owner submits current tenant profiles on occupied units.
4. If the work is not completed satisfactorily and not in accordance with the contract, the CDD shall advise the owner of any non-compliance work or an incorrect invoice submitted by the contractor. The owner shall be requested to obtain, corrective action from the contractor. No progress or final payment shall be made on a contract until the contractor has satisfactorily completed the necessary corrective action.

B. DISPUTES

In the event a dispute exists between the owner and the contractor with respect to the work, the CDD shall take action in accordance with the provisions of the contract to assure that the work has been performed satisfactorily. If the CDD finds the work satisfactory, the owner must resolve the dispute independently with the contractor or accept the CDD's determination. The CDD shall authorize payment for satisfactorily completed work.

C. FINAL INSPECTION FORM

Upon the satisfactory completion of all the contracted work on a property in accordance with all contracts for that property, the CDD shall complete a final inspection form indicating that the property has been found decent, safe and sanitary.

CHAPTER 10

LOAN TERMS AND CONDITIONS

The owner shall agree, and by signing Rental Rehabilitation Program Application does agree to the following terms and conditions:

A. CIVIL RIGHTS

Comply with all requirements with respect to Title VI of the Civil Rights Act of 1964 to not discriminate upon the basis of sex, age, family status, sexual orientation, race, color, creed or national origin in sale, lease, rental, use or occupancy of the property.

B. USE OF PROCEEDS

Loan proceeds shall be applied only to pay for costs of services and materials necessary to carry out the work for which the loan is approved.

C. COMPLETION OF WORK

Assure that the work shall be carried out promptly and efficiently through written contract (s) with the prior concurrence of the CDD.

D. INELIGIBLE CONTRACTORS

Not award any contract for work to be paid for in whole or in part with the loan to any contractor who, at the time, is ineligible under the provisions of any applicable regulations issued by the Secretary of Labor, United States Department of Labor, to receive such a contract award.

E. INSPECTION

Allow inspection by the City, or its designee, of the property, the work and all contracts, materials, equipment, payrolls and conditions of employment pertaining to the work.

F. RECORDS

Keep such records as may be required by the City with respect to the work.

G. BONUS, COMMISSION, FEE

Not pay any bonus, commission or fee for the purpose of obtaining the approval of the loan application or any other approval or concurrence required by the City or its designee to complete the work financed in whole or in part with a loan.

H. INTEREST OF THE COMMUNITY DEVELOPMENT DEPARTMENT (CDD)

Not allow any member of the governing body, who exercises any functions or responsibilities in connection with the administration of this federally and state assisted project or program, not any other officer or employee of the public body, who exercise such functions or responsibilities, to have any interest, direct or indirect, in the proceeds of the loan in any contract entered into by the owner for the work financed in whole or in part with a loan.

I. INTEREST OR OTHER LOCAL PUBLIC OFFICIALS

Not allow any member of the governing body of the locality in which the property to be rehabilitated is situated, nor any other public official, board or committee member of the locality, who exercises any functions or responsibilities in connection with the Wisconsin Rental Rehabilitation Loan Program (WRRP) or HOME Rental Rehabilitation Loan Program (HRRP) to have direct interest in the proceeds of these loans or in any contract entered into by the owner for the work financed in whole or in part with a loan. Public employees who have no function or responsibilities in connection with the rental rehabilitation programs are eligible to apply for assistance.

J. PRESERVATION OF THE SECURITY

Maintain the property in sound condition during the term of the rental rehabilitation loan. Properties not sufficiently maintained as per City of Wausau basic housing property maintenance code as judged by the CDD, may be subject to immediate repayment of the deferred loan.

K. REPAYMENT AGREEMENT

Enter into an agreement with the CDD providing the repayment of the Deferred Payment Loan.

1. Repayment of Deferred Payment Loan - The property owner and all individuals who signed the application for a loan shall enter into an agreement with the CDD for repayment. This agreement shall provide that in the event that the improved property is sold, transferred, or in any way otherwise conveyed, or ceases to be the loan recipient's property, the owner/recipient shall immediately repay the full amount of the Deferred Payment Loan interest.

a. Interest Rate for Deferred Payment Loan - the interest rate for a Deferred Payment Loan will be 2% per annum simple interest. Interest for a partial year shall be calculated on a daily basis by dividing the annual interest amount by the number of days in the year (365 or 366) to determine the daily interest amount. The number of days of interest multiplied by the daily interest rate will yield the amount of interest owed for the partial year.

- b. In the case of a life estate, the life tenant and the title holders shall be required to sign the Repayment Agreement. If a situation arises which makes it impossible to meet this requirement, the CDD may give special consideration to the application.
 - c. When a rental unit(s) is rehabilitated, such unit(s) shall be affordable to low and moderate income persons in accordance with U. S. Department of Housing & Urban Development guidelines for a period of 5 years.
 - d. Optional Prepayment of Loan - the borrower may repay any part or all of the then-outstanding balance of the principal and/or interest of the deferred Payment Loan at any time prior to the time that such payment would otherwise be due without incurring any prepayment penalty.
2. Transfer of Deferred Payment Loan - A Deferred Payment Loan may not be passed on to any other owner.
3. Misuse of Funds - If any Deferred Payment Loan funds are used for purposes other than an eligible improvement upon an eligible property or if the household=s application is found to contain a material misstatement of fact, the owner/applicant shall be liable for immediate repayment of the Deferred Payment Loan.