



City Council Meeting and Workshop

November 7, 2011

Agenda

5:30 p.m. Workshop

- A. Discussion on the Amendment to Loan Programs – Reine Mynahan
- B. Discussion on the revised Purchasing Policy – Phil Crowell
- C. Dempsey Challenge After Action Report – Tim Cogle
- D. Fireworks Ordinance Review – Geoff Low

7:00 p.m. City Council Meeting

Pledge of Allegiance

I. Consent Items – All items listed with an asterisk (*) are considered as routine and will be approved in one motion. There will be no separate discussion of these items unless a Councilor or citizen so requests. If requested, the item will be removed from the consent agenda and considered in the order it appears on the agenda.

II. Minutes – October 3, 2011, October 17, 2011 and October 18, 2011, and October 27, 2011*

III. Reports

Mayor

City Councilors

- Michael Farrell: Rec. Adv Bd, Audit, Lake Aub. Watershed Protection Comm,
- Robert Hayes: Planning Bd, Water, Library, and Railroad,
- Daniel Herrick: MMWAC,
- David Young: School Committee, Cable TV Adv Board
- Raymond Berube: Sewer, Audit, Airport
- Belinda Gerry: LA Transit, Neighborhood Stabilization Program, Auburn Housing,
- Joe Gray: 9-1-1, Auburn Business Development Corp, Andros Valley Council of Gov

Acting City Manager

Election information

Sale of Bond

IV. Communications, Presentations and Recognitions

11072011-00* Auburn Ski – sign request

11072011-01* St. Doms – sign request

V. Open Session – Members of the public are invited to speak to the Council about any issue directly related to City business which is *not on this agenda*. Time limit for open sessions, by ordinance, is 45 minutes. Councilor's Concerns (if time allows)

VI. Unfinished Business

VII. New Business

Auburn City Council Meeting & Workshop

November 7, 2011

- 11072011-02 Motion to approve the second and final reading of the General Assistance Maximums for 2011-2012 Appendices A, B & C.
- 11072011-03 Motion to appoint Wardens & Ward Clerks for the November 8, 2011 Election
- 11072011-04 Motion to ratify and make final the October 17, 2011 City Council Resolution approving termination of the City Manager's Employment Agreement
- 11072011-05 Motion to enter into executive session to review contracts for Management Consultant Firm for City Manager Position pursuant to 1, M.R.S.A., Section 405(6) (A).

VIII. Open Session - Members of the public are invited to speak to the Council about any issue directly related to City business which is *not on this agenda*

IX. Future Agenda/Workshop Items

X. ADJOURNMENT



City Council Workshop Information Sheet

City of Auburn

Council Workshop Date: November 7, 2011

Item # A

Author: Reine Mynahan, Community Development Director

Subject: Amendments to Loan Programs

Information: Amendments to the Community Development and HOME Program guidelines are described on attached sheets. Deleted text has a ~~strike through~~ and replacement text has an underline line. Many of the changes are of a housekeeping nature.

The most significant changes are increases to the loan limits and match requirements for the Spot Rehab and Residential Rehab Programs. These changes are a response to economic challenges caused by the cost of today's improvements and the need to reduce the amount our clients must borrow from private sources to complete a project.

The change in Homebuyer guidelines eliminates the lease-purchase option. Instead, we are establishing a Home Savings Account as the mechanism for clients to obtain our assistance. This will assure we have developed a good working relationship with our client and have an opportunity to prepare them for the challenges of home ownership.

There is one new program, Neighborhood Enhancement Program, which is being created at the recommendation of the Citizen's Advisory Committee. The CAC felt that target area neighborhoods were looking worn and not enough being done to enhance the appearance of neighborhoods. This new program provides a resource to encourage improvements to the exterior of buildings in target areas.

At the request of a CAC member, two focus group meetings were held to determine how the new Neighborhood Enhancement Program would be received in the community. Attached are the minutes to those two meetings.

Financial: N/A

Action Requested at this Meeting: Review and schedule for adoption.

Previous Meetings and History: N/A The last revision dates are printed on the top of the front cover of each guideline.

Attachments: *(in order of appearance in packet)*

COMMUNITY DEVELOPMENT PROGRAM GUIDELINES

Rehab Loan Program including Spot, Energy, Residential and the New Neighborhood Enhancement program

Minutes to the focus group meetings for Homeowners and Landlords

Downpayment Assistance Program

Good Neighbor Start-up Grant Program

HOME INVESTMENT PARTNERSHIPS PROGRAM GUIDELINES

Homebuyer Program

Homeowner Rehabilitation Program

I. SPOT REHABILITATION LOAN PROGRAM

A. PROGRAM GOAL

The goal of the Spot Rehabilitation Loan Program is to eliminate the specific condition(s) that is detrimental to public health and safety. The Spot Rehabilitation Loan Program is funded by the Community Development Block Grant Program and is subject to all of the Community Development Program rules.

B. ELIGIBILITY CRITERIA

1. ~~The applicant must own and occupy the property as a primary residence property~~
~~may be owner-occupied, investor owned, or owned by a non-profit agency.~~
2. ~~2.~~ The property to be improved must contain one to four housing units and
be a residential property and be year-round or be converting to a year-round
status according to the requirements of the City of Auburn's duly adopted
construction codes and zoning ordinance.
3. ~~Investor-owned properties must be in one of the City's target areas.~~

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C. LOAN CATEGORIES AND TERMS

1. Deferred Loans

- a. A deferred loan is a non-installment loan bearing no interest and the principal payment is deferred. ~~Deferred loans are available only for owners who occupy their buildings.~~ Deferred loans are subject to the following conditions:
 - 1) The deferred will be repaid in a single payment upon sale, conveyance, or transfer of the property, within one year of death of the applicant(s), or at the time the owner ceases to occupy the property.
 - 2) An applicant who has received a deferred loan will be required to submit documentation of annual income upon request of the Community Development Block Grant Office two years from the date of loan closing, and every two years thereafter. If, at the time of re-evaluation, the applicant's income is above 65% of the median income, the deferred loan will be converted to an installment loan with monthly payments subject to Direct Loan repayment terms. When a borrower(s) has reached age 65 and has been through at least one deferred loan review, no additional reviews will be required.

The maximum loan amount is ~~\$10,000~~ \$15,000.

- d. Household income must be below 65% of median income.

2.4. Direct Loan/Owner-Occupied and Non-Profit Agencies

- a. A direct loan is an installment loan with monthly payments.
- b. Maximum loan amount is \$15,000 for applicants with household income between 65-80% of median income
- c. Loan term shall be established by Community Development staff with approval of the Community Development Loan Committee based on financial capacity of the applicant. The maximum term is 20 years if income is between 65-80% of median, and 15 years for all other income groups.
- d. Income/Interest Rate Categories

<u>Income Range</u>	<u>Interest Rate</u>	<u>Match</u>
Between 0-80% of median income	0%	0%
80% to 100% of median income	2%	0%
100% to 120% of median income	4%	10%
120% to 140% of median income and above	6%	20%
Above 140% of median income to replace a malfunctioning sewerage disposal system or connecting to the public sewer system.	8%	30%

3. Direct Loan/Investor-Owners

- a. Direct loans are available to investor owners who own property in one of the City's target areas. Qualification for the Spot Rehab Program shall be determined by the Community Development Committee based on the severity of the building condition and the building's cash flow.
- b. A direct loan is an installment loan with monthly payments.
- c. Maximum loan amount is \$15,000
- d. Loan term shall be established by Community Development staff with approval of the Community Development loan Committee based on financial capacity of the applicant. The maximum term is 15 years.
- e. Interest rate shall be 6%.

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4-3. Sewer Connection Assessment Grants

a. A grant requires no repayment.

b. The grant amount shall be one-half of the cost of the assessment, or \$1,500, whichever is greater.

c. Available for non-profit agencies or households with income must be below 80% of median income.

d. A grant can be is used to cover pay for the cost of an impact/connection fee charge only when the Auburn Sewer District offers no financing for the assessment.

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D. ELIGIBLE IMPROVEMENTS

Eligible activities are those necessary to:

1. eliminate condition(s) detrimental to occupants of the residence or public health and safety; and
2. repair(s) of an emergency nature.

II. ENERGY CONSERVATION LOAN PROGRAM

A. PROGRAM GOAL

The goal of the Energy Conservation Program is to reduce the demand for energy resources. The Energy Conservation Loan Program is funded by the Community Development Block Grant Program and is subject to all of the Community Development Program rules.

B. ELIGIBILITY CRITERIA

~~1. The applicant property may be owner occupied, investor owned, or owned by a non-profit agency, must own and occupy the property as a primary residence~~
~~1. or may be an investor owner.~~

2. The property to be improved must be a residential property and be year-round or be converting to a year-round status according to the requirements of the City of Auburn's duly adopted construction codes and zoning ordinance.

C. LOAN CATEGORY AND TERMS

1. Deferred Loans

a. A deferred loan is a non-installment loan bearing no interest and the principal payment is deferred. Deferred loans are available only for people who occupy their buildings. Deferred loans are subject to the following conditions:

1) The deferred will be repaid in a single payment upon sale, conveyance, or transfer of the property, within one year of death of the applicant(s), or at the time the owner ceases to occupy the property.

2) An applicant who has received a deferred loan will be required to submit documentation of annual income upon request of the Community Development Block Grant Office two years from the date of loan closing, and every two years thereafter. If, at the time of re-evaluation, the applicant's income is above 65% of the median income, the deferred loan will be converted to an installment loan with monthly payments subject to Direct Loan repayment terms. When a borrower(s) has reached age 65 and has been through at least one deferred loan review, no additional reviews will be required.

b. The maximum loan amount is \$5,000.

c. Applicant's household income must be below 65% of median income.

d. Applicants must take advantage of Community Concepts weatherization program in lieu of this program, if funding is available. If funding is available, this program would not be offered to an applicant.

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2. Direct Loan/Low Income Applicant

- a. A direct loan is an installment loan with monthly payments.
- b. Maximum loan amount is \$5,000.
- c. Loan term shall be established by Community Development staff with approval of the Community Development Loan Committee based on financial capacity of the applicant. The maximum term is 15 years.
- d. Interest rate is 0%
- e. Owner-Occupied Housing: the applicant's household income is between 65-80% of median income

3. ~~Direct Loans/Non-Low Income~~ Investor Owners and Non-Profit Agency Applicants: Financing is offered to owners of rental properties who themselves do not qualify as low-income, but the building has renters who meet the low-income occupancy requirements. When a majority of the tenants have income that is less than 80% of area median income (for a 2-unit building a minimum of 50% of building occupants, and for 3 or more units a minimum of 51% of the building occupants have income that is less than 80% of area median income) loans will be available for energy-type improvements.

1) a. Maximum loan amount is \$3,000 per unit with an aggregate limit of \$15,000 per building.

2) b. Interest rate is 2%.

3) c. Maximum loan term is 15 years.

D. PRIORITIES

The Rehab Coordinator will determine the order of priority for property improvements according to the following guidelines:

1. a. Air infiltration

2. b. Insulation (R-Value)

3. c. Moisture control

4. d. Mechanical ventilation

5. e. Other Improvements to reduce energy consumption

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III. RESIDENTIAL REHABILITATION LOAN PROGRAM

A. PROGRAM GOAL

The goal of the Residential Rehabilitation Loan Program is to improve the quality of housing by eliminating substandard housing conditions, upgrading the property to meet code requirements for existing buildings, and making general home improvements. The Residential Rehabilitation Loan Program is funded by the Community Development Block Grant Program and is subject to all of the Community Development Program rules.

B. ELIGIBILITY CRITERIA

1. The applicant must own or have a written agreement to purchase the property to be improved.
2. The property may be an owner-occupied ~~or~~ investor-owned, or owned by a non-profit agency. The property must be year-round residential structure or be converting to a year-round status according to the requirements of the City of Auburn's duly adopted construction codes and zoning ordinance.
3. After completion, the property must comply with ~~HUD's Housing Quality Standards and applicable codes as determined by the Rehab Coordinator~~ rehabilitation standards of the Community Development Program. Community Development Department staff will determine the requirements for building improvements.

C. LOAN CATEGORIES AND TERMS

1. Target Area

- a. Property must be located within one of Auburn's target areas.
- b. The maximum loan amounts are:
 - 1) ~~\$15,000-\$25,000~~ for the first unit (a unit that receives funding under the Homeowner Rehab Program will be considered the first unit);
 - 2) ~~\$10,000-15,000~~ for each additional unit;
- c. The interest rate is 2%.
- d. Loan term shall be established by Community Development staff with approval of the Community Development Loan Committee based on financial capacity of the applicant. The maximum term is 20 years.

- e. The city's loan shall be leveraged with a minimum of ~~40-25%~~ in private funds. The City's rehabilitation loan shall not exceed ~~60-75%~~ of the rehabilitation cost. The leverage requirement may be waived by the Community Development Loan Committee if cash flow warrants its elimination.

2. Low-Income Households/City Wide and Target Area

- a. Applicant's household income is less than 80% of median income.
- b. Property may be located within any area of the city.
- c. Property must be owner-occupied.
- d. The maximum loan amounts are:
 - 1) \$15,000 for the first unit (a unit that receives funding under the Homeowner Rehab Program will be considered the first unit); and
 - 2) \$10,000 per unit for each additional unit.
- e. The interest rate is 0%.
- f. Loan term shall be established by Community Development staff with approval of the Community Development Loan Committee based on financial capacity of the applicant. The maximum term is 25 years.
- g. There is no match requirement.
- h. Buildings outside the target areas must meet the low-income occupancy requirement (50% for a 2-unit building and 51% for 3 or more units).

D. ELIGIBLE IMPROVEMENTS

Eligible improvements include rehabilitation of a permanent nature which may include, but not be limited to:

- ~~1. structural repairs;~~
- ~~2. mechanical and aesthetic improvements;~~
- ~~3. finishing of unfinished areas to add space to a dwelling unit to make it properly sized for the occupants according to applicable HUD standards;~~
- ~~4. improvements which would generally increase the economic viability of the property;~~
- ~~5. engineering and architect costs;~~
- ~~6. closing costs; and~~

7. landscaping limited to correction of a drainage problem.

1. structural repairs;
2. energy improvements
3. lead-based paint hazard reduction;
4. accessibility for disabled persons;
5. repair or replacement of major housing systems;
6. incipient repairs and general property improvements of a non-luxury nature;
7. retaining walls and utility connections;
8. finishing of unfinished areas to add space to a dwelling unit to make it properly sized for the occupants according to applicable HUD standards;
9. improvements which would generally increase the economic viability of the property;
10. engineering and architect costs;
11. landscaping limited to correction of a drainage problem;
12. non-living space limited to delimitation of deteriorated structure, structural repairs and weather protection; and
13. fencing when required to correct a hazardous condition.

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E. IMPROVEMENTS THAT ARE INELIGIBLE COSTS*

— Ineligible costs are:—

1. new construction;
2. paving;
3. appliances or furnishings; and
4. rehabilitation costs attributed to the non-residential portion of a mixed-use property.

F. PRIORITIES

The Rehab Coordinator will determine the order of priority for property improvements according to the following guidelines:

- 1. Correction of code violations and conditions affecting health and safety;
- 2. Correction of incipient deficiencies;
- 3. Energy conservation measures; and

4. Reasonable home improvements. The Rehab Coordinator shall determine what is reasonable.—

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IV. HISTORIC PRESERVATION PROGRAM

A. PROGRAM GOAL

The goal of the Historic Preservation Loan Program is to maintain Auburn's historic structures and to enhance the quality of these properties. The Historic Preservation Program is funded by the Community Development Block Grant Program and is subject to all of the Community Development Program rules.

B. ELIGIBILITY CRITERIA

1. The property may be either commercial or residential, but must be used on a year-round basis.
2. The property must be identified in "Auburn's Historic Downtown Final Report", April 1997.
3. The applicant must own or have a written agreement to purchase the property to be improved.

