



## **C**reating **H**ousing – **A**ffordable **M**ortgage **P**rogram

### **“CHAMP”**

Dime Bank is dedicated to meeting the housing needs of the low and moderate-income population in its community. As a result, Dime Bank has extended its community efforts for affordable housing by establishing a new flexible loan program, “CHAMP”, for landlords, with a below market interest rate. By taking advantage of the program, the landlords will be able to offer more affordable rental units to the low and moderate-income population. The program is designed to provide rehabilitation and purchase monies for vacant properties in Southeastern Connecticut.

#### **The Program:**

- Dime Bank will provide financing at a below market rate for a fixed term of 10 years. After 10 years, the rate will convert to current market rates. The maximum term is 26 years, (one year construction, 25 years permanent).
- Maximum loan to value is 90%. For the LTV calculation, the property value will be determined by the lesser of the purchase price plus the cost of rehab, or the appraised “as completed” value of the property.

- Dime Bank will consider equity in other pledged properties to meet the down payment requirement. The combined loan to value (CLTV) for blanket mortgages must not exceed 75%.

Loans originated under this program will have one year to complete the project. During that time, the borrower will pay interest only monthly on the unpaid balance. The loan will convert to a permanent mortgage upon receipt of the following:

Certificate of Occupancy

Rental Certificate (if applicable)

Equity contribution will be required at closing.

Maximum loan(s) available to one Borrower may not exceed \$500,000.00.

No application fee

Limited construction inspection fees (6 free, then \$75.00 thereafter).

Borrower will pay for appraisal(s).

A 5% prepayment premium based on the original loan amount will be imposed if the loan is paid off within the first five years. A 3% prepayment premium based on the original loan amount will be imposed if the loan is paid off in years 6 through 10.

Refinancing of existing loans is not allowed under this program.

No private mortgage insurance will be required.

All attorney fees to be paid by the Borrower.

## Eligibility Requirements:

- Borrower (landlord) must demonstrate a minimum of five years satisfactory experience in owning and managing multifamily properties.
- To determine adequate property management and experience, the Bank may at its option inspect currently owned properties.

Borrower (landlord) agrees to maintain the unit rents at/or below fair market rents for a minimum of 10 years, based on the following:

### U.S. Department of HUD: Fair Market Rents (monthly)

Connecticut				
<u>Eff.</u>	<u>1 BR</u>	<u>2BR</u>	<u>3BR</u>	<u>4BR</u>
\$674	\$800	\$926	\$1,133	\$1,252
Rhode Island				
<u>Eff.</u>	<u>1 BR</u>	<u>2BR</u>	<u>3BR</u>	<u>4BR</u>
\$656	\$825	\$965	\$1,153	\$1,505

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- Borrower (landlord) agrees to provide Dime Bank a rent roll and copies of rental agreements on an annual basis for the first 10 years of the loan.
- Borrower (landlord) must reside in Southeastern Connecticut or Southwestern Rhode Island.

During the loan, the Borrower (landlord) agrees to allow interior inspections of the property by Dime Bank if it has reasonable cause.

## **Property Requirements:**

The property must be vacant at the time of purchase. Upon completion of the rehab, the property may be owner-occupied or non-owner occupied.

Eligible properties include:

2 to 4 family homes

Dime Bank may consider 5 or more units on a case-by-case basis. Any loan securing five or more units will be considered a commercial loan.

## **Environmental Issues:**

Environmental issues, including but not limited to asbestos and lead paint, will be addressed on a case-by-case basis. The decision to require or waive the environmental testing will be determined upon a satisfactory review of the scope of the rehab work by the Bank.

## **Rehab Documentation:**

All requests made under this program must be accompanied by a licensed third party contract; or if the borrower will be acting as its own general contractor, the borrower must demonstrate adequate experience in this type and scope of rehab projects. A letter from the borrower regarding his/her contracting experience must be provided.

Borrower shall provide the Bank with the following:

Cost estimates

## Specifications

Plans (if applicable)

Disbursement schedule

### **Default:**

In addition to the standard loan documents, a separate addendum signed by the Borrower (landlord) will be required. This addendum will address additional events of default which will include, but not be limited to the following:

Borrower (landlord) does not provide copies of rental agreements and a rent roll on an annual basis for the first 10 years of the loan.

Borrower (landlord) agrees to maintain the unit rents at/or below fair market rents for a minimum of 10 years, based on the following:

### **U.S. Department of HUD: Fair Market Rents (monthly)**

<b>Connecticut</b>				
<b><u>Eff.</u></b>	<b><u>1 BR</u></b>	<b><u>2BR</u></b>	<b><u>3BR</u></b>	<b><u>4BR</u></b>
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<b>\$656</b>	<b>\$825</b>	<b>\$965</b>	<b>\$1,153</b>	<b>\$1,505</b>

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In the event of default:

The interest rate will convert to the current 10 year T-bill plus margin of 3.75%.

**Call (860) 859-4300 for more information about “CHAMP”.**



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