

PROGRAM GUIDE RECEIPT

I/We _____ do hereby
(insert your name/names here)
acknowledge receipt of the Housing Rehabilitation Program Guide effective April 26, 2006.

I/We understand that it is our responsibility to read and understand the information contained in this guide. This guide contains information relative to eligibility, program process, forgiveness schedules, grievance procedures, and the responsibilities of all parties involved in the project.

I/We understand that it is our responsibility to contact the staff at the Palmer Community Development Department and to ask all questions necessary to fully understand this program.

Signature of Applicant

Date

Signature of Applicant

Date

Signature of Applicant

Date

Signature of Applicant

Date

All parties named in the deed must sign this receipt. (Grantees, those reserving a life estate, trustees, etc)

TOWN OF PALMER

HOUSING REHABILITATION

PROGRAM GUIDE

EFFECTIVE APRIL 26, 2006

TABLE OF CONTENTS

Complaints/Grievances	Page 9
Conflict of Interest	Page 10
Eligible Projects	Page 3
Emergency Situations	Page 3
Equal Opportunity	Page 10
Example of Deferred Payment Loan Forgiveness Table	Page 12
Example of Deferred Payment Loan-Elderly Forgiveness Table	Page 11
Funding Amounts	Page 2
Funding Assistance	Page 1
Income Eligibility	Page 4
Income Inclusions/Exclusions	Page 5
Income Limits	Page 4
Lead Paint	Page 7
Legal Documents	Page 7
Loan Awards	Page 6
Loan Repayment	Page 2
Objectives/Goal/Purpose of Program	Page 1
Program Process	Page 8
Property Equity	Page 7
Property Ownership	Page 3
Rental Agreement	Page 7

INTRODUCTION

The Town of Palmer uses funds awarded in a Community Development Block Grant from the Massachusetts Department of Housing & Community Development under the auspices of Title I of the Housing and Community Development Act of 1974, as amended. These funds are awarded specifically for the rehabilitation of substandard housing units located in Palmer.

OBJECTIVES/GOAL/PURPOSE

The objective of this Housing Rehabilitation Program is to:

- Preserve, maintain and enhance the existing housing stock of Palmer,
- To eliminate health and building code violations that threaten the health and safety of the residents
- To provide housing opportunities and direct financial assistance to households of low or moderate incomes,
- To strengthen the identity and character of Palmer by improving its housing stock.

It is the purpose of the Community Development Department to carry out these objectives as effectively as possible and without regard for race, color, creed, national origin, ancestry, religion, marital status, blindness, age, sex, children, public assistance, or rent subsidy status.

FUNDING ASSISTANCE

All funding assistance will be in the form of Deferred Payment Loans (DPLs). A Deferred Payment Loan is a loan that does not require monthly payments, and only becomes due upon the transfer or sale of the property to an owner who does not have low or moderate income. If eligible for assumption, the new owner must be willing to assume responsibility for the loan. To be eligible to assume a Deferred Payment Loan the new owner must be eligible to participate in the program at the time of the sale or transfer. Two (2) types of Deferred Payment Loans are offered one (1) for the elderly (DPL-E) and one (1) for the non-elderly (DPL).

Elderly DPL-E's (owner 62 years of age or greater) – carry no interest and are entirely forgiven after fifteen (15) years, if the property is not sold or transferred.

Non elderly DPL's (owner less than 62 years of age) – carry an interest rate of 3% per annum and are entirely forgiven after fifteen (15) years, if the property has not been sold or transferred.

Funding Amounts

For owner-occupied properties, where at least 51% of the units are occupied by residents of low or moderate income, the DPL or DPL-E will be for 100% of the project cost up to a per unit maximum amount of \$25,000 and a maximum of \$70,000 per structure.

For non owner-occupied properties where at least 51% of the units are occupied by residents of low or moderate income, the DPL or DPL-E will be for 60% of the project cost up to a per unit maximum amount of \$25,000 and a maximum of \$70,000 per structure.

The actual amount of money each property owner is lent is based upon the project cost as determined by the lowest bid amount received, plus the cost of lead inspections. If the project cost is less than \$25,000 per unit or \$70,000 per structure then only the actual lowest bid amount is lent. If the project cost exceeds the \$25,000 per unit or \$70,000 per structure limit then the property owner is asked to provide private financing to make up the difference. The Palmer Community Development Department will assist the applicant in seeking private finance assistance if needed.