C. LOAN CATEGORY AND TERMS

1. The maximum loan amount is \$10,000.
2. The interest rate is 2%
3. The loan term shall be established by Community Development Block Grant staff with approval of the Community Development Loan Committee based on financial capacity of the applicant. The maximum term is 10 years.

D. ELIGIBLE IMPROVEMENTS

1. Eligible improvements include:
 - a. replacement and reconstruction of exterior elements may include but not be limited to such work as porches, rails, window and door trim, eaves, and exterior wall covering;
 - b. roofing, flashing, and gutters;
 - c. replacement windows and doors;
 - d. foundation repair;
 - e. masonry re-pointing and reconstruction;

- f. exterior scraping and painting; and
- g. interior lead abatement or interim controls to make the property lead safe.
- h. miscellaneous construction items that contribute to the historic value of the property but are not considered one of the above-mentioned items.

E. STANDARDS

All improvements are to be performed in accordance with the "Secretary of the Interior's Standards for the Treatment of Historic Properties", from the Department of the Interior, National Park Service. The Rehab Coordinator staff shall prescribe construction specifications after consultation with the State Historic Preservation Office. The decision to require architectural services shall be at the discretion of the Community Development staff.

F. LEAD HAZARDS

The applicant shall be required to repair or replace surfaces that contain peeling paint where there are surfaces that have been tested by a lead inspector or risk assessor and contain lead-based paint levels greater than 1.0 mg/cm².

V. LEAD PROGRAM

A. PROGRAM GOAL

The goal of the Lead Program is to make housing lead safe. The Lead Program is funded by the Community Development Block Grant Program and is subject to all of the Community Development Program rules.

B. ELIGIBILITY CRITERIA

1. The applicant must own or have a written agreement to purchase the property to be improved.
2. The property to be improved may be an owner-occupied or investor-owned year-round residential structure, or be converting to a year-round status according to the requirements of the City of Auburn's duly adopted construction codes and zoning ordinance.
3. A property inspection performed by a certified risk assessor or lead inspector has identified lead hazards.
4. Improvements shall consist of eliminating lead hazards in the residential unit, common area servicing that unit, exterior painted surfaces, and the bare soil of the building perimeter and play areas.

C. LOAN CATEGORIES AND TERMS

- a. The property to be improved must be residential units.
- b. Property may be located within any area of the city.
- c. The maximum loan amount \$3,000 per unit.
- d. The interest rate shall be 0%.
- e. If the property requires more than \$3,000 per unit, an additional loan to a maximum of \$15,000 per building will be provided at a rate of 4% .
- f. Loan term shall be established by Community Development staff with approval of the Community Development Loan Committee based on financial capacity of the applicant. The maximum loan term is 20 years.
- g. There is no match requirement.

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VI. ACCESSIBLE HOUSING PROGRAM

A. PROGRAM GOAL

The goal of the Accessible Housing Program is to expand the housing stock that is available to persons with physical disabilities by removing the barriers that prevent persons from occupying or visiting a housing unit. The Accessible Housing Program is funded by the Community Development Block Grant Program and is subject to all of the Community Development Program rules.

B. ELIGIBILITY CRITERIA

1. The applicant must own or have a written agreement to purchase the property to be improved.
2. The property to be improved may be an owner-occupied or investor-owned year-round residential structure, or be converting to a year-round status according to the requirements of the City of Auburn's duly adopted construction codes and zoning ordinance. Only the residential portion of a mixed-use property is eligible for a loan.

C. LOAN CATEGORIES AND TERMS

1. Target Area

- a. The property must be located within one of Auburn's target areas.
- b. The maximum loan amount is \$10,000.
- c. The interest rate is 0%.
- d. Loan term shall be established by Community Development staff with approval of the Finance Committee based on financial capacity of the applicant. The maximum term is 20 years.
- e. There is no match requirement.

2. City Wide and Target Area/Low-Income Households

a. Deferred Loans

- 1) A deferred loan is a non-installment loan bearing no interest and the principal payment is deferred until some future date.
- 2) The maximum loan amount is \$10,000.

- 3) Household income must be below 65% of median income.
- 4) Deferred loans are subject to the following conditions:
 - a) The deferred will be repaid in a single payment upon sale, conveyance, or transfer of the property, within one year of death of the applicant(s), or at the time the owner ceases of occupy the property.
 - b) An applicant who has received a deferred loan will be required to submit documentation of annual income upon request of the Community upon request of the Community Development Block Grant Office two years from the date of loan closing, and every two years thereafter. If, at the time of re-evaluation, the applicant's income is above 65% of the median income, the deferred loan will be converted to an installment loan with monthly payments subject to Direct Loan repayment terms.

b. Direct Loan

- 1) A direct loan is an installment loan with monthly payments.
- 2) Maximum loan amount is \$10,000.
- 3) Loan term shall be established by Community Development staff with approval of the Community Development Loan Committee based on financial capacity of the applicant. The maximum term is 20 years.
- 4) Income is between 65-80% of median income.
- 5) Interest rate is 0%.
- 6) There is no match requirement.

D. ELIGIBLE IMPROVEMENTS

Eligible improvements include those that are of a permanent nature and meet ADA standards.

VII. NEIGHBORHOOD ENHANCEMENT PROGRAM

A. PROGRAM GOAL

The goal of the Neighborhood Enhancement Program is to create attractive neighborhoods by improving the visual quality properties in target areas. The Neighborhood Enhancement Program is funded by the Community Development Block Grant Program and is subject to all of the Community Development Program rules.

B. ELIGIBILITY CRITERIA

2. The property may be owner occupied, investor owned, or owned by a non-profit organization.
3. The property to be improved may be a commercial property or a residential property.
4. The property must be located in one of the City's target areas.

C. LOAN CATEGORY AND TERMS

1. Direct Loan

- f. A direct loan is an installment loan with monthly payments.
- g. Maximum loan amount is \$20,000 per property.
- h. Loan term shall be established by Community Development staff with approval of the Community Development Loan Committee based on financial capacity of the applicant. The maximum term is 25 years.
- i. Owner-Occupied Housing: if the applicant's household income is between 0-80% of median income, the interest rate is 0%.
- j. Non-Profit Housing: if the applicant is a qualified non-profit, the interest rate is 0%.
- k. For all others, the interest rate is 2%.

2. Match Grant

- a. The grant amount per property shall not exceed \$1,000 per property.
- b. For work that involves self-help painting, the grant will not require a loan match. The grant will only cover the cost of painting supplies or equipment rental.
- c. For contracted projects, the grant shall be equal to ten (10%) percent of the financing up to \$1,000.

D. LEAD REQUIREMENTS

Any improvements undertaken with this loan must comply with lead-based paint regulations and local codes.

E. PRIORITY REPAIRS

1. The goal of the program is neighborhood beautification. Improvements under this program must address the influences that contribute to blight in the neighborhood.
2. Blight is defined as signs of significant physical decay on the exterior surfaces. Those conditions must be improved by the project.
3. The Rehabilitation Coordinator will be responsible to document blighting influences by assessing the physical condition and visual impact of the exterior building elements, recording observable deficiencies, and rating the deficiencies as either severe impact, major impact or minor impact.
4. Only defects that are severe or major will be eligible for funding under this program.
5. In order to assure that the proposed improvements produce a positive impact, severe conditions will be remedied first. If funds remain after severe conditions are remedied, then major conditions will be addressed.
6. Eligible improvements include:
 - a. mildew removal;
 - b. prime and paint;

- c. replacement of exterior surfaces including siding, porches, steps, railings, decking, fire escapes, window and door trim, soffits and eaves;
- d. gutters
- e. roofs;
- f. lighting;
- g. foundation repair;
- h. wall and chimney re-pointing or reconstruction;
- i. windows;
- j. doors;
- k. site improvements; and
- l. repairs to garages barns and accessory buildings.

VIII. APPROVAL PROCESS

A. COMMUNITY DEVELOPMENT STAFF

The Community Development ~~Block Grant office~~ Department has responsibility for administration of the Rehabilitation Program. Community Development performs the underwriting and presents the loan request to the Community Development Loan Committee.

B. PRIVATE FUNDS

1. Private Funds: When matching funds are required, the applicant will have the option of using cash or borrowed funds. Match funds will be deposited into a segregated City account and will be subject to disbursement of funds procedures defined in this guideline.

C. COMMUNITY DEVELOPMENT LOAN COMMITTEE

1. Loans will be reviewed by the Community Development Loan Committee who will be responsible for making a decision to approve or deny loan requests and to establish loan conditions.
2. Appeal Procedure: The reason(s) for rejection shall be given to the applicant. Loans that have been denied may be appealed to the Community Development Loan Committee for a period of thirty days after the date of rejection. The applicant will be allowed to present his/her case to the Community Development Loan Committee. The Community Development Loan Committee may reconsider their prior vote to denying the application after the appeal review has been completed.
3. Waiver of Loan Amount and Term: The City Council may authorize a different interest rate, repayment term or loan amount than what is specified in this program guideline.

D. LOAN CONSIDERATIONS

In approving or denying loan requests, the Community Development Loan Committee shall be guided by the following loan considerations:

1) Underwriting

- a) Cash flow -- ability to repay the debt;
- b) Credit -- good credit history and reputation;
- c) Payment of taxes or acceptable arrangements;
- d) Collateral -- Collateral coverage must be adequate as determined by the Community Development Loan Committee.
- e) Security -- other assets;
- f) Commitment of matching funds;

2) Assessment Private/Public Benefit

The Community Development Loan Committee will also consider the broader implications of private and public benefits.

VIII. REHAB PROGRAM ADMINISTRATION

A. NON-DISCRIMINATION

Administration of this program shall be in accordance with Title VI of the Civil Rights Act of 1964. No person shall, on the ground of race, color, national origin, be excluded from participation in, be denied the benefits of, or subjected to discrimination under this program.

B. APPLICATION PRIORITY

Applications shall be processed on a first-come, first-served basis. Community Development staff shall use the receipt date of a complete application to establish the order of priority. The applicant will be notified if there is funding available to proceed with the project and if there is inadequate funding, then the application may be placed on a Rehabilitation Waiting List.

C. PARTICIPATION BY RELIGIOUS ORGANIZATIONS

- 1) Religious organizations can apply for Rehabilitation Loans with the understanding that loan funds cannot be used to support inherently religious activities such as worship, religious instruction, or proselytization. The organization can engage in such activities, but they must be offered in a different location. Religious participation by tenants must be voluntary.

- 2) The organization must not discriminate against a tenant or prospective tenant on the basis of religious belief or refusal to participate in a religious practice.
- 3) Any units improved with rehabilitation funds must be available for occupancy on the open market.

D. AFFORDABLE RENT STANDARDS

1. Rental units that are improved with Community Development funds shall be available and affordable to low- and moderate-income households.
2. The applicant will be required to furnish rental information to enable Community Development staff to evaluate the impact of the project on rent levels. The applicant will submit the current amount of rental charges for all units in the housing project, utility types, who pays the utilities, and the names of tenants.
3. A rent cap shall apply to all units occupied by low- and moderate-income households. The maximum allowable rent shall be equal to the amount of rent and utility costs being paid by the tenant at the time of loan closing. The period of affordability shall be one year after the loan final inspection date.
4. Vacant units at the time of application shall be rented to low- and moderate-income households. The maximum allowable rent for vacant units shall not exceed the Fair Market Rent in effect when the rent is calculated with an adjustment for utility allowance based on Section 8 Existing Housing Allowances for Tenant Furnished Utilities and Other Services. The period of affordability shall be one year from the final inspection date.
5. The borrower will sign a Rent Agreement stipulating rent limitations at loan closing.

E. DEFINITIONS

1. **Fair Market Rent** - An annually published rent level prescribed by the U. S. Department of Housing and Urban Development based on a specified number of bedrooms.
2. **Household Income**
 - a. For the purpose of determining eligibility, Community Development staff will calculate income by estimating the annual income of a family or household by projecting the prevailing rate of income of each person at the time assistance is requested. Estimated annual income shall include income from all family or household members.
 - b. Income of all members of the household is considered for computing income. This may include wages, salaries, overtime, bonuses, fees, tips, commissions, interest and dividend income, self-employment income, net rental income, income

from estates or trusts, child support, alimony, Social Security benefits, SSI retirement, survivor or disability pension, VA payments, pension, or annuity, Temporary Aid to Needy Families, unemployment benefits, worker's compensation, and disability or benefits from any source.

c. Household Occupants

- 1) Counting Occupants. For the purpose of computing income, a household shall be defined as all persons who occupy a housing unit. The occupants may be a single family, one person living alone, two or more families living together or any other group of related or unrelated persons who share living arrangements.
- 2) Exception. An exception to calculating household income will be for boarders of the applicant. A boarder is an adult who pays the market rate to rent a room and shares kitchen facilities with the applicant. The applicant must produce verification of rental income such as canceled checks and rental income on a federal income tax form. The gross income of the boarder will not be included in calculating the applicant's household income. Instead, staff will add to household income the amount of rent paid by the boarder or the HUD Fair Market Rent for a 0 bedroom unit, whichever is greater. The boarder will not be counted as a household member when calculating family size.

~~3. Incipient Deficiency~~—A building condition identified at the time of initial inspection which the Rehab Coordinator believes to be in a state of deterioration that will affect the health and safety of the occupants.

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4. **Investor-Owner** -- Absentee owner, who may receive rehabilitation assistance in order to improve housing conditions for the tenants.
5. **Lessee** — Under the City's Lease/Buy Home Ownership Program, in which the lessee is a co-applicant for a Rehabilitation Loan with Auburn Residential Development Corporation, the City shall consider the income and occupancy of the lessee to establish eligibility.
6. **Mixed-Use** -- A property used in some part for residential purposes and in some part for non-residential purposes.
7. **Owner-Occupied** -- An applicant who holds the entire ownership interest of a property and lives in one unit of the property as a primary residence.
8. **Rehabilitation Costs** -- The total of contractor estimates from the lowest eligible contractors, self-help expenses, and the contingency determined to be reasonable by the Rehab Coordinator.

9. Residential Property - A property used entirely for residential purposes (household living space).

10. Target Area - A designated neighborhood area defined by the Community Development Office for concentrated use of Community Development Block Grant Funds under the slums/blight eligibility determination.

F. INCOME LIMITS

To qualify applicants for various loans under the Rehabilitation Program, Community Development staff will use income limits for Lewiston-Auburn SMSA established by the Department of Housing and Urban Development. Revised charts will be used upon receipt.

G. APPLICATION PROCEDURES

This section sets forth the application procedures for rehabilitation loans.

- 1. Initial Application** -- Loan application may be obtained from the Community Development Department (CDD).
- 2. CDD Responsibilities** -- The City will make available the services of a Rehab Coordinator who will solicit applications, determine the scope of work, prepare specifications, document eligibility criteria and underwriting, secure approval, prepare loan documents, and act as a project manager including authorizing progress payments.
- 3. Verifications**
 - a. **Income** - Copies of all income sources (i.e. check stubs, statements, W-2 forms, State and Federal income tax returns) shall be provided by the applicant. A certified financial statement or other documentation from an accountant or other acceptable source may be required of a corporation, partnership, or other business enterprise. Written verification may be required from income sources.
 - b. **Title** - The CDD shall verify title by checking the records at the Androscoggin County Registry of Deeds.
- 4. Initial inspection** -- If it appears that the applicant and property are eligible for a loan, an initial inspection will be scheduled with the applicant and the Rehab Coordinator. Rehabilitation requirements will be determined during the initial inspection.
- 5. Inspection Report and Specifications** -- An inspection report shall be prepared by the Rehab Coordinator and mailed to the applicant. The inspection report shall list the rehabilitation requirements to bring it into compliance. Once the owner has reviewed the inspection report, the Rehab Coordinator creates technical specifications for contractor bidding.
- 6. Lead** -- The CDD must consider whether the rehabilitation calls for lead hazard control measures.

a. A risk assessment will identify whether lead hazards exist and what type of methods must be used to control them. It will be necessary to perform clearance testing of the construction area to confirm the absence of lead hazards after the work is completed. All testing costs will be paid by the CDD.

b. Priorities

The order of priority for repairs will be determined by the risk assessment report according to the following criteria:

1) Surfaces that are found to contain lead-based paint levels greater than 9.9 mg/cm² and are in poor and fair condition.

