

"HISTORIC PRESERVATION LOAN FUND"

RULES AND REGULATIONS OF THE
HISTORICAL PRESERVATION COMMISSION
OF THE
STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Adopted Pursuant to Chapters 42-35 and 42-45-10
of the General Laws of Rhode Island
October, 1986

THE RHODE ISLAND HISTORICAL PRESERVATION COMMISSION
The Old State House
150 Benefit Street
Providence, Rhode Island 02903



1.0 AUTHORITY AND PURPOSE

1.1 STATUTORY BASIS

Section 42-45-10 of the General Laws, "Historical Preservation Revolving Fund," authorizes the Commission to loan funds to non-profit preservation foundations, organizations, and individuals for the purpose of acquiring and restoring property worthy of preservation.

1.2 PURPOSE

This rule establishes the operating procedures of the Historical Preservation Commission for administering the Historic Preservation Revolving Loan Fund in accordance with the program's goals.

1.3 GOALS

The goals of the Fund are:

- a) to preserve and rehabilitate properties listed on the State Register of Historic Places which are in need of significant repair or rehabilitation;
- b) to provide low-interest loans to assist public, non-profit, or private owners of historic properties to undertake needed repair or rehabilitation work or to acquire and rehabilitate a historic property;
- c) to assure that repair and rehabilitation work which is undertaken is appropriate and meets historic preservation standards; and
- d) to encourage owners and the public to recognize the importance of historic properties and to support preservation efforts, particularly in deteriorated historic buildings or historic neighborhoods which are threatened by substandard conditions.

2.0 DEFINITIONS

2.1 "COMMISSION" refers to the Rhode Island Historical Preservation Commission.

2.2 "FUND" refers to the Historic Preservation Loan Fund.

2.3 "STATE REGISTER OF HISTORIC PLACES" refers to a list of properties kept by the Commission in accordance with the Rhode Island Historic Preservation Act (G.L. 42-45) which meet certain established criteria of historical, architectural,

archeological, and/or cultural significance and physical integrity. The State Register listings are based on counterpart listing in the National Register of Historic Places.

2.4 "HISTORICALLY APPROPRIATE REHABILITATION" refers to work which is consistent with the U. S. Secretary of the Interior's Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings (current edition) as interpreted by the Commission.

3.0 ALLOCATION OF FUNDS

3.1 ALLOCATION BY AWARD ROUNDS

The Commission shall, by vote, set the maximum amount of money available to be loaned during each award round. This amount may be increased at the completion of an application period by a vote of the Commission.

4.0 APPLICATION PROCEDURES FOR EACH AWARD ROUND

4.1 APPLICATION PACKAGE

To qualify for consideration during an application period, an applicant must submit a complete application utilizing the forms specified and approved by the Commission. An application may be carried forward from the award round for which it was initially submitted to subsequent award rounds, if the applicant so requests.

The application shall include:

- a) an application form approved by the Commission;
- b) a consent form signed by the property owner which permits the Commission or its staff to inspect and/or appraise the property for which the loan is sought; and any additional information that the Commission may require.

4.2 TYPES OF APPLICATIONS

Property owners may apply for loans to rehabilitate or acquire a property that meets the eligibility requirement listed below in section 4.7.a. In addition, municipalities and non-profit organizations may submit a Multiple Project Application for loan funding for the rehabilitation of more than one property, in accordance with the eligibility requirements listed below.

4.3 AVAILABILITY OF APPLICATION FORMS

The Commission shall make application forms available to applicants upon request.

4.4 FILING OF APPLICATIONS

Applications shall be filed with the Rhode Island Historical Preservation Commission, The Old State House, 150 Benefit Street, Providence, R.I. 02903, or such other address as the Commission designates in the application form instructions. Applications shall be accepted by the Commission any business day during regular working hours and shall be date stamped and signed upon receipt.

4.5 APPLICATION CLOSING DATE

The Commission shall, by vote, set a closing date for receipt of applications for an award round. Applications received after that date shall not be considered by the Commission during that award round except as described below, but will remain on file for consideration during a subsequent award round. By vote, the Commission may waive the closing date for an otherwise eligible application if the Commission determines that an emergency exists in which a significant historic property is threatened by immediate harm or destruction.

