

**SAMPLE REHABILITATION GRANTING AGREEMENT**

DATE: \_\_\_\_\_ REFERENCE #: \_\_\_\_\_  
\_\_\_\_\_

OWNER(S): \_\_\_\_\_ ADDRESS: \_\_\_\_\_  
\_\_\_\_\_

THIS AGREEMENT, made this \_\_\_\_ day of \_\_\_\_\_, by and between the City/County of \_\_\_\_\_, (hereinafter referred to as the Grantee), and \_\_\_\_\_ (hereinafter referred to as Owner(s)).

WHEREAS, the Grantee is eligible to make rehabilitation grants/loans as provided for under the Housing and Community Development Act of 1977, amending the same Act of 1974; and,

WHEREAS, said grant referred to in the Granting Agreement between the Commonwealth of Kentucky and the Grantee, as a FORGIVABLE LOAN; and

WHEREAS, the Owner(s) have met all of the qualifications prescribed under the rules and regulations of the above mentioned Acts and the regulations heretofore adopted by the Grantee for the making of such grants; and

WHEREAS, Owner(s) have heretofore made application for such grant to the Grantee in the amount of \_\_\_\_\_ DOLLARS (\$\_\_\_\_\_), and the application has been approved by the duly authorized officers for the Grantee on \_\_\_\_\_.

NOW, THEREFORE, in consideration of the above premises and other good and valuable consideration, the parties hereto agree as follows:

1. **DESCRIBED PROPERTY TO BE REHABILITATED**

The Grantee shall give and make a rehabilitation loan to the above referenced Owner(s) in the amount of \_\_\_\_\_ DOLLARS (\$\_\_\_\_\_) to be used for the improvements of the premises located on the real property described as follows:

*SEE LEGAL DESCRIPTION ATTACHMENT "A"*

2. CONDITIONS AND RESTRICTIONS

As a condition for the making of the grant by the Grantee to the Owner(s), the Owner(s) agree:

- (a) They will not sell or transfer owner(s)hip of the property for five (5) years from completion of the rehabilitation activities (except to comply with Kentucky Law relative to estate settlement).
- (b) They will continue to occupy the premises themselves for the five (5) year period.

3. RETENTION OF LIEN

It is agreed that by the signing of this instrument, the Grantee shall, and does, have a lien on the described and rehabilitated property for the total amount of the grant received by the Owner(s) (including any change orders required). This lien shall be retained until it is amortized as follows:

- (a) The lien shall be amortized over a five (5) year period from the date of the completion of the rehabilitation.
- (b) If the Owner(s) should sell the property:
  - 1) Within the first twelve months after the completion of the rehabilitation then they will repay the entire amount granted;
  - 2) After the 1<sup>st</sup> anniversary of rehab completion but before the 2<sup>nd</sup>, they must repay 80% of the grant;
  - 3) After the 2<sup>nd</sup> anniversary, but before the 3<sup>rd</sup>, repay 60% of the grant;
  - 4) After the 3<sup>rd</sup> anniversary, but before the 4<sup>th</sup>, repay 40% of the grant;
  - 5) After the 4<sup>th</sup> anniversary, but before the 5<sup>th</sup>, repay 20% of the grant;
  - 6) In the event that the undersigned retain ownership of the aforesaid real estate for five (5) years from the date of this Agreement, the Promissory Note and the accompanying Real Estate Mortgage securing the Promissory Note shall be released by the Grantee and the undersigned shall have no obligation to repay the Promissory Note.
- (c) Owner(s) acknowledge that due to change orders during construction, the amount of the grant as stated above, may be adjusted either up or down to reflect the actual cost of rehabilitation. Therefore, upon final inspection and acceptance of the work, Owner(s) agree to execute a new Note and Mortgage in an amount equal to the actual costs of rehabilitation as evidenced by the original grant and adjusted by approved and executed change orders.

4. VIOLATION AND ENFORCEMENT

Should Owner(s) violate item 2 or item 3 of this Agreement either before or after the completion of the rehabilitation and/or the signing of this Agreement and remain in default for more than thirty (30) days after written notice of such violation, the grant herein shall become fully (100%) repayable to the Grantee in the amount of the

remaining portion of the forgivable loan and a lien shall affix to the above-described premises. Said lien may be enforced by the Grantee by proper proceedings in County Circuit Court. The Owner(s) waive and will waive all rights to trial by jury in any proceeding instituted by the Grantee to enforce any lien granted in the Agreement whether under Section 2 or Section 3. If payback of funds are received, a pro rata percentage based upon initial rehabilitation cost as outlined in item 1 above, shall be paid to Grantee for the CDBG funds.

5. EASEMENTS

The Owner(s) agree as part of this Rehabilitation Granting Agreement to provide to the Grantee all easements necessary for water, sewer, street widening, sidewalks or other public facilities/improvements as required to carry out the Housing Program in the designated Target Area.

6. NOTICE

Any notice by the Grantee to the Owner(s) shall be in writing and shall be deemed to be duly given only if delivered personally or mailed by certified mail in a postpaid envelope addressed to the Owner(s) at the address given above. Any notice herein will be deemed given at the time it is duly deposited and certified in any U.S. Post Office or Branch Post Office or personally delivered to the Owner(s).

7. MAINTENANCE

Owner(s) will be required to maintain the rehabilitated structure and property on which it is located for the five (5) year term of the financial assistance. Maintenance will be examined in relation to the rehabilitation work performed as per the work write-up and the applicable minimum property standards. The Grantees designated Enforcement Officer will perform periodic inspections, inform the property owner of any items, which have deteriorated, and require corrective actions. This action may, as a last resort, include Owner(s) early payback of financial assistance. If the property is not maintained, the Grantee's designated Enforcement Officer will write a letter to the Owner(s), giving the Owner(s) thirty (30) days to perform said maintenance or to remove debris or junk from the property. If the Owner(s) do not correct said items within thirty (30) days, the Grantee may undertake corrections of said items, or hire someone to correct said items, with the cost of doing so placed as a tax lien on the property. The Owner(s) may appeal this action to the Governing Body.

8. ENTIRE AGREEMENT, MODIFICATION SEVERABILITY

This Agreement contains the entire agreement between the parties and shall not be modified in any manner except by an instrument in writing executed by all parties. If any detail or provision of this agreement or the application thereof to any person or circumstance shall to any extent be invalid or unenforceable, shall not be affected thereby and each term and provision of this agreement shall be valid and be enforced to the fullest extent permitted by law.