2) When a component that contains lead-based paint is being repaired because it is in poor or fair condition, the entire surface area may be included in the scope of work.

c. The Contractor, owner and Rehab Coordinator will work closely to minimize the need to displace occupants of a dwelling unit. If a tenant must move in order to insure that they are not adversely affected by the corrective work, the owner and CDD will arrange for the relocation. CDD shall pay for temporary moves according to its Residential Antidisplacement and Relocation Assistance Plan.

7. Construction Bids-- The applicant shall obtain proposals for the rehabilitation work. Two proposals are required for all major work.

A. The applicant may choose one of two options for obtaining construction bids.

1. Applicants may secure their own bids from contractors of their preference without the assistance of the Community Development Department. Three bids will be required.

2. Applicants may request that the Rehab Coordinator secure bids on their behalf. The Rehab Coordinator will notify all contractors on Auburn's Contractor List of the project, hold a pre-bid meeting on site, and accept bids on behalf of the applicant at a specified time and place.

B. Contractors may be selected from a list of eligible contractors as maintained by the City of Auburn CDD or contractors must be able to meet the Community Development Department's eligibility standards. No contractor may be selected who has been designated ineligible by the CDD.

C. The applicant is not bound to contract with the lowest qualified bidder, but

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in the event of choosing the higher bid the applicant must provide private funding for the difference in cost. All loan amounts will be calculated based on the lowest estimate. Contractors may either be selected from a list of eligible contractors as maintained by the City of Auburn CDD ~~or be able to meet eligibility standards. No contractor may be selected who has been designated ineligible by the CDD.~~

- D. Each contractor will give a proposal on the CDD specification/bid form. The contractor must, if requested, provide a cost breakdown on each portion of the work he is bidding. The contractor must sign the proposal sheet. The CDD may require that information pertinent to materials be submitted for approval.

8. Contractor Eligibility Standards

- a. Insurance -- The contractor and subcontractors shall carry Worker's Compensation Insurance for all their employees in accordance with the Worker's Compensation laws of the State of Maine. The contractor and subcontractors shall carry Manufacturer's and Contractor's Public Liability Insurance with a limit of \$300,000 for personal injury or death and \$100,000 for property damage. The CDD may require bonding for contracts in excess of \$100,000. The CDD will require evidence of insurance prior to signing a construction contract.
- b. License and Qualifications -- The contractor shall have in effect a license if required by the City of Auburn, or State of Maine. The contractor must have ~~completed~~ obtain a Department of Environmental Protection approved ~~lead-smart renovator's course. Repair, Renovate or Paint certification,~~ if pertinent to the work being performed.
- c. Credit -- The City may require a list of credit references, names of suppliers, name of bank where contractor does business, and names and addresses of recent home improvement customers.
- d. Skill and Equipment -- No approval of a contract shall be given unless the construction contractor can satisfactorily demonstrate that he/she and/or their subcontractor(s) have the necessary skills and equipment to perform the work in an efficient and expedient manner.

9. **Ineligible Contractors** - Where a contractor fails to comply with the eligibility standards set forth above, or commits one or more of the following violations, the CDD shall remove the contractor from the list of eligible contractors and shall designate the contractor to be ineligible. The applicant will not award any rehabilitation work, other services, materials, equipment, or supplies to be paid for, in whole or in part, with the proceeds of the loan to any contractor or subcontractor whom the CDD has designated as ineligible. The CDD shall designate a contractor to be ineligible if it finds that the contractor has:

- a. Committed one or more material violations of its obligations under a rehabilitation contract and has failed to cure all such violations promptly after 10 days written notice by the applicant or the CDD.
- b. Engaged in a pattern of delayed performance or failed to complete the work under a rehabilitation contract, and has received written notice of such delay.
- c. Failed to communicate in a courteous, prompt and professional manner, and such failure continued after written notice by the applicant or the CDD.
- d. Committed fraud and other illegal acts against the applicant or the City of Auburn, including but not limited to kickbacks and collusion.
- e. Failed to pay subcontractors or suppliers on a timely basis, allowed a lien to be placed on the applicant's property, or otherwise failed to maintain good credit, and such failure continued after written notice by the applicant or the CDD.
- f. Threatened, intimidated, or harassed the applicant or City staff.

Once the CDD has designated a contractor to be ineligible, the Contractor shall remain ineligible for a minimum of two years, and shall remain ineligible thereafter until the CDD determines, in its sole discretion, that the contractor has taken all necessary steps to ensure that no further violations will occur, provided that in the case of violations of Sections 9 (d) or 9(f) above the Contractor shall remain permanently ineligible.

10. Labor Performed by the Owner -- A property owner may complete some or all of the tasks required to rehabilitate his/her property if he/she has the degree of skill required to perform the work involved. Self-help is usually appropriate for the accomplishment of tasks of an unskilled nature such as general cleanup, demolition, cartage and disposal of debris, and for work that involves minimal use of costly materials and equipment.

- a. Materials and Workmanship -- The CDD will require information regarding the cost of materials for any self-help work prior to approval of the loan. The CDD may require evidence of workmanship on previous projects before accepting the owner's intention to do his/her own work. The amount of the loan may include funds to pay for the materials and rental of equipment to be installed by self-help.
- b. Schedule -- The Rehab Coordinator and owner will establish a schedule of work items and projected completion date prior to loan closing.
- c. Qualification -- The owner must have completed a Department of Environmental Protection approved lead-smart renovator's course, if pertinent to the work being performed.

11. Private Lender's Loan - Interest rates and terms of the portion of the rehabilitation work to be funded by the private lender shall be individually negotiated between the loan applicant and the respective lending institution. The private lender's funds are subject to the same contractor and self-help requirements as the City's loan.

- 12. Community Development Loan Committee** - The application is presented to the Community Development Loan Committee who is responsible for awarding loans.
- 13. Loan Closing**-- A loan closing shall be completed prior to contractors starting work and shall include, but not be limited to a mortgage instrument to be recorded at the Androscoggin Registry of Deeds, and a promissory note in the full amount of the City's loan.
- 14. Amended Loans** - If unforeseen project costs exceed the original rehabilitation estimates plus any project contingency, the Rehab Coordinator may increase the loan by \$500 without approval of the Community Development Loan Committee.
- 15. Assumability** – Loans are generally unassumable with the exception of the Lease-Buy Program where loans will be assumed by the lessee.
- 16. Cancellation** -- A loan approval shall be valid for 6 months. If there has been no loan closing or commencement of work, it will be necessary for such a loan to be reconsidered by the Community Development Loan Committee.
- 17. Construction Contract** – The owner and contractor will sign a contract signed at the time of loan closing which is acceptable to the CDD. Assurance will be required of the contractor and owner that the rehabilitation work will be carried out efficiently and within a reasonable period of time. The contractor shall secure all necessary permits prior to the start of work at his/her own expense. The contractor shall contact the Rehab Coordinator for approval of each phase of the work. No change to the rehabilitation contract work shall be allowed unless approved by the CDD, owner, and contractor. Any changes involving cost will be supported through the execution of a change order between the contractor and owner.
- 18. Inspection** - The CDD shall have the right to inspect all rehabilitation work financed in whole or in part with the proceeds of the loan. The CDD will inform the owner and/or contractor of any noncompliance with respect to the rehabilitation work and the corrective action needed. The CDD will verify that all work has been done according to the specifications. No payment shall be made until the work is acceptable. The owner will take all steps necessary to assure that the CDD is permitted to examine and inspect the rehabilitation work.
- 19. Records** - The applicant agrees to keep such records as may be required by the CDD with respect to the rehabilitation work financed in whole or in by the loan and, furthermore, when the rehabilitated property contains rental units, the applicant agrees to keep such records as may be needed by the CDD with respect to income received and expenses incurred from this property. The applicant will, at any time during normal business hours, and as often as the CDD may deem necessary, permit the CDD to have full and free access to its records with respect to the property.

20. Escrowing of funds - The CDD will act as escrow agent for the City loan, as well as any supplemental funds required to meet the amount of the construction contracts. The owner permit the CDD to disburse such funds to the owner and/or the contractor in the manner set forth in the contract between applicant and contractor. The CDD may require lien waivers as a condition of payment.

21. Disbursement of Funds - After receiving appropriate invoices receipt of lien waivers for invoices over \$5,000, and inspecting the rehabilitation work, progress payments shall be authorized by the CDD. Unutilized funds may be applied to reduce the principal of the City and private funds to maintain the 75% City and 25% private participation level, or may be used to complete additional work as approved by the CDD.

**Neighborhood Enhancement Program
Focus Groups –October 12, 2011
Homeowners' Group**

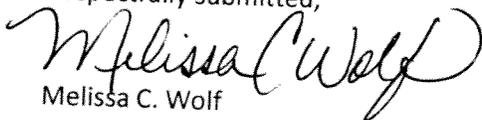
Attendees: Deb Cusson, Susan Dunn, Shirley Gaudet, Mary O'Leary (by phone), Kevin Simpson
Staff: Reine Mynahan, Melissa Wolf

The goal of the Neighborhood Enhancement Program is to improve the visual quality of the target areas through providing an attractive incentive program. To begin each meeting Reine outlined the ultimate goal of the program and asked the homeowners' group to consider such a program before hearing the terms, then commenting on the viability of such a program regardless of the particular incentives.

Homeowners - Feedback

- Getting the word out that this program will be available is imperative
- Deferred loan terms may help provide incentive
- Lower payments and longer terms may help provide incentive
- Building improvements don't necessarily have to be on the front of the building
- The City should consider adding trees, or removing dead ones, to enhance the look and safety of certain neighborhoods
- Landscaping is a big consideration in the aesthetic value of a neighborhood
- Program should allow for enhancements to porches, walkways and entryways
- Inspections for this program should consider what the City wants as well as what the homeowner wants
- A lot of people are struggling and this sounds like a good program
- The grant does not seem like much of a carrot for landlords, though it is attractive to homeowners
- Paving is not covered in the current program guidelines, could this be included with appropriate criteria?
- This program needs to be well marketed to be effective

Respectfully submitted,



Melissa C. Wolf
Community Development Assistant

**Neighborhood Enhancement Program
Focus Groups –October 12, 2011
Landlords' Group**

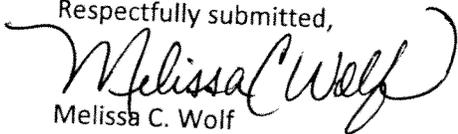
Attendees: Andy Choate, Don & Kim Cote, Tina Robert, Allan Turgeon (by phone), Bill Turner
Staff: Reine Mynahan, Melissa Wolf

The goal of the Neighborhood Enhancement Program is to improve the visual quality of the target areas through providing an attractive incentive program. To begin each meeting Reine outlined the ultimate goal of the program and asked the landlords' group to consider such a program before hearing the terms, then commenting on the viability of such a program regardless of the particular incentives.

Landlords – Feedback

- A 20-year loan term seems like a long time
- Wonderful incentives
- Very attractive program
- Good program for homeowners
- It would be good to establish criteria for exterior paint/siding colors, landscaping, etc.
- Landscaping should be a consideration when looking at visual enhancements
- Good plan for visual neighborhood enhancement
- It would be great to target certain streets, one at a time, through marketing and example
- There would be a benefit to having this as an ongoing project, not just this year

Respectfully submitted,



Melissa C. Wolf

Community Development Assistant

Amended 10-19-2009

**DOWN PAYMENT ASSISTANCE PROGRAM
GUIDELINES**

I. PROGRAM GOAL

The goal of the Down Payment Assistance Program is to encourage home ownership.

II. ELIGIBILITY CRITERIA

A. Low and Moderate Income

1. The applicant's income is below 80% of median income
2. The property may be located any where in the City of Auburn.
3. The property may be a single, 2, 3 or 4 family structure.

B. Above 80% of Median Income

1. When the applicant's income is above 80% of median income.
 - a) The property must be located in the Downtown, New Auburn, or Union Street Community Development Block Grant Target Areas.
 - b) The property must be a 3 or 4 family structure and minimum of 51% of the rental units shall be occupied by tenants with incomes below 80% of median income for a period of one year.
 - 1) The applicant will be required to obtain and furnish rental information to enable Community Development staff to evaluate rent levels. The applicant will submit the current amount of rental charges, utility types, who pays the utilities, and the names of tenants for the ~~two~~ units.
 - 2) The maximum allowable rent shall be equal to the amount of rent and utility costs being paid by the tenant at the time of application. The period of affordability shall be one year after the loan closing.
 - 3) Vacant units shall be rented to low- and moderate-income households for a period of one year. The maximum allowable rent for vacant units shall not exceed the Fair Market Rent in effect when the rent is calculated with an

adjustment for utility allowance based on Section 8 Existing Housing Allowances for Tenant Furnished Utilities and Other Services.

- c) The borrower will sign a Rent Agreement stipulating rent limitations at loan closing.

C. All Applicants:

1. The applicant does not own residential property and is not a party in an installment land contract at the time of application.
2. The applicant does not owe taxes or fees to the City of Auburn at the time of application.
3. The applicant's ~~net liquid~~ assets do not exceed \$10,000 ~~\$15,000~~ ~~(net assets shall include recreational vehicles, stocks, savings accounts, and Certificates of Deposit, less the cost of withdrawal of those assets. It shall not include deferred retirement savings plans, IRAs or life insurance cash values.)~~ Liquid assets are cash accounts, savings accounts, stocks, bonds, money market accounts, certificate of deposits, and cash gifts. It shall not include retirement accounts or life insurance cash values.
4. ~~The applicant is able to pay the minimum down payment required by the private lender.~~
5. The applicant agrees to attend educational sessions in budgeting, home ownership, and landlord/tenant operations, and to participate in all property inspections.

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III. ELIGIBLE PROPERTIES

The property must meet all of the following criteria:

- A. The property to be purchased must be either a traditional one to four unit owned fee simple, a condominium unit, a cooperative unit, or a manufactured home. A mobile home may be purchased if it is permanently installed according to the Auburn Zoning Ordinance and on land that will be deeded with the purchase.
- B. The property must meet applicable State and Local land use laws.
- C. The property must meet federal Housing Quality Standards and comply with Title X Lead Standards.

- D. The property must be a year round residence or shall be a property converting to a year round status according to the requirements of the City of Auburn's duly adopted construction codes and zoning ordinance.

IV. LOAN TERMS

- A. The maximum loan amount shall be ~~\$10,000-\$12,000~~ :
- B. The maximum of liens for the purchase of the property, including the City loan shall not exceed 105% of the value of the property.
- C. A maximum of ~~\$5,000-\$6,000~~ may be for the purpose of financing closing costs and bank fees. The amount eligible for down payment assistance shall not exceed half of the down payment required by the lender.
- D. The loan payment shall be ~~deferred for one year, then repaid over a twelve year~~ period. The loan term shall be established by the Community Development Loan Committee based on financial capacity of the applicant. The maximum loan term is 30 years.
- E. The loan shall be interest-free.
- F. The loan is not assumable.
- G. The borrower shall be required to occupy the purchased property as a principal residence for the duration of the loan.

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V. LOAN ACCELERATION

- A. ~~The loan shall be immediately repaid if the borrower ceases to occupy the property prior to the final payment.~~
- B. The loan shall be immediately repaid if the applicant sells or transfers title to the property during the term of the loan.
- C. The loan shall be repaid within one year of the death of the borrower(s).