4.6 APPLICATION REVIEW

Applications will be reviewed by the Commission staff and incomplete applications will be returned immediately. Within forty-five (45) days of the closing date, the Commission staff and/or an Advisory Committee appointed by the Commission will review all of the timely and complete applications and report its recommendations to the Commission. The Commission shall, in turn, review all complete applications within forty-five (45) days of receiving the report of the staff or Advisory Committee. Applications which fail to meet the minimum eligibility criteria will be disqualified and the applicants so informed.

4.7 MINIMUM ELIGIBILITY REQUIREMENTS

An application shall be deemed eligible for evaluation only if it satisfies all of the following criteria:

- a) The property for which a loan is sought is listed in the State Register of Historic Places. A property may be listed in the Register individually, or a property may be part of a historic district listed in the Register. Properties which are part of a

historic district must contribute to the significance of the district in order to be eligible for a loan.

- b) The applicant certifies that any property rehabilitated with funds made available by the Commission will be preserved without alteration except as approved in writing by the Commission. Properties for which rehabilitation loan assistance is received will be subject to an historic preservation easement held by the Commission for a term of five to twenty years depending on the amount of the loan. Any property acquired with funds made available by the Commission will be subject to an historic preservation easement held by the Commission in perpetuity.
- c) An application for a rehabilitation loan shall contain a description of the current and proposed use of the property and specify how the loan funds are to be utilized to preserve and rehabilitate the property in an historically appropriate manner. It shall also describe any other rehabilitation work planned, even if Revolving Fund loans will not be used for the work.
- d) An application for an acquisition loan shall contain a description of the current and proposed use of the property and specify the circumstances that necessitate the acquisition of the property to ensure its preservation. An application for an acquisition loan must also describe the property's need for rehabilitation and explain how needed rehabilitation work will be accomplished, even if rehabilitation funds are not requested as part of the current application.
- e) A Multiple Project Application shall include certification by the applicant that each project individually will meet the requirements of these regulations.
- f) The application contains all information and supporting documentation specified or requested in the application package, including financial information regarding the applicant's ability to repay the loan.

5.0 EVALUATION AND RANKING OF APPLICATIONS

The Commission will evaluate each complete and minimally

eligible application, together with any additional information assembled by the Commission, its staff, or an Advisory Committee, and the recommendations of the staff or Advisory Committee, utilizing the primary evaluation criteria cited below. Secondary evaluation criteria may also be considered. All of the applications then will be ranked by the Commission to determine the order of priority for making awarding loans. In setting priorities the Commission may consider the amount of money requested in each respective application, in order to make best use of the limited funds available for disbursement. Once the applications have been ranked the Commission shall commence negotiations with prospective applicants regarding the terms of any loan to be made. The Commission may award loan funding in an amount other than the amount originally requested by the applicant. Applications for which funding is unavailable in the current award round may be held over for reconsideration during a subsequent award round.

Applicants whose applications meet the minimum eligibility requirements shall be advised of their priority rank for funding. The Commission shall act on all applications in a timely manner, and in no case shall the Commission take more than ninety (90) days after the closing date of the award round to inform an applicant of its decision.

5.1 PRIMARY EVALUATION CRITERIA

The Commission shall evaluate the applications received, utilizing the following primary criteria:

- a) Property Significance. The Minimum Eligibility Criteria require that properties be listed in the State Register of Historic Places. However, the level of significance of Register properties varies. Applicants' historic properties will be evaluated as:
 1. significant primarily as contributing to the significance of a larger historic district; or
 2. individually significant, whether registered as part of a historic district or registered individually; or
 3. a rare, unique, or key landmark, whether registered as part of a historic district or registered individually.
- b) Project Need. The Minimum Eligibility Criteria require a description of the rehabilitation work to

be performed. Application work items will be evaluated as:

1. cosmetic, general repair and maintenance, building is not threatened; or
 2. major work is required, current condition is threatening; or
 3. very significant restoration treatment.
- c) Project Impact. The Minimum Eligibility Criteria require a description of the existing and proposed use of the property. Project impact will be evaluated in terms of the expected public benefit as follows:
1. privately owned, restricted access as in a residence; or
 2. public or non-profit ownership, accessible to the public as in a house museum; or
 3. area-wide or neighborhood impact or high leveraging ability.

5.2 SECONDARY EVALUATION CRITERIA

The following secondary criteria may also be considered:

- a) Geographical distribution of properties which have received assistance. An overall goal of the program is to assist properties in all parts of the state.
- b) Need for loan assistance. The project's need for loan funding and the availability of alternative sources of funding may be considered.
- c) Relationship to community planning issues. The Commission encourages projects to be consistent with local community planning efforts, including historic district zoning and other current or previous historic preservation activities.
- d) Applicant's ability to manage the project and maintain the property so as to preserve its historic value. Each applicant's qualifications, including financial resources, professional expertise, demonstrated prior success, and relevant experience, may be evaluated, as well as provisions for an adequate maintenance plan.

