

**Article 9: Residential Rehabilitation Loan Program**

**Division 8: Hardship Loans**  
*(“Hardship Loans”*  
*added 1-23-1975 by O-11483 N.S.)*

**§99.0801 Hardship Loan — Availability and Purpose**

The provisions of this article shall apply when a hardship loan fund is established. The purpose of the hardship loan fund shall be to provide financial assistance in the form of interest-free loans with deferred payments of principal to low-income owner-occupants of property subject to residential rehabilitation who would not otherwise be able to pay the costs of meeting rehabilitation standards. Hardship loan funds are to be used only for meeting rehabilitation standards, and incipient violations thereof.

*(“Hardship Loan — Availability and Purpose” added 1-23-1975 by O-11483 N.S.)*

**§99.0802 Maximum Amount of Loan and Eligibility**

- (a) A hardship loan up to \$3,500 or such other sum approved by City Council resolution can be made to a low-income applicant who is the owner-occupant of a one-to-four dwelling unit building.
- (b) To be eligible for a hardship loan the applicant must demonstrate to the satisfaction of the City Manager that with a conventional RAP loan the applicant’s housing costs would exceed twenty-five percent of gross income, and that the applicant does not have other assets to meet the cost of residential rehabilitation without jeopardizing the applicant’s ability to be self-supporting in the future.

*(“Maximum Amount of Loan and Eligibility” added 1-23-1975 by O-11483 N.S.)*

**§99.0803 Terms of Hardship Loan**

A hardship loan shall be due and payable at the end of nineteen years. It shall also be due and payable at the time of transfer of the property unless the hardship loan is transferred pursuant to Section 99.0707.

*(“Terms of Hardship Loan” added 1-23-1975 by O-11483 N.S.)*

**§99.0804 Transferability of Hardship Loan**

- (a) Upon conveyance of property subject to a hardship loan, the hardship loan may be converted to a conventional RAP loan and assigned to the transferee of the

property under the same circumstances and upon the same terms as are applicable to the transfer of a conventional RAP loan as provided in Section 99.0707. The total remaining period of the loan may not extend beyond twenty years from the date of the original loan.

- (b) Upon transfer of property subject to a hardship loan, or an interest therein, to a spouse or heir who is otherwise eligible for a hardship loan, if the spouse or heir so chooses, the hardship loan shall be transferred to the spouse or heir.

If the owner of property subject to a hardship loan dies, and the hardship loan is not repaid or transferred to another person within one year of the owner's death, the loan shall, as of one year from the date of the owner's death, bear interest at the then current interest rate charged for conventional RAP loans which were made in the same year as the hardship loan.

*("Transferability of Hardship Loan" added 1-23-1975 by O-11483 N.S.)*

**§99.0805 Use in Conjunction with the Conventional Rehabilitation Assistance Program Loan**

A conventional rehabilitation assistance loan may be used to supplement a hardship loan provided the property owner otherwise qualified for a conventional RAP loan.  
*("Use in Conjunction with the Conventional Rehabilitation Assistance Program Loan" added 1-23-1975 by O-11483 N.S.)*

**§99.0806 Security**

Unless provided otherwise in any bond resolution issued pursuant to the provisions of this chapter, hardship loans shall be secured by a deed of trust naming the City as beneficiary of the trust.

*("Security" added 1-23-1975 by O-11483 N.S.)*

**§99.0807 Additional Loan Terms**

Each provision required to be contained in a conventional RAP loan agreement pursuant to Sections 99.0701 through 99.0712 shall also be contained in each hardship loan agreement.

*("Additional Loan Terms" added 1-23-1975 by O-11483 N.S.)*

**§99.0808 Source of Funds**

Any funds given to or received by the City specifically for the purpose of establishing a hardship loan fund may be accepted by the City Manager and may be accepted for that purpose. In addition, the City Council may, from time to time, appropriate funds for a hardship loan fund.

*(“Source of Funds” added 1-23-1975 by O-11483 N.S.)*