VI. APPROVAL PROCESS

A. Community Development Staff

The Community Development Block Grant office has responsibility for administration of the Downpayment Assistance Program. The Community Development Coordinator performs the underwriting and presents the loan

request to the Community Development Loan Committee.

B. Community Development Loan Committee

1. Loans will be reviewed by the Community Development Loan Committee who will be responsible for making a decision to approve or deny loan requests and to establish loan conditions.
2. Appeal Procedure: The reason(s) for rejection shall be given to the applicant. Loans that have been denied may be appealed to the Community Development Loan Committee for a period of thirty days after the date of rejection. The applicant will be allowed to present his/her case to the Community Development Loan Committee. The Community Development Loan Committee may reconsider their prior vote to denying the application after the appeal review has been completed.

C. Loan Considerations

In approving or denying loan requests, the Community Development Loan Committee shall be guided by the following loan considerations:

1. Underwriting
 - a) Cash flow -- ability to repay the debt;
 - b) Credit -- good credit history and reputation;
 - c) Collateral coverage

VII. ADMINISTRATION

A. Non-Discrimination

Administration of this program shall be in accordance with Title VI of the Civil Rights Act of 1964. No person shall, on the ground of race, color, national origin, be excluded from participation in, be denied the benefits of, or subjected to discrimination under this program.

B. Definitions

1. Household Income

- a). For the purpose of determining eligibility, the Community Development Coordinator will calculate income by estimating the annual income of a family or household by projecting the prevailing rate of income of each person at the time assistance is requested. Estimated annual income shall include income from all

family or household members.

b). Income of all members of the household is considered for computing income. This may include wages, salaries, overtime, bonuses, fees, tips, commissions, interest and dividend income, self-employment income, net rental income, income from estates or trusts, child support, alimony, Social Security benefits, SSI retirement, survivor or disability pension, VA payments, pension, or annuity, Temporary Aid to Needy Families, unemployment benefits, worker's compensation, and disability or benefits from any source.

c). **Household Occupants**

1) Counting Occupants: For the purpose of computing income, household shall be defined as all persons who occupy a housing unit. The occupants may be a single family, one person living alone, two or more families living together or any other group of related or unrelated persons who share living arrangements.

2) Exception -- An exception to calculating household income will be for boarders of the applicant. A boarder is an adult who pays the market rate to rent a room and shares kitchen facilities with the applicant. The applicant must produce verification of rental income such as canceled checks and rental income on a federal income tax form. The gross income of the boarder will not be included in calculating the applicant's household income. Instead, staff will add to household income the amount of rent paid by the boarder or the HUD Fair Market Rent for a 0 bedroom unit shall be added to household income. The boarder will not be counted as a household member when calculating family size.

2. **Fair Market Rent**

Fair Market Rent is an annually published rent level prescribed by the U. S. Department of Housing and Urban Development based on a specified number of bedrooms.

C. **Income Limits**

To qualify applicants under the Downpayment Assistance Program staff will use income limits for Lewiston-Auburn SMSA established by the Department of Housing and Urban Development. Revised charts will be used upon receipt.

D. Application Procedures

1. Loans will be processed on a first-come, first-served basis, according to the date of submission of a completed application. The applicant will be notified if there is funding available to proceed with the project and if there is inadequate funding, then the application may be placed on a Downpayment Assistance Waiting List.
2. The Community Development Coordinator will be responsible to solicit applications. To document eligibility the applicant shall supply copies of all income sources (i.e. check stubs, statements, W-2 forms, State and Federal income tax returns). Written verification may be required from income sources. The Community Development Coordinator shall perform loan underwriting, perform housing inspections to establish if the property meets Housing Quality Standards, secure approval, and prepare loan documents. If renovations are required to meet Housing Quality Standards, the Community Development Coordinator will work with the Rehabilitation Coordinator or with a private lender.

Amended October 19, 2009

GOOD NEIGHBOR HOME OWNERSHIP START-UP PROGRAM

A. PROGRAM GOAL

The goal of the Home Ownership Start-up Program is to ease the cost burden of transitioning from tenancy to home ownership.

B. ELIGIBILITY CRITERIA

1. The applicant must purchase an Auburn property as a primary residence ~~residence~~ home located in the City of Auburn to use as their primary residence and must use one of the City's homebuyer programs to assist in the financing of this purchase. ~~or be a lessee under the Lease/Buy Home Ownership Program.~~
2. The property may not be used for religious purposes or be publicly owned.
3. The property must be a year-round, 1-4 unit residential building.
4. ~~The applicant has not yet closed on the home for which the start up grant shall be used, or has closed on the home within 30 days prior to submission of a complete application.~~
5. The applicant owns no other property.
6. The applicant does not owe taxes or fees to the city of Auburn at the time of application.

C. GRANT CATEGORIES AND TERMS

1. A grant requires no repayment.
2. The maximum grant amount is \$500 or eligible items with an additional \$500 for the purchase of stove, refrigerator, lawn mower or heating fuel. The maximum grant is \$1,000.
3. ~~The exception to the maximum grant under #2 shall be higher if the applicant purchases either a stove and refrigerator, lawnmower, or purchases oil. The maximum grant will then be \$1,000.~~
- 4-3. Household income must be below 80% of median income.

D. ELIGIBLE EXPENSES

Eligible expenses include the following verifiable start-up costs:

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1. Connection to utilities;
2. Paint and minor repairs for projects where there will be no rehabilitation;
3. Refrigerator or stove;
4. Landscaping;
5. Curtains;
6. Mailbox;
7. Pest control;
8. Moving costs;
9. Cleaning supplies;
10. Rental of equipment;
11. Lawnmower; and
12. Purchase of ~~oil~~ heating fuel when the recipient can demonstrate establishment of a monthly budget plan with an oil dealer and the owner's cost share has been paid. Payments will be made in three monthly installments covering no more than one-half of the plan's monthly payment. The maximum payment for oil shall be \$500.

E. APPLICATION PROCESS

- ~~1. Initial Application -- Loan application may be obtained from the Community Development Department (CDD). The request for Good Neighbor Funds is considered the date of the application for one of the City's homebuyer programs.~~ Loans will be processed on a first-come, first-served basis.
- ~~2. Income -- Copies of all income sources (i.e. check stubs, statements, W 2 forms, State and Federal income tax returns) shall be provided by the applicant. A certified financial statement or other documentation from an accountant or other acceptable source may be required of a corporation, partnership, or other business enterprise. Written verification may be required from income sources.~~
- ~~3. Verifying Expenses -- Copies of all expenses shall be submitted to Community~~

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Development prior to payment. The CDD shall determine if expenses are eligible.

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F. NON-DISCRIMINATION

Administration of this program shall be in accordance with Title VI of the Civil Rights Act of 1964. No person shall, on the ground of race, color, national origin, be excluded from participation in, be denied the benefits of, or subjected to discrimination under this program.

Adopted August 4, 2008

AUBURN-LEWISTON CONSORTIUM

HOMEBUYER LOAN PROGRAM GUIDELINES

A. INTRODUCTION

The Cities of Auburn and Lewiston have formed a consortium to qualify for HOME Investment Partnerships Program funds whereby the grant is shared by both cities. The Homebuyer Loan Program guidelines describe assistance that is available to enable low- and moderate-income households to become home owners in either city.

B. PROGRAM OBJECTIVE

The objectives of the Homebuyer Loan Program are to make home ownership affordable for low- and moderate-income households, to provide funds that will open access to other homebuyer programs, and to increase owner occupancy in targeted areas. The Homebuyer Loan Program is designed to provide an opportunity for low- and moderate-income families to purchase market rate homes. The Homebuyer Loan Program is subject to all of the HOME Investment Partnerships Program regulations.

~~Lease to Purchase (Auburn only): In partnerships with Auburn Housing Development Corporation, the City of Auburn will facilitate the purchase of a home on behalf of a home buyer. The property will be chosen by the participant and leased for a specified period of time. During the lease period the participant will receive budget and credit counseling and comply with an action plan. The participant will purchase the property at the end of the lease period.~~

C. OUTREACH

Community Development Department staff (CDD) is responsible for providing outreach to encourage a full range of potential clients. This shall be accomplished through marketing to homebuyer education classes, newspaper articles, and advertising the availability of the Homebuyer Loan Program. Advertisements shall include a non-discrimination statement. Outreach shall be done in accordance with the Consortium's Affirmative Marketing Plan.

D. PARTICIPANT ELIGIBILITY

1. The applicant(s) household income must be below 80% of median income.—An eligibility determination based on income shall be valid for a six-month period.

2. The applicant(s) shall have a minimum household income of
 - a. \$25,000, or
 - b. \$20,000 if the prime mortgage is financed by USDA Rural Development as a subsidized interest rate loan.
3. The applicant(s) is able to obtain standard financing at a fixed rate.
4. The applicant(s) may not own residential property, or be a party in an installment land contract at the time of application.
5. The applicant(s) liquid assets shall not exceed \$15,000. Liquid assets are savings accounts, savings accounts, stocks, bonds, money market accounts, certificate of deposits, and cash gifts. It shall not include retirement accounts or life insurance cash values.

~~6. The applicant(s) shall demonstrate an ability to save and shall have a minimum of \$500 prior to the loan closing date. This may be accomplished by participating in an Individual Development Account for a minimum of six months, or the participant may provide six months of savings account statements with a minimum of \$500 in savings.~~

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E. PROPERTY ELIGIBILITY

1. The property must be located in Auburn or Lewiston.
2. The property may be a single-family dwelling, a rental property with two- to four-dwellings, a condominium unit, a cooperative unit, or a mixed-use property.
3. The property must be one of the following approved forms of ownership: fee simple title, 99-year lease, condominium, or cooperative housing.
4. The maximum property value will not exceed 95% of the median purchase price for that type of housing for the area as published by HUD, Section 203(b). If a property involves rehabilitation, the after-rehabilitation value shall be established prior to approval and shall not exceed 95% of the median purchase price.
5. The property must meet ~~housing quality standards~~ rehabilitation standards, Title X Lead Standards, and be free of code violations. The financing package shall include adequate funds to complete all necessary improvements to meet these standards.
6. The maximum property cost of an eligible building shall be 95% of the median purchase price for single family homes and 100% of the median purchase price for 2-, 3-, and 4-unit buildings in Auburn and Lewiston. Median purchase price is determined by Maine State Housing Authority, and is adjusted annually. The following are the maximum allowable property costs that will be in effect until the rates are updated.

6. The property shall be inspected by CDD prior to the applicant(s) signing a purchase and sale agreement to assure that the property is appropriate for the applicant(s) and has potential to meet all property standards.

F. LOAN TERMS

A HOME loan will be available to make housing affordable based on household income. HOME loan will be applied to reduce the bank loan, and The HOME loan is an interest-free loan with payments beginning immediately after the closing. The amortized loan will be an interest-free loan withfor a term not to exceed 40 years. The amount of homebuyer subsidy will be determined by the location of the property as follows:

1. Homebuyer Loans — Target Areas Financing

a. The property must be located within the boundaries of the Home Target Areas as identified by the Cities of Auburn or Lewiston.

b. The HOME loan amount shall be no less than \$1,000 and shall not exceed \$30,000.

b. The HOME assistance will be based on the following criteria:

1. HOME Savings Account

a) The Cities shall assist the applicant to establish a HOME Savings Account (HSA) with Auburn Housing Development Corporation to pay for down payment and closing costs to purchase a home.

b) The applicant will make monthly deposits to the account for a minimum of six months and a maximum of 3 years. The minimum 6-month deposit period may be reduced to 3 months when 1) the applicant can document that the minimum amount of savings has been deposited into a savings account for a six-month period prior to the application and 2) that the savings to be matched is deposited into the Home Savings Account prior to the beginning of the 3-month period.

c) The minimum payment shall be \$25 and the maximum shall be \$100.

d) The account will be non-interest bearing.

e) The City shall match the HSA account three dollars for each dollar saved by the applicant up to \$5,000. Half of the match will be in a forgivable loan and half will be a grant. The full amount of the

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match will be included in calculating the recapture period. The match will be available at the time of loan closing.

f) If an applicant is deemed no longer eligible, the amount of savings in the HOME Savings Account will be returned to the applicant.

2. HOME Loan: A HOME loan will also be available at a minimum of \$1,000 and a maximum of \$15,000.

3. Homebuyer Counseling: The applicant will be required to participate in the City's Homebuyer Counseling Program throughout the savings period.

1. Homebuyer Loans—All Other Areas

a. ~~The property must be located within the boundaries of the Cities of Auburn or Lewiston.~~

b. ~~a. The HOME loan amount shall be no less than \$1,000 and shall not exceed \$20,000.~~

3. ~~Determination of HOME Assistance Loan~~ -- The maximum HOME loan shall be based on the purchase price plus closing costs minus the maximum amount allowed by the prime lender provided that the total debt service for mortgage, taxes, estimated rehabilitation, insurance, and mortgage insurance ~~falls at~~ is no less than 25% of the applicant(s) income.

4. Recapture

a. Based on the combined HOME ~~loans~~ assistance to applicant(s), the property to be purchased shall be occupied by the applicant(s) as a principal residence for the minimum periods as follows:

- 1) 5 years if total of HOME funds is less than \$15,000;
- 2) 10 years if total of HOME funds is between \$15,000 and 40,000; or
- 3) 15 years if HOME funds is over \$40,000.

b. The recapture period shall commence when the building acquisition and HOME rehabilitation are complete and a project completion certification has been issued by CDD. If the property is sold, transferred, or the purchaser ceases to occupy the property prior to the end of the recapture period, the principal balance of the HOME loan shall be immediately repaid.

G. UNDERWRITING

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1. The following conditions shall apply to all loans:

a. ~~monthly debt for principal, interest, taxes, and insurance, and estimated rehabilitation loan shall not exceed 32% of the applicant(s) income;~~

b. all debt shall not exceed 42% of applicant(s) income;

~~2. Auburn Only Lease Option:~~

~~a. applicant(s) has submitted acceptable references from one of two previous landlords;~~

~~b. applicant(s) has submitted acceptable reference from employer;~~

~~c. non-housing debt will not exceed 17% of current income at the time of application and all debt shall not exceed 49% of applicant(s) income;~~

~~d. there is potential for the applicant(s) to correct credit deficiencies and meet debt to income maximums within an 18-month period;~~

~~e. applicant(s) income is sufficient to cover the permanent financing requirements;~~

~~f. further criteria will be evaluated prior to making a determination of final eligibility:~~

~~1) stability of job or source of income;~~

~~2) current monthly debt;~~

~~3) length of self-employment;~~

~~4) resources for financial emergencies;~~

~~5) commitment of partner;~~

~~6) insufficient income to cover long-term debt service; and~~

~~7) prior efforts to cure credit history.~~

H. APPROVAL

1. Approval of Auburn Loans: HOME Loans will be reviewed by the Community Development Loan Committee (Committee) who will be responsible for making decisions to approve or deny loan requests and to establish loan conditions.

2. Approval of Lewiston Loans: HOME Loans will be reviewed by the Loan Qualification Committee (Committee) who will be responsible for making decisions to approve or deny loan requests and to establish loan conditions.

3. Appeal Procedure: The reason(s) for rejection shall be given to the applicant. HOME Loans that have been denied may be appealed to the Committee for a period of thirty days after the date of rejection. The applicant(s) will be allowed to present his/her case to the Committee. The Committee may reconsider their prior vote to denying the application after the appeal review has been complete. A decision will be made by the Committee once the appeal has been heard.

I. PROGRAM ADMINISTRATION

1. Non-Discrimination

Administration of this program shall be in accordance with Title VI of the Civil Rights Act of 1964. No person shall, on the ground of race, color, national origin, be excluded from participation in, be denied the benefits of, or subjected to discrimination under this program.

2. Application Priority

Applications shall be processed on a first-come, first-served basis. CDD shall use the approval date of the loan committee to establish the order of priority for funding. The applicant will be notified if there is funding available to proceed with the project and if there is inadequate funding, then the application may be placed on a HOME waiting list.