- e) Other relevant factors, including the demonstration value of innovative restoration techniques proposed for a particular project, long-term magnitude of care and expense which is required to maintain and preserve the property, proximity of a property to other well-preserved historic properties, and estimated cost of the work.

6.0 LOAN TERMS AND SECURITY

6.1 MAINTENANCE OF FUND AND PROPERTIES

It is the goal of the Commission to maintain sufficient monies in the Historic Preservation Loan Fund to ensure the continuous availability of funds for the purposes for which the fund was created. It is also essential that any properties to which monies from the fund have been applied be maintained in their historic condition and in accordance with an approved plan.

6.2 LOAN TERMS

In addition to any other limitations which may be imposed, no loan shall exceed ninety (90) percent of the purchase price to be paid for the subject property, no loan shall exceed seventy-five (75) percent of the appraised value of the subject property, as set by the Commission's designated appraiser, and no loan shall be in an amount exceeding \$200,000, except that, by majority vote, the Commission may enter into negotiation of loan terms when the Commission determines that imposition of the standard terms would not be in the best interest of preserving a property.

Prior to disbursement of any monies from the loan fund, the Commission may require:

- a) an appraisal of the value of the property made by an independent, qualified real estate appraiser;
- b) a survey of the subject property's boundaries; and/or
- c) a title search and report.

The cost of an appraisal, survey, title search, and any other cost of preparing documentation for a loan shall be paid by the borrower.

6.3 REPAYMENT TERMS

In addition to any other required terms, each loan agreement shall:

- a) specify a maximum five (5) year term within which the full amount of the loan shall be repaid;
- b) require payments on a quarterly basis; and
- c) set forth the amounts of each periodic payment;

unless these requirements have been otherwise negotiated in accordance with Section 6.2. As security for said repayment obligations, the applicant shall grant a mortgage on the subject property to the Commission or to the State of Rhode Island, and the applicant will also be responsible for providing a mortgagee's title insurance policy in the amount of the loan. The Commission or State shall have under said mortgage the right to foreclose upon said property and to sell it to any person and on any terms which it may, in its discretion, choose. The failure to make one periodic payment in a timely manner shall, at the option of the Commission, make the full balance of the loan immediately due and payable.

6.4 MAINTENANCE TERMS

It shall also be an explicit condition of the receipt of a loan from the Fund that any property to which said monies are applied shall be preserved without alteration except as approved in writing by the Commission. This restriction shall apply to the exterior and grounds of every property for which a loan is accepted. A restriction on alterations to the interior of a property shall also be applied if the project includes rehabilitation of interior features or if the project includes acquisition of a property with significant interior features. Properties for which rehabilitation loan assistance is received will be subject to an historic preservation easement held by the Commission or the State of Rhode Island for a term of years as follows:

- 1) State assistance from \$1 to \$25,000: 5-year covenant;
- 2) State assistance from \$25,001 to \$50,000: 10-year covenant;
- 3) State assistance from \$50,001 to \$100,000: 15-year covenant;
- 4) State assistance from \$100,001 and above: 20-year covenant.

Any property acquired with funds made available by the Commission will be subject to an historic preservation

easement held by the Commission or the State of Rhode Island in perpetuity. In addition, failure of a recipient to abide by said terms shall permit the Commission, at its discretion, to foreclose on the subject property.

6.5 ADDITIONAL ADMINISTRATIVE OR FISCAL REQUIREMENTS

The Commission, the Department of Administration, or other authorized representatives of the State of Rhode Island may establish from time to time additional administrative or fiscal requirements, not inconsistent with these regulations, in order to assure the effective operation of the Historic Preservation Loan Fund. Additional administrative or fiscal requirements may include procedures to insure an open and competitive process of awarding contracts for rehabilitation work and a process of disbursement of loan funds to borrowers based on documented completion of phases of work. Information about all requirements of the Fund shall be available through the Commission.

7.0 SEVERABILITY

If any section, paragraph, phrase, sentence, or clause of these rules and regulations is declared invalid or unconstitutional for any reason, the remainder of the rules shall not be affected thereby.

8.0 EFFECTIVE DATE

These rules and regulations shall become effective twenty days following filing with the office of the Secretary of State.