

2014 COMMERCIAL REHAB EXAMPLE FINANCING

Hometown LLC is the owner of a commercial property (one parcel number) within the rehab target area and runs a business out of the space. Their inspection shows a need for \$29,500 in repairs:

Roof Repair	\$ 15,000
Electrical	2,000
Heating System	5,000
Tuck Pointing	5,000
Handicap Entrances	<u>2,500</u>
Total	\$29,500



To qualify, property ownership must be established and match the applicant.

To pay for the repairs they can access:

- ◆ **0% deferred rehab loan for 35% of the repair costs (\$10,325).**
14.29% (1/7th) of the loan will be forgiven each full year.
No principal remains if the property owner remains in compliance for seven years (current on taxes, operated for approved commercial business and retains ownership).
- ◆ **2% low interest loan for 35% of the repair cost (ten year term). (\$10,325).** An amortizing loan with principal and interest repaid to the City monthly. NOTE: If using both the 0% deferred and the 2% low interest loan, the combined total cannot exceed \$40,000 per building.
- ◆ **Owner match or other funding for the remaining 30% of repair costs (\$8,850).**
Cash or bank loans.
Funds must be escrowed prior to the start of construction

This is how Hometown LLC will pay for their repairs:

\$ 10,325	0% deferred commercial loan
\$ 10,325	2% low interest loan
<u>\$ 8,850</u>	Owner's Match (ABC Bank Loan)*
\$ 29,500	Total

* Match funds will vary in their sources and terms. The commercial property owner is responsible for locating their match funds and completing any necessary documentation.

2014 RENTAL HOUSING REHAB EXAMPLE FINANCING

Bob & Patty are owners (landlords) of a duplex rental property with each unit containing two bedrooms, within the rehab target area. Their rental inspection shows a need for \$26,000 in repairs:

Roof repair	\$ 9,000
Insulation	4,000
Smoke detectors	300
Gutters	600
Electrical	900
Heating System	3,250
Lead Abatement	3,250
Radon Mitigation System	<u>4,700</u>
Total	\$26,000



To qualify, 51% of the rental units must house families with incomes less than 80% AMI. Landlord income does not matter. Their tenants are both families of 4 and their incomes do not exceed \$49,450 individually.

To qualify, the landlord must agree to control rents during the term of the rehab loan and the rents may not to exceed the local Fair Market Rent which includes utilities paid by the tenants. The landlord charges \$500 per unit and the tenants pay no utilities (FMR for a 2 bedroom is \$640).

To pay for the repairs they can access:

- ◆ **0% deferred rehab loan for 70% of the repair costs (\$18,200).** 20% of the loan will be forgiven each full year; no principal remains if the rental owner maintains rent and income requirements for 5 years.
(The maximum amount of SCDP assistance is \$25,000 per unit for a single family rental house and \$12,500 per unit for a two-unit or larger building.)
- ◆ **Owner match or other funding for the remaining 30% of repair costs (\$7,800).** Cash, bank loans or the MHFA Rental Rehabilitation Loan (6% interest) made available through the SWMHP can make up the remaining.

This is how Bob and Patty will pay for their repairs:

\$18,200	deferred rental rehab loan
<u>7,800</u>	MN Housing Finance Agency Rental Rehab Loan*
\$26,000	Total

* Match funds will vary in their sources and terms. The match funds will be determined with your application. The low interest loan is only an example of the products available.

2013 Area Median Family Income Limits (80%):

1 person \$34,650 / 2 persons \$39,600 / 3 persons \$44,550 / 4 persons \$49,450
(these amounts are adjusted each spring)

ROCK COUNTY

2013 Fair Market Rents

Efficiency	1 bdrm	2 bdrm	3 bdrm	4 bdrm	5 bdrm	6 bdrm
\$470	\$473	\$640	\$797	\$857	\$986	\$1,115

2013 Area Median Family Income Limits (80%)

1 person	2 person	3 person	4 person	5 person	6 person	7 person	8 person
\$34,650	\$39,600	\$44,550	\$49,450	\$53,450	\$57,400	\$61,350	\$65,300

NOTE: There are no Utility Allowances for the City of Luverne

Unlisted classifications needed for work not included within the scope of the classifications listed may be added after award only as provided in the labor standards contract clauses (29CFR 5.5 (a) (1) (ii)).

The body of each wage determination lists the classification and wage rates that have been found to be prevailing for the cited type(s) of construction in the area covered by the wage determination. The classifications are listed in alphabetical order of "identifiers" that indicate whether the particular rate is union or non-union.

Union Identifiers

An identifier enclosed in dotted lines beginning with characters other than "SU" denotes that the union classification and rate have found to be prevailing for that classification. Example: PLUM0198-005 07/01/2011. The first four letters , PLUM, indicate the international union and the four-digit number, 0198, that follows indicates the local union number or district council number where applicable , i.e., Plumbers Local 0198. The next number, 005 in the example, is an internal number used in processing the wage determination. The date, 07/01/2011, following these characters is the effective date of the most current negotiated rate/collective bargaining agreement which would be July 1, 2011 in the above example.

Union prevailing wage rates will be updated to reflect any changes in the collective bargaining agreements governing the rates.

0000/9999: weighted union wage rates will be published annually each January.

Non-Union Identifiers

Classifications listed under an "SU" identifier were derived from survey data by computing average rates and are not union rates; however, the data used in computing these rates may include both union and non-union data. Example: SULA2004-007 5/13/2010. SU indicates the rates are not union majority rates, LA indicates the State of Louisiana; 2004 is the year of the survey; and 007 is an internal number used in producing the wage determination. A 1993 or later date, 5/13/2010, indicates the classifications and rates under that identifier were issued as a General Wage Determination on that date.

Survey wage rates will remain in effect and will not change until a new survey is conducted.

WAGE DETERMINATION APPEALS PROCESS

1.) Has there been an initial decision in the matter? This can be:

- * an existing published wage determination
- * a survey underlying a wage determination
- * a Wage and Hour Division letter setting forth a position on a wage determination matter
- * a conformance (additional classification and rate) ruling

On survey related matters, initial contact, including requests for summaries of surveys, should be with the Wage and Hour Regional Office for the area in which the survey was conducted because those Regional Offices have responsibility for the Davis-Bacon survey program. If the response from this initial contact is not satisfactory, then the process described in 2.) and 3.) should be followed.

With regard to any other matter not yet ripe for the formal process described here, initial contact should be with the Branch of Construction Wage Determinations. Write to:

Branch of Construction Wage Determinations
Wage and Hour Division
U.S. Department of Labor
200 Constitution Avenue, N.W.
Washington, DC 20210

2.) If the answer to the question in 1.) is yes, then an interested party (those affected by the action) can request review and reconsideration from the Wage and Hour Administrator (See 29 CFR Part 1.8 and 29 CFR Part 7). Write to:

Wage and Hour Administrator
U.S. Department of Labor
200 Constitution Avenue, N.W.
Washington, DC 20210

The request should be accompanied by a full statement of the interested party's position and by any information (wage payment data, project description, area practice material, etc.) that the requestor considers relevant to the issue.

3.) If the decision of the Administrator is not favorable, an interested party may appeal directly to the Administrative Review Board (formerly the Wage Appeals Board). Write to:

Administrative Review Board
U.S. Department of Labor
200 Constitution Avenue, N.W.
Washington, DC 20210

4.) All decisions by the Administrative Review Board are final.

=====

END OF GENERAL DECISION