3. Definitions

a. Household Income

- 1) When determining whether a household is income eligible, CDD will calculate annual income using the Census long-form method.
- 2) For the purpose of determining eligibility, CDD will calculate annual household income by projecting the prevailing rate of income of each person at the time assistance is requested. Estimated annual income shall include income from all household members.
- 3) Income may include wages, salaries, overtime, bonuses, fees, tips, commissions, interest and dividend income, net rental income, child support/alimony, Social Security benefits, SSI, retirement, pension or annuity, TANF, unemployment benefits, worker's compensation, and disability or benefits from any source.

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b. Household includes all persons who occupy a housing unit. The occupants may be a single family, one person living alone, two or more families living together or any other group of related or unrelated persons who share living arrangements.

c. 80% of Area Median Income is the maximum income a household can earn, adjusted by household size, in order to qualify as low- to moderate income and be eligible for the Homebuyer Loan Program. Guidelines for Lewiston-Auburn SMSA are provided by the Department of Housing and Urban Development, and are revised annually.

d. Community Development Department staff (CDD) is the contact person designated as the City's representative to process loan applications in Auburn or Lewiston.

~~e. Lease to Purchase is an option for applicants whose credit or debt is not of sufficient quality to allow for financing through standard mortgage markets whereby the City purchases a home on behalf of the applicant and leases the property, then sells it to the applicant within a fixed period of time. This option is allowed only in Auburn.~~

~~1)~~

~~1) Lease Agreement is the document that establishes the responsibilities of the lessee and Auburn Housing Development Corporation during the lease period. This shall include but not be limited to provisions regarding the lease amount, security deposit, responsibility for payment of utility and property taxes, maintenance, insurance, property damage, and responsibility of being a landlord.~~

~~2) Lease Commitment is critical dates to be followed, meeting budgeting and savings goals, option to purchase, and to participate in required training programs.~~

g Purchase and Sales Agreement is the document executed by the applicant to purchase the chosen property.

~~h. HOME Target Area is the designated neighborhoods with boundaries defined by the City Council (Appendix A).~~

4. Application Procedures

This section shall set forth the procedures for administering the Homebuyer Loan Program.

a. Applications

1) **Priority** -- Applications will be processed on a first come, first served basis. CDD shall establish a priority processing list based on the receipt date of a complete application.

2) **Initial Application** -- An application may be obtained from the Community Development Department. A complete application shall include verification of income. An incomplete application will be returned to the applicant.

b) Income Verification -- The applicant(s) shall provide documentation of all income sources and a federal tax return. CDD shall make a determination of preliminary eligibility based on household size and income.

1) A certified financial statement or additional documentation from an accountant or other acceptable source may be required of an individual whose income is from corporation, partnership, or other business enterprise.

2) If an approved applicant(s) has not signed a purchase & sale agreement within six months from the initial income verification, the applicant(s) must submit new income documentation to re-establish eligibility.

~~e. **Letter of Eligibility** -- A letter shall be issued by CDD describing the eligibility status, deadlines, and other conditions or requirements. The letter shall identify a minimum term of 30 days prior to closing and a maximum of 180 days.~~

d. Training

1) **Landlord Training** -- If the property is a multi-unit building, the Applicant(s) shall attend a landlord education program.

2) **Home Buyer Training** -- The applicant(s) shall provide a certification of attendance at a HoMEworks approved homebuyer education program.

3) **Post-Home Purchase Counseling** -- The applicant(s) will agree to meet annually for the first 3 years, or more frequently if necessary, to review the financial status of the applicant(s).

e. Identifying the Property -- The applicant(s) will select a property for sale which is consistent with an affordability determination

f. Purchase and Sales Agreement - The applicant will execute Purchase and Sales Agreement that includes a clause stipulating the sale is contingent upon financial approval from the City and primary lender.

g. Multi-Unit Property – If the property has rental units, the owner or realtor will be asked to secure tenant data and copies of the existing leases.

h. Initial Inspection – CDD shall make an initial inspection of all housing units within a building to determine if there are code violations or conditions that must be corrected. CDD will identify the required improvements in writing.

i. Meeting Appropriate Codes – Properties to be purchased through the Homebuyer Loan Program must meet housing quality standards, lead standards, and local code requirements before occupancy. A structure which requires more than \$5,000 of improvements per unit may require an assessment of lead conditions by a licensed risk assessor.

j. Projects Requiring Improvements – If the required improvements are to be funded by any of the City's rehabilitation programs, the applicant shall follow the procedures of those programs.

k. Defining Costs and Funding Resources – After construction costs are defined, city staff will determine the final total development costs including rehabilitation loans. CDD will proceed with the funding package only after it has been determined that the purchase will result in a monthly payment that does not exceed the amount identified as affordable to the applicant(s).

l. Financing Package – The applicant(s) will seek approval of the prime lender and HOME loan. CDD will submit to the request to the loan committee for approval.

m. Interim Financing (Lease Only) – The City/AHDC shall complete an application for interim financing to purchase the property.

n. Notices

1) Acceptance—Applicant(s) will be notified of acceptance through a written Commitment Letter.

2) Rejection – If the request is rejected, CDD will notify the applicant(s) in writing and give the reason(s) for rejection.

o. Tenant Notification -- Letters shall be sent to the tenants if there will be permanent displacement.

p. Insurance – The participant is required to maintain fire, liability and other hazard insurance on the property for the full term of the note and for an amount at least equal to the total value of all mortgages held on the property, or an amount at least sufficient to cover coinsurance requirements in the State of Maine. The

City will be named as a mortgagee on the policy and the participant shall provide evidence of insurance.

q. Assumability

1) **Lease Projects Only**—The applicant(s) and AHDC shall be co-applicants for the Rehabilitation Loan. The applicant(s) will assume the loan at the closing for permanent financing.

2) **All Other Projects**—The HOME Loan is not assumable.

r. Subordination – Subordination of the HOME loan is generally not allowed. Exceptions will be made for documented emergencies on a case by case basis by CDD. CDD may request documentation in order to evaluate the request. Refinancing may be allowed for the following reasons:

- 1) limited to the existing first mortgage balance plus reasonable closing costs if refinancing places owner in a better economic situation and does not diminish the City's financial position in the property;
- 2) exorbitant medical expenses;
- 3) loss of husband/wife;
- 4) documented building system failure (two estimates from reputable contractors); or
- 5) legal expenses incurred that would affect the health or stability of the household.

s. ~~Management during Lease Period—Auburn~~

~~1) **Monthly Payments**—The lessee will make monthly payments to the City of Auburn. The CDD will establish an escrow account for taxes and insurance, savings for down payment, and maintenance, and will make the payment to the first mortgage holder. If payment is not received, the City may decide to make the first mortgage payment for the lessee and determine what new restrictions or default proceedings the City shall follow as a result thereof.~~

~~2) **Financial Management**—An Action Plan, an agreement between the CDD and the applicant, shall establish the conditions the lessee must meet to regularly pay debt, reduce debt, increase savings or any other conditions that must be met during the lease period. The lessee and CDD shall meet on a regular basis as determined by the Action Plan to evaluate progress.~~

~~3) Lease Period Default — A default shall be a failure to comply with the provisions of the Lease Agreement or Action Plan whereby the Lease Agreement may be terminated. The lessee shall be required to vacate the property in accordance with Maine eviction laws.~~

t. **Monitoring** – A recipient of HOME funds is required to own and occupy the property purchased with HOME funds as a principal residence for a specified period of time. CDD will monitor ownership during the recapture period. A default shall occur if the owner ceases to occupy or transfers the interest in the subject property, or fails to respond to requests for occupancy documentation and the HOME loan shall come immediately due.

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J. FEDERAL AND STATE REGULATIONS, AS MAY BE AMENDED

- 1. Equal Employment Opportunity** – The applicant must abide by the Provisions of Executive Order 11246 concerning equal employment opportunity.
- 2. Flood Hazard Insurance** – If the property to be improved is located in a Designated flood hazard area, the applicant is required to provide evidence of flood hazard insurance coverage and abide by the regulations of the Flood Disaster Protection Act of 1973.
- 3. Civil Rights** – The applicant will be required to comply with Title VIII of the Civil Rights Act of 1968 and the Fair Housing Amendments Act of 1988, barring discrimination upon the basis of race, color, religion, creed, sex, handicap, familial status, or national origin in the sale lease rental, use or occupancy of the subject property.
- 4. Conflict of Interest** – No elected or appointed official or employee of the City of Auburn or Lewiston and no members of any municipal board or committee which exercises any decision making functions with respect to the CDD, shall participate in negotiating or shall exercise any influences in awarding or administering any contract in which he has a direct or indirect pecuniary interest as that terms is defined by 30 M.R.S.A. Section 2250
- 5. Lead Based Paint** – If the project involves a property that was constructed prior to 1978, all Title X Lead Based Paint standards shall apply.
- 6. Environmental Review Procedures** -- The city shall conduct an environmental review including, but not limited to determination of whether the property is historically significant and whether the property is located in a flood zone, and shall communicate any findings and special considerations to the applicant.
- 7. Uniform Relocation Act** – The Homebuyer Loan Program shall comply with the Uniform Relocation Act with respect to tenants who may be permanently or temporarily displaced.

AUBURN-LEWISTON CONSORTIUM

HOMEOWNER REHABILITATION LOAN PROGRAM GUIDELINES

A. INTRODUCTION

The Cities of Auburn and Lewiston have formed a consortium to qualify for HOME Investment Partnerships Program funds whereby the grant is shared by both cities. The Home Owner Rehab Program guideline describes assistance that is available to enable low- and moderate-income households to improve the unit they occupy and is available in either city.

B. PROGRAM OBJECTIVE

The objective of the Homeowner Rehabilitation Loan Program is to improve the housing quality of low- and moderate-income property owners by eliminating substandard housing conditions by upgrading the property to meet code requirements for existing buildings, making the building energy efficient, and making general improvements to improve home livability. The Homeowner Rehabilitation Loan Program is subject to all HOME Investment Partnerships Program regulations.

C. OUTREACH

Community Development Department staff is responsible for providing outreach to encourage a full range of potential clients. This shall be accomplished through marketing to homebuyer education classes, newspaper articles, and advertising the availability of the Home Ownership Rehabilitation Program. Advertisements shall include a non-discrimination statement. Outreach shall be done in accordance with the Consortium's Affirmative Marketing Plan.

D. PARTICIPANT ELIGIBILITY

1. The applicant's household income is less than 80% of median income. An eligibility determination based on income shall be valid for a six-month period.
2. The unit to be improved must be owned by the applicant at the time of closing.
3. The unit will be occupied as the principal residence of the applicant. If the owner ceases to occupy the unit as principal residence during the affordability period, the loan will be considered in default and full repayment will be required.

E. PROPERTY ELIGIBILITY

1. The property must be located in Auburn or Lewiston.

2. The applicant must own or have a written agreement to purchase the property to be improved.
3. The property must be one of the following approved forms of ownership: fee simple title, 99-year lease, condominium, or cooperative housing.
4. The property must be a single family 1-4 dwelling units, manufactured or mobile home, condominium or cooperative unit. Mixed-use properties, properties containing commercial uses, are not eligible.
5. Only the owner's unit is eligible for HOME financing. For multi-dwelling properties with rental units, the units occupied by tenants must be improved to meet ~~Housing Quality Standards~~ Rehabilitation Standards and may be accomplished through other Community Development Programs.

F. IMPROVEMENT STANDARDS

1. After completion, the unit must comply with the program's rehabilitation standards ~~and local and state codes~~. Community Development Department staff (CDD) will determine the requirements for building improvements.
2. Eligible improvements are of an essential and permanent nature and may include but not limited to:
 - a. structural repairs;
 - b. energy improvements;
 - c. lead-based paint hazard reduction;
 - d. accessibility for disabled persons;
 - e. repair or replacement of major housing systems;
 - f. incipient repairs and general property improvements of a non-luxury nature;
 - g. retaining walls and utility connection;
 - h. finishing of unfinished areas to add space to a dwelling unit to make it properly sized for the occupants according to applicable HUD standards;
 - i. improvements which would generally increase the economic viability of the property;
 - j. engineering and architect costs;
 - k. landscaping limited to correction of a drainage problem;
 - l. non-living space limited to demolition of deteriorated structure, structural repairs, and weather protection; and
 - m. fencing when required to correct a hazardous condition.
4. Improvements that are ineligible are:
 - a. new construction;
 - b. paving;
 - c. appliances or furnishings;
 - d. rehabilitation costs attributed to other housing units in the property.

5. The CDD will determine the order of priority for property improvements according to the following guidelines:

- a. Correction of code violations and conditions affecting health and safety;
- b. Correction of incipient deficiencies;
- c. Energy conservation measures; and
- d. Reasonable, non-luxury home improvements as determined by the CDD.

G. LOAN TERMS

1. The minimum loan is \$1,000.
2. The maximum loan amount is \$25,000.
3. The interest rate is 0% (non-interest bearing).
4. The loan term shall be established by CDD and Loan Committee based on financial capacity of the applicant. The maximum term is 30 years. When the project includes home purchase in the financing package, the term may be 40 years if the extended term is required to meet the loan underwriting standards.
5. There is no match requirement.

6. Recapture

a. Based on the combined HOME loans to applicant(s), the property to be purchased shall be occupied by the applicant(s) as a principal residence for the minimum periods as follows:

- 1) 5 years if total of HOME loan(s) are less than \$15,000
- 2) 10 years if total of HOME loan(s) are between \$15,000 and \$40,000;
- 3) 15 years if HOME loans(s) are over \$40,000.

b. The recapture period shall commence when the HOME rehabilitation is complete and a project completion certification has been issued by CDD. If the property is sold, transferred, or the owner ceases to occupy the property prior to the end of the recapture period, the principal balance of the HOME loan shall be immediately repaid.

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H. UNDERWRITING

1. The maximum HOME loan shall be based on the actual cost for the owner's unit and a proportional cost for common improvements based on the ratio of the owner's units to the total units in the building.
2. The after rehab value of the HOME assisted property will not exceed the limits established under:
 - a. Section 221(d)(3)(ii) of the National Housing Act, and
 - b. 95% of the FHA median price purchase price limit.

Documentation shall include either an appraisal or a comparable tax assessment value as determined by the Tax Assessor.

4. All debt ~~for~~ shall not exceed 42% ~~or~~ of gross income.

I. APPROVAL

1. Approval of Auburn Loans

HOME Loans will be reviewed by the Community Development Loan Committee (Committee) who will be responsible for making decisions to approve or deny loan requests and to establish loan conditions.

2. Approval of Lewiston Loans

HOME Loans will be reviewed by the Loan Qualification Committee (Committee) who will be responsible for making decisions to approve or deny loan requests and to establish loan conditions.

3. Appeal Procedure

The reason(s) for rejection shall be given to the applicant. HOME Loans that have been denied may be appealed to the Committee for a period of thirty days after the date of rejection. The applicant(s) will be allowed to present his/her case to the Committee. The Committee may reconsider a prior vote to deny the application after the appeal review has been complete. A decision will be made by the Committee immediately after the appeal has been heard.

3. Loan Considerations

In approving or denying loan requests, the Committee shall be guided by the following loan considerations: cash flow; credit; payment of property taxes or acceptable arrangements; collateral coverage, and broader implications of public benefits including health and safety of the applicant.

J. PROGRAM ADMINISTRATION

1. Non-Discrimination

Administration of this program shall be in accordance with Title VI of the Civil Rights Act of 1964. No person shall, on the ground of race, color, national origin, be excluded from participation in, be denied the benefits of, or subjected to discrimination under this program.

2. Application Priority

Applications shall be processed on a first-come, first-served basis. CDD shall use the receipt date of a complete application to establish the order of priority. The applicant will be notified if there is funding available to proceed with the project and if there is inadequate funding, then the application may be placed on a Homeowner Rehabilitation Waiting List.

