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TITLE 530 – HISTORICAL PRESERVATION & HERITAGE COMMISSION

CHAPTER 20 – GRANTS AND LOANS

SUBCHAPTER 00 - N/A

PART 2 – RULES AND REGULATIONS FOR THE HISTORIC PRESERVATION REVOLVING LOAN FUND

2.1 Purpose

- A. This rule establishes the operating procedures of the Rhode Island Historical Preservation & Heritage Commission for administering the Historic Preservation Revolving Loan Fund in accordance with the program's goals.
1. The goals of the Fund are:
 - a. to preserve or rehabilitate properties listed on the State Register of Historic places which need 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.

2.2 Authority

- A. R.I. Gen. Laws § 42-45-10 authorizes the Historical Preservation & Heritage Commission to “make loans to non-profit preservation foundations, organizations, individuals, and cities and towns for the purpose of acquiring and restoring properties worthy of preservation.”

2.3 Definitions

- A. For the purposes of these Regulations, the following terms shall have the following meanings:

1. “Commission” means the Rhode Island Historical Preservation & Heritage Commission (RIHPHC) an agency of the State government as described in R.I. Gen. Laws Chapter 42-45 that is authorized to administer the Historic Preservation Revolving Loan Fund.
2. “Fund” means the Historic Preservation Revolving Loan Fund.
3. “Historically Appropriate Rehabilitation” means 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.
4. “State Register of Historic Places” means the list of properties kept by the Commission in accordance with the Rhode Island Historic Preservation Act (R.I. Gen. Laws Chapter 42-45) which meet certain established criteria of historical, architectural, archaeological, and/or cultural significance and physical integrity.

2.4 Availability of Loans

- A. Loan applications may be submitted at any time, provided that the balance of funding available in the Revolving Loan Fund is sufficient to issue new loans.

2.5 Application Procedures

A. Application Package

1. An applicant must submit a complete application utilizing the forms specified and approved by the Commission. This application shall include:
 - a. an application form approved by the Commission;
 - b. a consent form signed by the property owner which permits, in conjunction with the loan application or at any time during which the loan is active, the Commission, its designee, 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.

B. Types of Applications

1. Property owners may apply for loans to rehabilitate or acquire a property that meets the eligibility requirements listed below in section 2.7. 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.

C. Availability of Application Forms

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

D. Filing of Applications

1. Applications shall be filed with the Rhode Island Historical Preservation & Heritage Commission, The Old State House, 150 Benefit Street, Providence, R.I. 02903, or electronically as the commission designates in the application form instructions. Commission staff will provide confirmation of receipt of application to applicant.

2.6 Application Review

- A. Incomplete applications will be returned within ten (10) business days. Within forty-five (45) days of the receipt of a complete application, the Commission staff will review the application 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. Applications which fail to meet the minimum eligibility requirements will be disqualified and the applicants so informed.

2.7 Minimum Eligibility Requirements

- A. Loans may be made to nonprofit preservation foundations, organizations, individuals, and cities and towns for the purpose of acquiring and restoring properties worthy of preservation.
1. Loans to individuals shall be considered only after the commission has determined that private financing cannot otherwise be obtained.
- B. An application shall be deemed eligible for evaluation only if it satisfies all of the following criteria:
1. 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.
 2. The applicant certifies that any property rehabilitated with funds from the Historic Preservation Loan fund 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.

3. An application for a rehabilitation loan shall contain a description of the current and proposed uses 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.
4. An application for an acquisition loan shall contain a description of the current and proposed uses 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.
5. A Multiple Project Application shall include certification by the applicant that each project individually will meet the requirements of these regulations.
6. 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.

2.8 Loan Terms

- A. 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.
- B. Prior to the disbursement of any monies from the loan fund, the Commission may require:
 1. an appraisal of the value of the property made by an independent, qualified real estate appraiser;
 2. a survey of the subject property's boundaries; and/or

3. a title search and report.
- C. The cost of an appraisal, survey, title search, and any other cost of preparing documentation for a loan shall be paid by the borrower.
- D. At the time of issue of a new loan, the interest rate is two percent less than the prime rate with a floor of three percent. Adjustments to rates are made in January of each year. The interest rate is adjusted according to the prime rate at the time of review. This review results in an increase of no more than three percent over the life of the loan.

2.9 Loan Repayment

- A. Unless these requirements have been otherwise negotiated per Section 2.8(A), each loan agreement shall:
1. specify a maximum five (5) year term within which the full amount of the loan shall be repaid;
 2. require payments on a quarterly basis; and
 3. set forth the amounts of each periodic payment.
- B. As security for said repayment obligations, the borrower shall grant a mortgage on the subject property to the Commission or to the State of Rhode Island, and the borrower 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.

2.10 Maintenance Terms

- A. 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 - \$25,000: 5-year covenant
 2. State assistance from \$25,001 - \$50,000: 10-year covenant

3. State assistance from \$50,001 - \$100,000: 15-year covenant
 4. State assistance of \$100,001 and above: 20-year covenant
- B. 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. Failure of a recipient to abide by the terms of the easement shall permit the Commission, at its discretion, to foreclose on the subject property.

2.11 Additional Administrative or Fiscal Requirements

- A. 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 ensure 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.