3. Definitions

a. Household Income

- 1) When determining whether a household is income eligible, CDD will calculate annual income using the Census long-form method.
- 2) For the purpose of determining eligibility, CDD will calculate annual household income by projecting the prevailing rate of income of each person at the time assistance is requested. Estimated annual income shall include income from all household members.
- 3) Income may include wages, salaries, overtime, bonuses, fees, tips, commissions, interest and dividend income, net rental income, child support/alimony, Social Security benefits, SSI, retirement, pension or annuity, TANF, unemployment benefits, worker's compensation, and disability or benefits from any source.

b. Household includes all persons who occupy a housing unit. The occupants may be a single family, one person living alone, two or more families living together or any other group of related or unrelated persons who share living arrangements.

c. 80% of Area Median Income is the maximum income a household can earn, adjusted by household size, in order to qualify as low- to moderate income and be eligible for the Homeowner Rehabilitation Loan Program. Income limits for Lewiston-Auburn SMSA are provided by the Department of Housing and Urban Development, and are revised annually.

d. Community Development Department staff (CDD) is the contact person designated as the City's representative to process loan applications in Auburn or Lewiston.

e. Rehabilitation Costs -- The total of contractor estimates from the lowest eligible

contractors, self-help expenses, and the contingency determined to be reasonable by CDD.

f. **City** -- Either the City of Auburn or City of Lewiston, as applicable.

4. Application Procedures

This section shall set forth the procedures for administering the Homeowner Rehabilitation Loan Program.

a. Applications

1) **Priority** -- Applications will be processed on a first come, first served basis. CDD shall establish a priority processing list based on the receipt date of a complete application.

2) **Initial Application** -- An application may be obtained from the Community Development Department. A complete application shall include verification of income. An incomplete application will be returned to the applicant.

3) **Income Verification** -- The applicant(s) shall provide documentation of all income sources and a federal tax return. CDD shall make a determination of preliminary eligibility based on household size and income.

a) A certified financial statement or additional documentation from an accountant or other acceptable source may be required of an individual whose income is from corporation, partnership, or other business enterprise.

b) If a loan has not closed within six months from the initial income verification, the applicant(s) must submit new income documentation to re-establish eligibility.

~~4) **Letter of Eligibility** -- A letter shall be issued by CDD describing the eligibility status, deadlines, and other conditions or requirements.~~

b. **Multi-Unit Property** -- If the property has rental units, the owner will provide rental costs, and information about tenants.

c. **Initial Inspection** -- CDD shall make an initial inspection of all housing units within a building to determine if there are code violations or conditions that must be corrected ~~the scope of work~~. Community Development staff will identify the required improvements in writing. Once the owner has reviewed the inspection report, CDD will prepare technical specifications for contractor bidding.

d. Meeting Appropriate Codes-Rehabilitation Standards – HOME assisted properties must meet housing quality-rehabilitation standards, lead standards, and local code requirements within six month of the loan closing. A structure which is unsanitary or deficient because of inadequate means of egress facilities, inadequate light and ventilation, or which constitutes a fire hazard, or is otherwise dangerous to human life or the public welfare, or which involves illegal or improper occupancy or inadequate maintenance does not satisfy housing quality standards and code requirements.

e. Lead – A structure which requires more than \$5,000 of improvements per unit may require an assessment of lead conditions by a licensed risk assessor. The CDD must consider whether the rehabilitation calls for lead hazard control measures.

1) Risk Assessment – A risk assessment will identify whether lead hazards exist and what type of methods must be used to control them. It will be necessary to perform clearance testing of the construction area to confirm the absence of lead hazards after the work is completed. All testing costs will be paid by the CDD.

2) Priorities--The order of priority for repairs will be determined by the risk assessment report according to the following criteria:

a) Surfaces that are found to contain lead-based paint levels greater than 9.9 mg/cm² and are in poor or fair condition.

b) When a component that contains lead-based paint is being repaired because it is in fair condition, the entire surface area may be included in the scope of work.

3) Displacement -- The Contractor, owner and CDD will work closely to minimize the need to displace occupants of a dwelling unit. If a tenant must move in order to insure that they are not adversely affected by the corrective work, the owner and CDD will arrange for the relocation. CDD shall pay for temporary moves according to its Residential Anti-Displacement and Relocation Assistance Plan.

f. Construction Proposals -- The applicant shall obtain proposals for the rehabilitation work. Two proposals are required for all major work except when the improvement cost is less than \$1,000, or the applicant has attempted to and has been unable to secure a second bid. The applicant is not bound to contract with the lowest qualified bidder, but in the event of choosing the higher bid the applicant must provide private funding for the difference in cost. The loan amount will be calculated based on the lowest estimate. Contractors may either be selected from a list of eligible contractors as maintained by the CDD or be able to meet eligibility standards. No contractor may be selected who has been designated ineligible by the CDD. Each contractor will give a proposal on the CDD specification/bid form. The contractor must, if requested, provide a cost breakdown on each portion of the work he is bidding. The contractor must sign the proposal sheet. The CDD may require that information pertinent to materials be submitted for approval.

g. Contractor Eligibility Standards

1) Insurance -- The contractor and subcontractors shall carry Worker's Compensation Insurance for all their employees in accordance with the Worker's Compensation laws of the State of Maine. The contractor and subcontractors shall carry Manufacturer's and Contractor's Public Liability Insurance with a limit of \$300,000 for personal injury or death and \$100,000 for property damage. The CDD may require bonding for contracts in excess of \$100,000. The CDD will require evidence of insurance prior to signing a construction contract.

2) License and Qualifications --The contractor shall have in effect a license if required by the State of Maine. The contractor must have completed a Department of Environmental Protection approved lead-smart renovator's course, if pertinent to the work being performed.

3) Credit -- The CDD may require a list of credit references, names of suppliers, name of bank where contractor does business, and names and addresses of recent home improvement customers.

4) Skill and Equipment -- The construction contractor can satisfactorily demonstrate that he/she and/or their subcontractor(s) have the necessary skills and equipment to perform the work in an efficient and expedient manner.

h. Ineligible Contractors - Where a contractor fails to comply with the eligibility standards set forth above, or commits one or more of the following violations, the CDD shall remove the contractor from the list of eligible contractors and shall designate the contractor to be ineligible. The applicant will not award any rehabilitation work, other services, materials, equipment, or supplies to be paid for, in whole or in part, with the proceeds of the loan to any contractor or subcontractor whom the CDD has designated as ineligible. The CDD shall designate a contractor to be ineligible if it finds that the contractor has:

- 1) Committed one or more material violations of its obligations under a rehabilitation contract and has failed to cure all such violations promptly after 10 days written notice by the applicant or the CDD.
- 2) Engaged in a pattern of delayed performance or failed to complete the work under a rehabilitation contract, and has received written notice of such delay.
- 3) Failed to communicate in a courteous, prompt and professional manner, and such failure continued after written notice by the applicant or the CDD.
- 4) Committed fraud and other illegal acts against the applicant or the City, including but not limited to kickbacks and collusion.
- 5) Failed to pay subcontractors or suppliers on a timely basis, allowed a lien to be

placed on the applicant's property, or otherwise failed to maintain good credit, and such failure continued after written notice by the applicant or the CDD.

6) Threatened, intimidated, or harassed the applicant or CDD.

Once the CDD has designated a contractor to be ineligible, the Contractor shall remain ineligible for a minimum of two years, and shall remain ineligible thereafter until the CDD determines, in its sole discretion, that the contractor has taken all necessary steps to ensure that no further violations will occur, provided that in the case of violations of Sections 9 (d) or 9(f) above the Contractor shall remain permanently ineligible.

i. Labor Performed by the Owner -- A property owner may complete some or all of the tasks required to rehabilitate his/her property if he/she has the degree of skill required to perform the work involved. Self-help is usually appropriate for the accomplishment of tasks of an unskilled nature such as general cleanup, demolition, cartage and disposal of debris, and for work that involves minimal use of costly material and equipment.

1) Materials and Workmanship --The CDD will require information regarding the cost of materials for any self-help work prior to approval of the loan. The CDD may require evidence of workmanship on previous projects before accepting the owner's intention to do his/her own work. The amount of the loan may include funds to pay for the materials and rental of equipment to be installed by self-help.

2) Self-Help Contract -- The Owner will be required to sign a self-help contract that describes the tasks to be accomplished and a deadline for completion. The project deadline shall be within 6 months of the loan closing date.

3) Qualification -- The owner must have completed a Department of Environmental Protection approved lead-smart renovator's course, if pertinent to the work being performed.

j. Private Lender's Loan -- When additional funds are required to complete the project, the applicant will have the option of using cash or borrowed funds. Additional funds will be deposited into a segregated City account and will be subject to disbursement of funds procedures defined in this guideline. Any funds provided by the Owner or private lenders are subject to the same contractor and self-help requirements as the City's loan.

k. Community Development Loan Committee - The application is presented to the Committee who is responsible for awarding loans.

l. Notices --

1) Acceptance—Applicant(s) will be notified of acceptance through a written Commitment Letter.

2) **Rejection** – If the request is rejected, Community Development staff will notify the applicant(s) in writing and give the reason(s) for rejection.

m. Tenant Notification -- Letters shall be sent to the tenants if there will be permanent displacement.

n. Loan Closing-- A loan closing shall be completed prior to contractors starting work and shall include, but not be limited to a mortgage instrument to be recorded at the Androscoggin Registry of Deeds, and a promissory note in the full amount of the City's loan. The participant will sign a Rehabilitation Agreement stipulating additional conditions of the loan and Self-Help Contract for any work being done by the participant.

o Amended Loans - If unforeseen project costs exceed the approved rehabilitation loan, the CDD may increase the loan by \$1,000 without approval of the Committee provided the amended loan will not exceed the maximum loan amount.

p. Insurance – The participant is required to maintain fire, liability and other hazard insurance on the property for the full term of the note and for an amount at least equal to the total value of all mortgages held on the property, or an amount at least sufficient to cover coinsurance requirements in the State of Maine. The City will be named as a mortgagee on the policy and the participant shall provide evidence of insurance.

q. Construction Contract – The owner and contractor will sign a contract signed at the time of loan closing which is acceptable to the CDD. Assurance will be required of the contractor and owner that the rehabilitation work will be carried out efficiently and within a reasonable period of time. The contractor shall secure all necessary permits prior to the start of work at his/her own expense. The contractor shall contact the CDD for approval of each phase of the work. No change to the rehabilitation contract work shall be allowed unless approved by the CDD, owner, and contractor. Any changes involving cost will be supported through the execution of a change order between the contractor and owner.

r. Inspection - The CDD shall have the right to inspect all rehabilitation work financed in whole or in part with the proceeds of the loan. The CDD will inform the owner and/or contractor of any noncompliance with respect to the rehabilitation work and the corrective action needed. The CDD will verify that all work has been completed according to the specifications. No payment shall be made until the work is acceptable. The owner will take all steps necessary to assure that the CDD is permitted to examine and inspect the rehabilitation work.

s. Escrowing of funds - The CDD will act as escrow agent for the City loan, as well as permit the CDD to disburse such funds to the owner and/or the contractor in the manner set forth in the contract between applicant and contractor. The CDD may require lien waivers as a condition of payment.

t. Disbursement of Funds - After receiving appropriate invoices, receipt of lien waivers for invoices over \$5,000, and inspecting the rehabilitation work, progress payments shall be authorized by the CDD. Unutilized funds may be applied to reduce the principal or may be used to complete additional work as approved by the CDD.

u. Records - The applicant agrees to keep such records as may be required by the CDD with respect to the rehabilitation work financed in whole or in by the loan and, furthermore, when the rehabilitated property contains rental units, the applicant agrees to keep such records as may be needed by the CDD with respect to income received and expenses incurred from this property. The applicant will, at any time during normal business hours, and as often as the CDD may deem necessary, permit the CDD to have full and free access to its records with respect to the property.

v. Assumability -- Loans are generally not assumable with the exception of Home Owner projects where the applicant was a lessee.

w. Subordination – Subordination of the HOME loan is generally not allowed. Exceptions will be made for documented emergencies on a case by case basis by Community Development staff. CDD may request documentation in order to evaluate the request. Refinancing may be allowed for the following reasons:

- 1) limited to the existing first mortgage balance plus reasonable closing costs if refinancing places owner in a better economic situation and does not diminish the City's financial position in the property;
- 2) exorbitant medical expenses;
- 3) loss of husband/wife;
- 4) documented system failure (two estimates from reputable contractors); or
- 5) legal expenses incurred that would affect the health or stability of the household.

x. Cancellation – A loan approval shall be valid for 6 months. If there has been no loan closing or commencement of work, it will be necessary for such a loan to be reconsidered by the Community Development Loan Committee.

y. Monitoring – A recipient of HOME funds is required to own and occupy the property as a principal residence for a specified period of time. Community Development staff will monitor ownership during the recapture period. A default shall occur if the owner ceases to occupy or transfers the interest in the subject property, or fails to respond to requests for occupancy documentation and the HOME loan shall come immediately due.

K. FEDERAL AND STATE REGULATIONS, AS MAY BE AMENDED

a. Equal Employment Opportunity – The applicant must abide by the provisions of Executive Order 11246 concerning equal employment opportunity.

b. Flood Hazard Insurance – If the property to be improved is located in a Designated flood hazard area, the applicant is required to provide evidence of flood hazard insurance coverage and abide by the regulations of the Flood Disaster Protection Act of 1973.

c. Civil Rights – The applicant will be required to comply with Title VIII of the Civil Rights Act of 1968 and the Fair Housing Amendments Act of 1988, barring discrimination upon the basis of race, color, religion, creed, sex, handicap, familial status, or national origin in the sale lease rental, use or occupancy of the subject property.

d. Conflict of Interest – No elected or appointed official or employee of the City of Auburn and no members of any municipal board or committee which exercises any decision making functions with respect to the Community Development Programs, shall participate in negotiating or shall exercise any influences in awarding or administering any contract in which he has a direct or indirect pecuniary interest as that terms is defined by 30 M.R.S.A. Section 2250

e. Lead Based Paint – If the project involves a property that was constructed prior to 1978, all Title X Lead Based Paint standards shall apply.

f. Environmental Review Procedures -- The city shall conduct an environmental review including, but not limited to determination of whether the property is historically significant and whether the property is located in a flood zone, and shall communicate any findings and special considerations to the applicant.

g. Uniform Relocation Act – The city shall comply with the Uniform Relocation Act with respect to tenants who may be permanently or temporarily displaced.



**City Council
Workshop Information Sheet**

City of Auburn

Council Workshop Date: November 7, 2011

Item # B

Author: Susan Clements-Dallaire, Acting City Clerk

Subject: Purchasing Policy

Information:

Financial:

Action Requested at this Meeting: Informational

Previous Meetings and History:

Attachments: Purchasing Policies & Procedures

CITY OF AUBURN
PURCHASING POLICIES AND PROCEDURES

NOTE: The City of Auburn's Purchasing Policies and Procedures were updated in September of 2011 in collaboration between the Finance, ICT, Public Works, Engineering, Planning, Parks & Recreation, Police and Fire departments. This document has been approved by the City's Executive Management Team (EMT) and supersedes all former purchasing policies and procedures dated October 1, 1997, November 18, 2010 and June 16, 2011.

APPROVED:



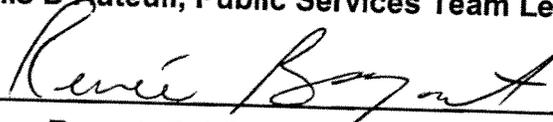
Glenn Aho, City Manager

10/2/11
Date



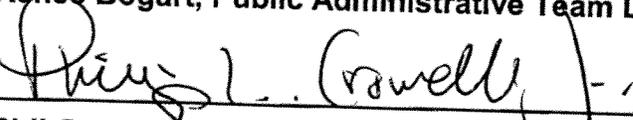
Denis D'Auteuil, Public Services Team Leader

10/12/11
Date



Renee Bogart, Public Administrative Team Leader

10/12/11
Date



Phil Crowell, Public Safety Team Leader

10/12/11
Date

PURCHASING

Purchasing Policies

The purpose of the City of Auburn's (City) purchasing policy is to standardize purchasing procedures throughout the City in accordance with best cost and accounting practices, both to save taxpayers' money and to increase public confidence in the municipal purchasing system. The City will endeavor to secure the best pricing for products and services without sacrificing quality or service.

It shall be the responsibility of the city manager, finance manager and department managers and their designees, to maintain fiscal responsibility when making purchases.

Purchases will be classified into three categories:

- **Small** purchases of less than \$3,000
- **Medium** purchases of \$3,000 to \$49,999
- **Large** purchases of more than \$50,000.

Small Purchases (less than \$3,000) – Small purchases may be made by each department in accordance with the department's budget and with department manager (or his/her designee) approval. The department may use its discretion in determining the vendor and the best possible price.

Medium Purchases (\$3,000 up to \$49,999) – Purchases exceeding \$3,000 but less than \$50,000 will be supported by a record of price quotation from at least three (3) competitive sources **or** adequate explanations justifying the absence of such competition ("single source"). Quotations must be obtained in writing. Selection of a vendor will not be based solely on price but will include judgments for price, quality and past experience with the vendor.

Departments are not precluded from issuing a formal competitive bid (RFP) on "medium purchases" if they so desire.

Large Purchases (\$50,000 and up) – Departments are **required** to obtain formal competitive bids (RFP) for purchases of equipment/materials, services or for construction projects totaling \$50,000 or more.

Purchasing Procedures

Small Purchases (less than \$3,000) –These purchases **do not** require a purchase order (PO) and **do not** need the prior approval of the finance manager. Invoices for small purchases should be reviewed, coded and approved by the department manager (or his/her designee) and forwarded to the finance department for payment.

In the event that a vendor requires a purchase order, a purchase requisition should be entered into the Munis financial software system (Munis) and the reason duly noted.

“Blanket” purchase orders should not be used for small purchases. For example: if a department anticipates purchasing numerous small dollar items from the same vendor, a blanket purchase order is not needed.

Medium Purchases (\$3,000 up to \$49,999) –

1. Medium purchases require three written quotes from vendors or if “single source,” an adequate explanation justifying the absence of such competition.
2. All medium purchases require a requisition through the Munis system to include an amount and account code. The requisition should document the quotes received and a description of why the vendor was chosen if based on criteria other than price. If there is only one reasonable vendor that sells an item or service (“single source”) this should be documented in the requisition in the notes section.
3. Quotes should be documented utilizing a form provided by the City of Auburn. (**Attachment #2**).
4. Upon approval by the department manager and the finance manager, a PO will be generated from the requisition by the finance department and a copy provided to the department.
5. Goods or services should not be ordered or contracts entered into until the PO is created.
6. Once goods or services are received, invoices for “medium” purchases should be forwarded to the finance department indicating the date received and the PO number. The finance department will match the invoice to the PO in the Munis system. In the event that the invoiced amount does not match the PO amount, the department will be contacted. Payment will not be made until the department has resolved the discrepancy with the vendor.
7. If a partial order is received, the department should provide a copy of the PO indicating what was received. Invoices should be marked “partial” and forwarded to the finance department indicating the date received and the PO number.

8. Purchases made in **emergency** situations may forgo the above requirements but must be approved (in writing or verbally) by the city manager acting on the advice of the department manager. Verbal approval should be followed up by a memo or email to the finance department.

Please note: There is no need to code and approve an invoice when a PO is in use.

Large Purchases (\$50,000 and up) –

1. Preparation of the invitation for bids for large purchases shall be handled by the department manager or his/her designee using bid templates provided by the City of Auburn. The invitation for bid should describe the requirements of the department clearly, accurately and completely, avoiding unnecessarily restrictive specifications or requirements which might unduly limit the number of bidders.
 - a. Pre-bid meetings may be requested at the discretion of the department manager but are not mandatory under this policy.
 - b. When the award is not given to the lowest bidder, a written statement of the reasons for placing the order elsewhere shall be prepared and filed with the papers relating to the transaction.
 - c. Local vendors shall not be granted preferential treatment, except if all bids received are for the same total amount or unit price, quality and service being equal.
 - d. If all bids received are for the same total amount or unit price, quality and service being equal, the contract shall be awarded first to a local bidder and second to an in-state bidder. If neither of the above applies, the contract shall be awarded to one of the tie bidders by drawing lots in public.
 - e. The department manager shall have the authority to reject any and all bids when bids are deemed non-responsive, token, collusive or otherwise non-acceptable, and such action is in the best interest of the City.
 - f. When public advertising of solicitation of bid will delay the purchase, the city manager, acting with the advice of the department manager, may authorize immediate negotiated purchases of supplies or services necessary to protect the best interest of the City. Awards done as **emergencies** shall be documented and forwarded to the finance manager.
 - g. A "waiver of competition" for services, in which it is impractical or impossible to obtain competition because of the specialized and professional nature of these services, may be authorized by the city manager and department manager when the services or items are:
 - i. A single source item;

- ii. Must meet compatibility requirements with existing equipment owned by the City or by a contracted third party;
 - iii. A specialized service with only one vendor available; or
 - iv. A product or service is unique and easily established as one of a kind.
2. The finance department will serve as the central filing location for all formal bids. Copies of all bid proposals as well as a "bid tab" (document outlining the results of all bids) and signed contracts must be submitted to the finance department before a requisition can be approved.
3. Once a bid is awarded, a requisition should be created in Munis providing information on the bid process, amounts and account codes.
4. Upon approval by the department manager and the finance director, a PO will be generated from the requisition by the finance department and a copy provided to the department.
5. Goods or services should not be ordered or contracts entered into until the PO is created.
6. Once goods or services are received or the contract is completed, invoices for "large" purchases should be forwarded to the finance department indicating the date received and the PO number. The finance department will match the invoice to the PO. In the event that the invoiced amount does not match the PO amount, the department will be contacted. Payment will not be made until the department has resolved the discrepancy with the vendor.
7. If a partial order is received, the department should provide a copy of the PO indicating what was received. Invoices should be marked "partial" and forwarded to the finance department indicating the date received and the PO number.

Please note: There is no need to code and approve an invoice when a PO is in use.

PURCHASING MISCELLANEOUS PROVISIONS

1. **Gifts and gratuities** - Officers and employees of the City are expressly prohibited from accepting from any person, firm, corporation or organization, any rebate or gift that would directly affect the purchase of goods or services for the City, except where given for the use or benefit of the City.
2. **Cooperative purchasing** - The department manager or his/her designee shall have the authority to join other units or government (federal, state, county, municipal subdivisions, including quasi-municipal agencies) in cooperative purchasing plans when the best interests of the City would be served thereby and such action is in accordance with and pursuant to law.

PURCHASING CARDS

Purchasing Card Policies

The purpose of this policy is to establish an efficient system to create a more efficient, cost-effective method of managing, purchasing, and paying for small-dollar purchases.

Upon the recommendation of a department manager, and subject to, the review and approval of the finance director, department employees may make purchases using a City of Auburn purchasing card (City Card). The amount of any one purchase shall not exceed \$1,000.00 per transaction. The finance manager shall issue such rules and regulations and may prescribe such forms as he/she deems necessary to control such purchases. The City Card shall be used for the sole benefit of the City of Auburn.

Purchasing Card Procedures

1. Each department manager will determine who is eligible to be issued a City Card. Every cardholder/employee issued a card must sign a City Card User Agreement.
2. Eligible employees will be issued a City Card that looks exactly like a regular VISA card and will have the cardholder's/employee name embossed on the lower left hand corner. The second line of embossing will be "The City of Auburn, ME".
3. The only person authorized to use a City Card is the cardholder/employee. Giving your City Card or card number to another person to make a purchase, or using someone else's card, may result in disciplinary action; including, but not limited to, revocation of your card and/or termination of employment. (See Policy Violation section below)
4. Properly securing your City Card is your responsibility. Always keep your card in a secure place, just as you would your personal credit card and treat it as if it were cash.
5. Using your City Card means you are making financial commitment on behalf of the City of Auburn so you must follow all applicable purchasing policies. Under no circumstances is the City Card to be used to make personal purchases, either for the cardholder or for others (See Policy Violation Section below). If you are unsure or unclear on the proper internal procedures, please contact your department manager prior to making any purchases with your City Card. Finally, before you begin to make purchases, be sure to determine whether the City Card is the most appropriate tool to use for a purchase and check the vendor list to make sure it is not a restricted vendor. Be certain the total amount will not exceed your single transaction limit, etc.

6. The City of Auburn is exempt from sales tax, which means the card can only be used for purchases made by the City and for the City's use. The tax exempt certificate number is on a label on the back of your City Card. **Please bring this to the attention of anyone with whom you are making purchase from so that the proper exemption will be made.** If sales tax is charged in error, individual departments are responsible for receiving the proper credit. If the supplier requests proof of the City's tax exempt status, please notify the finance department.
7. Receipts from purchases made with the card should be coded and approved by the department manager (or his/her designee). Receipts should be reconciled to the monthly statement before being forwarded to the finance department within 10 days of the statement date (the 25th of the month) for payment on the 15th day of the following month.
8. It is important that all cardholder/employees understand the responsibility of being issued a City Card. Failure to abide by this policy may result in either loss of privileges or other disciplinary actions, including termination of employment; or the cardholder/employee will reimburse the City of Auburn for all incurred charges and any fees related to the collection of those charges.
9. Every cardholder/employee issued a card must acknowledge, in writing, that they will abide by the City's **Purchasing Policies and Procedures** as it pertains to the City Card. (**Attachment #1**)

Purchasing Cards - Frequently Asked Questions

1. **Can the City Card be shared?** No. The only person entitled to use the City Card is the person whose name appears on the face of the card. Do not lend the City Card to another person for use. Card transactions can only be signed for by the cardholder. Use by anyone other than the cardholder is prohibited.
2. **What if I lose my card or it is stolen?** If your card is lost or stolen, you must call the U.S Bank Customer Service Department at 1-800-344-5696 **IMMEDIATELY** and report it. The U.S Bank Customer Service Department is available 7 days a week 24 hours a day. Once you have done that, also notify your department manager and finance department.
3. **Must I keep a receipt?** Yes. Obtain a receipt and be sure to see to it that the purchase is sales tax exempt at the time of purchase and follow proper departmental procedures for turning in your receipts. Receipts will be used for the reconciliation process.
4. **Will the use of my City Card affect my personal credit?** No. Use of the City Card will not have any impact on the card holder's personal credit rating.
5. **What can be purchased using the City Card?** The City Card can be used to purchase only items or services that are for the City of Auburn's use. In addition, certain products and services may be excluded when the card is programmed by the department manager. This program is designed to replace the existing small

purchase order process. The Single Transaction Limit is \$1,000. **Transactions cannot be split in order to remain under \$1,000.**

6. **What do I do if the card is declined?** If the card is declined at an approved vendor, for an approved purchase amount, etc. the vendor should call to get a manual authorization. If they can't obtain a manual authorization, please note the vendor and the specific purchase you were making and notify your site coordinator. U.S. Bank can and will identify any transaction that has been attempted and declined and the reason for the decline so that we can determine the problem and resolve it immediately.
7. **Which suppliers may I use?** The City Card is a Visa product. Any supplier or merchant who accepts Visa can accept the City Card. **HOWEVER**, certain merchant categories have been excluded by the finance department and/or the department manager.

Attachment # 1: Cardholder/Employee Acknowledgement

I have received and read a copy of the City of Auburn's Purchasing Policies and Procedures as it pertains to purchasing cards (City Card). I understand it is my responsibility to raise any questions to my supervisor that I may have regarding the contents of this policy and that I am responsible for adhering to this policy. I understand that the City may interpret, change, modify, amend, delete, and/or add to these policies at any time, and that if so, I will receive a copy of such change, modification, amendment, or deletion.

Cardholder/Employee

Date

Attachment # 2: Medium Purchases Quote Form

Quote 1:

Date _____

Vendor _____

Sales Person's Name _____

Item _____

Qty _____ Amount _____

Quote 2:

Date _____

Vendor _____

Sales Person's Name _____

Item _____

Qty _____ Amount _____

Quote 3:

Date _____

Vendor _____

Sales Person's Name _____

Item _____

Qty _____ Amount _____



**City Council
Workshop Information Sheet**

City of Auburn

Council Workshop Date: November 7, 2011

Item # C

Author: Lt. Tim Cogle

Subject: Dempsey Challenge After Action Report

Information:

Financial:

Action Requested at this Meeting: Informational

Previous Meetings and History:

Attachments: Please see After Action Report dated 10/25/11



Auburn Police Department



Memorandum

Phillip L. Crowell
Chief of Police

Jason D. Moen
Deputy Chief

Rita P. Beaudry
Office Manager

To: Deputy Chief Moen
From: Lieutenant Timothy Cogle
Date: October 25, 2011
Re: Dempsey Challenge After-Action Report

On October 8th and 9th 2011 the Dempsey Challenge was held in the Lewiston/Auburn and surrounding areas. On October 8th, the 5K and 10K road races were held with approximately 2000 participants. Officers were posted at various locations to alleviate traffic congestion, while maintaining a safe environment for pedestrians and race participants. This year Auburn faced a change to the 10 K race route that had a significant impact on our traffic plan. The 10 K race route utilized Riverside Drive, rather than River Road in Lewiston. Runners crossed the south Bridge from Lewiston and traveled south on Riverside Drive approximately 2.5 kilometers, turning and traveling back into town via Riverside Drive. This change required Riverside Drive to be closed to all traffic during the event.

The 5K and 10K began at 0810 which was 10 minutes past the anticipated start time. Our goal was to re-open Riverside Drive by 0930. Due to several slower than expected walkers we re-opened the road at 0945. Prior to opening Riverside Drive an officer traveled the route alerting event participants to move to the break down lane.

A tractor trailer attempting to cross the intersection of S. Main St. and Broad St. encountered mechanical problems and became stuck, blocking traffic on S. Main St. for fifteen minutes. Unfortunately the truck was blocking the pre-determined detour route. This did add to the traffic congestion but once the tractor was moved the traffic flow resumed.

Both events were completed as expected with no additional problems reported.

On October 9th the 100, 50, 25, and 10 mile bike races were held. I arrived an hour before to start time to travel the Auburn portion of the course, ensuring there were no problems. The event organizers had scheduled a command briefing at 0700 on the Lewiston side. That meeting did not take place. Instead, I was issued a portable radio that providing me with communications throughout the day with event staff.

The races began at 0750 which was 20 minutes past the anticipated start time. Also, new this year was the implementation of a staggered start. This was put in place to keep the numbers of cyclists on the bridge at one time down. The staggered start seemed to be an improvement and did not adversely affect traffic. Organizers estimated that 2000 bicyclists participated in the event.

Overall, the two day event went very well. Given the fact that we have been assured that that the 10 K walk run events will be moved back to Lewiston for next year, I see no need for additional changes or improvements.

November 1, 2011

Police overtime costs for the two day event were \$ 2,053.06.



City Council Workshop Information Sheet

City of Auburn

Council Workshop Date: 11/07/2011

Item # D

Author: Geoffrey Low, Acting Fire Chief

Subject: Amendment of Auburn City Ordinances, Chapter 21 the Fire Code

Information: Beginning January 1, 2012 residents will be allowed to purchase and use consumer fireworks in Maine. The legislative body has given local authority the ability to control how and when fireworks will be used and sold if at all. The purpose of this discussion is to determine what if any local regulations are to be placed on the use and sale of fireworks within Auburn.

Financial: None

Action Requested at this Meeting: Discuss and provide direction on this topic.

Previous Meetings and History: None

Attachments: *(in order of appearance in packet)*

1. Draft ordinance prohibiting the use of fireworks
2. Draft ordinance limiting the use of fireworks
3. Maine Revised Statutes Title 8, Chapter 9A subsections;
 - a. 221-A. Definitions
 - b. 222. Possession of Fireworks
 - c. 223. Sale of Fireworks
 - d. 223-A. Sale of Consumer Fireworks
 - e. 224. Storage and Manufacture of Fireworks

FIREWORKS ORDINANCE

SECTION:

- 1: Definitions
- 2: Permit Required
- 3: Sales and Storage of Fireworks
- 4: Use and Possession
- 5: Pyrotechnics
- 6: Penalties

1. **DEFINITIONS:** *Consumer fireworks* shall have the same meaning as in 27 Code of Federal Regulations, Section 555.11 or subsequent provision, but includes only products that are tested and certified by a 3rd-party testing laboratory as conforming with United States Consumer Product Safety Commission standards in accordance with 15 United States Code, Chapter 47. "Consumer fireworks" does not include the following products:
 - A. Missile-type rockets, as defined by the State Fire Marshal by rule; and
 - B. Helicopters and aerial spinners, as defined by the State Fire Marshal by rule; and
 - C. Sky rockets and bottle rockets. For purposes of this paragraph, "sky rockets and bottle rockets" means cylindrical tubes containing not more than 20 grams of chemical composition, as defined by the State Fire Marshal by rule, with a wooden stick attached for guidance and stability that rise into the air upon ignition and that may produce a burst of color or sound at or near the height of flight.
 - D. The term "fireworks" does not include toy pistols, toy canes, toy guns or other devices in which paper caps or plastic caps containing 25/100 grains or less of explosive compound are used if they are constructed so that the hand cannot come in contact with the cap when in place for the explosion; toy pistol paper caps or plastic caps that contain less than 20/100 grains of explosive mixture; sparklers that do not contain magnesium chlorates or perchlorates or signal; antique or replica cannons if no projectile is fired.
 - E. Display means an entertainment feature where the public or a private group is admitted or permitted to view the display or discharge of fireworks or special effects.
2. **PERMIT REQUIRED:** No person shall sell or possess for sale fireworks without first having obtained an annual permit from the City.
 - A. The permit cannot be granted until the sponsor pays the permit fee, if any, established by the city through resolution
 - B. The designated Fire Inspector shall give final approval or denial of an application for the manufacture, storage for commercial purposes or sale of fireworks within 30 days of such application being made to the City.
 - C. Upon the successful inspection of the premise, permits shall be issued for the calendar year applied for and shall be issued on July 1st.
 - D. Prior to processing the application, criminal records check shall be conducted. Neither the applicant nor the responsible party for the permit shall have been convicted of a felony or a fire or fireworks related misdemeanor within the last five (5) years.

- E. Prior to processing the application, the designated Fire Inspector shall determine that the proposed location is code compliant.
- F. The application shall include a letter from the person legally responsible for the property on which the fireworks related activity would occur. This may include both a tenant and property owner. Such letter shall grant permission to the applicant of said property.

3 SALES AND STORAGE OF FIREWORKS:

- A. No person shall sell or store consumer fireworks on the exterior portion of a building located within 100 feet of any fuel dispensing apparatus unless the total aggregate quantities of consumer fireworks are below the exempt amounts listed in Chapter 7 of NFPA 1124 *Code for the Manufacture, Transportation, Storage and Retail Sales of Fireworks and Pyrotechnic Articles*®, 2003 addition. Consumer Firework sales and displays shall be limited to mercantile occupancies as defined in NFPA 101, *Life Safety Code*®. No person shall construct a retail display nor offer for sale explosive materials, or fireworks upon highways, sidewalks, public property, or in assembly or educational occupancies. The designated Fire Inspector shall determine compliance. It shall be unlawful for any seller of any fireworks to permit smoking at any site containing fireworks, except in designated smoking areas. No Smoking signs must be conspicuously posted and approved fire extinguishers must be available for use.
- B. Exempt amounts: The requirements of NFPA 1124® shall not apply to consumer fireworks retail sales facilities or stores where the total quantity of consumer fireworks on hand does not exceed 56.8 kg [125lb (net)] of pyrotechnic composition, or in a building protected throughout with an approved automatic sprinkler system installed in accordance with NFPA 13, *Standard for the installation of Sprinkler Systems*®, 113.6 kg [250lb (net)] of pyrotechnic composition. Where the actual weight of the pyrotechnic composition of consumer fireworks is not known, 25 percent of the gross weight of the consumer fireworks, including packaging, shall be permitted to be used to determine the weight of the pyrotechnic composition. Amounts in excess of the exempt amounts shall be required to comply with NFPA 1124®.
- C. The requirements of this ordinance are in addition to any requirements imposed by any building and zoning regulations, fire codes or state law.
- D. Only persons 18 years of age or older may purchase fireworks and the age of the purchaser must be verified by photographic identification.
- E. Display, sales or transient sales of fireworks are permitted subject to a conditional use permit according to section provided in this code. Approved minimum separation distances in compliance with table 7.7.2. of NFPA 1124® shall be provided from the exterior display to adjacent buildings, combustibles or flammable liquids. No manufacturing, sales, or storage for commercial purposes shall occur on residentially zoned property or within 100' thereof.
- F. A list of consumer fireworks displayed for sale and stored on the property shall be available at all times. The list shall document the name, weight, and quantity of the fireworks and be accompanied by the material safety data sheets.
- G. Manufacturing, warehouse buildings, or sales displays in excess of the quantities listed in (C) for retail consumer fireworks shall be classified as defined in the adopted Building Code and subject to the requirements of NFPA 1124®, any applicable local or state laws, codes, or ordinances.
- H. A handout created by the applicant describing fireworks use, safety and warnings shall be provided to each consumer purchasing fireworks by the retailer.

4 USE AND POSSESSION:

- A. It is unlawful to use, fire, or discharge any fireworks along the route of and during any parade, in any place of public assembly, on any public property or in any commercial/industrial-zoning district.
- B. It is unlawful at any time to throw, toss, or aim any fireworks at any person, animal, vehicle or other thing or object or used in any manner that may threaten or cause possible harm to life or property.
- C. The discharge of fireworks shall be prohibited inside a building and within 15 feet of any building.
- D. The use of fireworks, other than authorized pyrotechnic shows, is prohibited in the following areas:
 - a. Beginning at the West bank of the Androscoggin River opposite the centerline of Bradman Street; then following the center line of Bradman Street to the intersection of Center Street; then following the centerline of Center Street to the intersection of Mount Auburn Avenue; then following the centerline of Mount Auburn Avenue to the intersection of Park Avenue; then following the intersection of Park Avenue to the intersection of Lake Street; then following the centerline of Lake Street to the intersection of Hotel Road; then following the centerline of Hotel Road to the intersection of Martindale Road; then following the centerline of Martindale Road to the intersection of Beech Hill Road; then following the centerline of Beech Hill Road to the intersection of Washington Street North; Then Following the centerline of Washington Street North to the intersection of Miami Avenue. Then following the centerline of Miami avenue to the West bank of the Little Androscoggin River.
 - b. Beginning on the West bank of the Androscoggin River opposite the centerline of Vickery Road; then following the centerline of Vickery Road to the intersection of South Main Street; then following the centerline of South Main Street to the intersection of Witham Road; then following the centerline of the Witham road to the East bank of the Little Androscoggin River; then following the East bank of the Little Androscoggin River to its confluence with the Androscoggin River; then following the west bank of the Androscoggin River to a point opposite the centerline of Vickery Road.
- E. The Fire Official may ban fireworks if dry or windy conditions occur.
- F. Juveniles may not possess fireworks unless under the direct supervision of a responsible adult.
- G. Fireworks shall not be discharged in such a manner that may create a nuisance nor between the hours of 11 pm and 7 am. Fireworks use shall be also subject to any additional ordinances such as noise and/or assembly.
- H. Officers may seize illegal fireworks. The State Fire Marshal, or any Sheriff, Police Officer, Constable, or local Fire Official, shall seize, take, remove, or cause to be removed, at the expense of the owner, all stocks of fireworks or combustibles offered or exposed for sale, stored, or held in violation of this ordinance.

5 PYROTECHNICS:

- A. Permits: The City of Auburn is authorized by state law to conduct a fireworks display within its own limits without a permit. Amusement parks and other organizations must obtain a permit approval from the City Council, prior to conducting such a display. The City Clerk and fire department will review before issuing the permit. A licensed operator, however, must still conduct all displays. There is no exemption for fire departments that would allow the fire department to conduct the display without a licensed operator.
- B. Application timeframe: A permit must be secured from the City Clerk prior to conducting a fireworks display. The sponsor of the proposed display must submit a written application for permit to the City Clerk at least 30 days in advance of the date of the display.
- C. Restrictions on sponsors: Fireworks displays are only allowed to be sponsored by a city, fair association, amusement park or other public or private organization. A public organization might be, for example, a county, township or other public entity. Examples of private organizations might include churches, fraternal organizations (e.g. Eagles, Elks, Legion Clubs, etc.), community based festivals, businesses, companies, lake associations and private colleges. State law prohibits private individuals from sponsoring fireworks displays. A fireworks display company may sponsor displays for private parties.
- D. Application form: The sponsor must, as a minimum, provide the following information to the City Clerk in writing when applying for a permit approval to conduct a fireworks display:
1. The name of the organization sponsoring the fireworks display, including the name, address, and phone number of a contact person representing that organization. Permits are not transferable.
 2. The name and certification number of the pyrotechnic operator that will be supervising the display.
 3. The date, time of day and exact location of the proposed display.
 4. A diagram of the grounds where the display will be held. The diagram must show the point at which the fireworks are to be discharged; the location of all buildings, highways, streets, communication lines and other possible overhead obstructions; and the lines behind which the audience will be restrained. For proximate audience displays, the diagram must also show the fallout radius for each pyrotechnic device used during the display. AT NO TIME WILL INDOOR DISPLAYS BE ALLOWED OR APPROVED.
 5. The approximate number and types of fireworks and/or pyrotechnic special effects materials to be discharged. For proximate audience displays, the fire chief must approve any changes adding fireworks or pyrotechnic special effects different from those described in the initial application in advance. Unless otherwise acceptable to the fire chief and/or fire inspector, all requests for changes must be submitted at least 24 hours prior to the display.
 6. The number, names and ages of all assistants that will be present for the display. All assistants must be at least 18 years old. All assistants must be recorded on the display report. To be able to claim experience credit for working at a display, assistants must be recorded on the display report.
 7. Proof of a bond or certificate of insurance in an amount deemed appropriate by the city for the payment of damages that could be caused either to persons or property as a result of the display and arising from acts of the sponsor or the pyrotechnic operator or their agents, employees or subcontractors. In addition the sponsor will need to agree to pay all costs incurred as a result of having representatives of the Fire Department, Police Department, and/or equipment in attendance at any fireworks. The City reserves the right to determine the appropriate level of protection or security for the display.

- E. Permit fee: The permit cannot be granted until the sponsor pays the permit fee, if any, established by the city through resolution. The City Council may reduce or waive permit fees for community based events and festivals.
- F. Upon receipt of an application for permit, the City Clerk must promptly refer the application to the chief of the local fire department and Fire Inspector for review. If, after conducting an appropriate investigation, the fire chief and/or fire inspector and City Administrator will present the request to the City Council for review and approval.
- G. Upon being notified by the City Clerk of an application for permit, the fire chief and/or fire inspector must conduct an investigation to determine the following:
 - 1. That the operator of the display is competent and certified by the State Fire Marshal.
 - 2. That the display is of such character and is to be so located, discharged, or fired that it will not be hazardous to property or endanger any person. In addition to reviewing the diagram of the display area submitted with the permit application, the fire chief and/or fire inspector may want to:
 - a. Inspect the areas selected for the discharge site, spectator-viewing area, parking areas and designated landing (fallout) area.
 - b. For proximate audience displays request a walk-through and representative demonstration of the pyrotechnic special effects as a condition of approval for the issuance of a permit.
 - c. Request a written plan outlining: the manner and location of storage of fireworks both prior to delivery to the display site and at the display site, what type of fire protection (e.g. portable fire extinguishers, standby apparatus/personnel) will be provided at the discharge site, and what provisions will be made for crowd control.
- H. The Fire Chief and/or Fire Inspector may ban fireworks if dry or windy conditions occur.
- I. Fireworks may not discharge in such a manner that may create a nuisance nor between the hours of 11 pm and 7 am. Fireworks use shall be also subject to any additional ordinances such as noise and/or assembly.

6 PENALTIES:

- A. Materials that violate and/or pose a threat to public safety may be confiscated and destroyed. Costs associated with disposal shall be assessed back to the property owners or permit holder.
- B. Violations of this regulation, city ordinance or state statute may result in revocation of the permit.
- C. Violations of this ordinance are subject to civil and/or criminal prosecution.

Sale and Use of Consumer Fireworks

Chapter 21 Section 1.7.1 Sale and Use of Consumer Fire Works Prohibited

A. *Definitions*- The following definitions shall apply in this section:

1. Consumer fireworks shall have the same meaning as in 27 Code of Federal Regulations, Section 555.11 or subsequent provision, but includes only products that are tested and certified by a 3rd-party testing laboratory as conforming with United States Consumer Product Safety Commission standards in accordance with 15 United States Code, Chapter 47. "Consumer fireworks" does not include the following products:
 - a. Missile-type rockets, as defined by the State Fire Marshal by rule; and
 - b. Helicopters and aerial spinners, as defined by the State Fire Marshal by rule; and
 - c. Sky rockets and bottle rockets. For purposes of this paragraph, "sky rockets and bottle rockets" means cylindrical tubes containing not more than 20 grams of chemical composition, as defined by the State Fire Marshal by rule, with a wooden stick attached for guidance and stability that rise into the air upon ignition and that may produce a burst of color or sound at or near the height of flight.
 - d. The term "fireworks" does not include toy pistols, toy canes, toy guns or other devices in which paper caps or plastic caps containing 25/100 grains or less of explosive compound are used if they are constructed so that the hand cannot come in contact with the cap when in place for the explosion; toy pistol paper caps or plastic caps that contain less than 20/100 grains of explosive mixture; sparklers that do not contain magnesium chlorates or perchlorates or signal; antique or replica cannons if no projectile is fired.
 - e. Display means an entertainment feature where the public or a private group is admitted or permitted to view the display or discharge of fireworks or special effects.

B. *Prohibition*. No person shall use, possess with the intent to use, sell, possess with the intent to sell or offer for sale consumer fireworks in the City of Auburn.*

C. *Exception*. This section does not apply to a person issued a fireworks display permit by the City of Auburn and/or the State of Maine pursuant to 8 M.R.S.A. §227-A.

D. *Penalties*:

1. Any person who uses consumer fireworks or possesses consumer fireworks with the intent to use in the City of Auburn shall be punished by a fine of not less than two hundred dollars (\$200.00) and not more than four hundred dollars (\$400.00) plus costs. For second and subsequent offenses, a fine of not less than three hundred dollars (\$300.00) and not more than six hundred dollars (\$600.00) per violation plus costs shall be imposed.

2. Any person who sells consumer fireworks or possesses consumer fireworks with the intent to sell in the City of Auburn shall be punished by a fine of not less than five hundred dollars (\$500.00) plus costs. For second and subsequent offenses, a fine of not less than one thousand dollars (\$1,000.00) per violation plus costs shall be imposed.
3. *Seizure and disposal of fireworks.* The City may seize consumer fireworks that the City has probable cause to believe are used, possessed or sold in violation of this section and shall forfeit seized consumer fireworks to the State for disposal.

*State law prohibits the sale and possession of all fireworks, with the exception of consumer fireworks, see 8 M.R.S.A. §223. By prohibiting the sale and use of consumer fireworks, the City is effectively prohibiting the use of all fireworks in the City of Auburn.