It is recognized that repairs may arise during actual construction, where were not foreseen in the initial project cost. Loan Agreements may be amended to include funds for the additional work. The Palmer Community Development Director has the authority to approve change orders for up to 10% of the original contract amount. Change orders for amounts greater than 10% of the original contract must be approved by the Department of Housing and Community Development. In no case shall assistance exceed \$35,000 per unit without the permission of the Department of Housing and Community Development. The homeowner when approving change orders agrees to sign new documents for the additional funds.

LOAN REPAYMENT

Elderly Deferred Payment Loans – have a term of fifteen (15) years and need only be repaid if there is a transfer or sale of the property to an owner not eligible or unwilling to assume the loan. At the end of the fifteen (15) year term, if there is no change in ownership, the loan is forgiven entirely. Such loans carry no annual interest rate, and the principal is reduced on an annual basis at the rate of $1/120^{\text{th}}$ of the original principle multiplied by the number of years remaining on the loan.

Non-Elderly Deferred Payment Loans have a term of fifteen (15) years and need only be repaid if there is a transfer or sale of the property to an owner not eligible or unwilling to assume the loan. At the end of the fifteen (15) year term, if there is no change in ownership, the loan is forgiven entirely. Such loans carry a 3% annual interest rate, and the principal is reduced on an annual basis at the rate of $1/120^{\text{th}}$ of the original principle multiplied by the number of years the loan has been in effect. The accrued interest is only forgiven at the end of the fifteen (15) year period.

ELIGIBLE PROJECTS

The primary goal is to remove health and building code violations, though energy conservation and the removal of handicapped barriers are also eligible. Examples of the types of work eligible for funding are:

- Roof replacement
- Heating and hot water system repairs or replacement
- Plumbing and electrical repairs
- Foundations/structural repairs
- Kitchen and bathroom repairs
- Asbestos and lead paint removal
- Exterior porch repairs
- Ceiling and floor repairs
- Weatherization

Units which have previously since (1990) received funding assistance under this program are not eligible for additional assistance.

EMERGENCY SITUATIONS

The Palmer Community Development Department may have a small amount of funds set aside to address emergency situations. To access these funds the property must be eligible for the program (income of residents and equity in the property) and the owner must be under an order to correct the situation. If a project is approved as an emergency project a two (2) phase approach will be taken. Phase 1 the owner completes an application, eligibility is determined, and the process takes place to address the emergency situation only. The project is placed on the waiting list at the time eligibility is determined. When funds become available for the project (if more than one (1) year has lapsed income and equity will be re-verified) the process takes place to address all other work. The maximum loan amount for both phases combined is \$25,000. All lead paint laws will apply during phase 2.

PROPERTY OWNERSHIP

For the purposes of this program all parties named in the deed will be required to sign all documents from the application through legal documents. This insures that all parties are fully aware of and involved in the program. For life estates this means that all grantees as well as those reserving the life estate must sign all documents. It is the responsibility of those applying for the program to make the necessary arrangements to acquire these signatures.

INCOME ELIGIBILITY

Owner Occupants/Single Family Structures – for property owners living within the structure to be rehabilitated, eligibility for receiving funding assistance will be based upon a determination that the third (3rd) party verified total household yearly income of the residents falls below the low-moderate income limits as determined by HUD

Non Owner Occupied/Multi-Family Structures – for non owner-occupied structures and multi-family structures whether owner occupied or not, eligibility for the program will be based upon a determination that the third (3rd) party verified total household yearly income of the residents (based upon family size of each unit) falls below the low-moderate income limits as determined by HUD. In order for a multi-family structure to be eligible at least 51% of the units must be occupied by residents whose third (3rd) party verified total household yearly income does not exceed the limits set by HUD. All vacant units automatically qualify. All units must be brought into compliance with State building and health code requirements, but because this Housing Rehabilitation Program is designed for 100% benefit to households of low-moderate income, only those units occupied by income eligible households, and vacant units, are eligible for funding assistance under this program. All work required to be done in over income units must be paid for entirely by the owner.

INCOME LIMITS

Family Size	Total Household Yearly Income Limit
1 person	\$40,150
2 people	\$45,900
3 people	\$51,600
4 people	\$57,350
5 people	\$61,950
6 people	\$66,550
7 people	\$71,100
8 people	\$75,700

Total Household Yearly Income shall be based upon the third (3rd) party verified gross yearly income from all sources of all persons residing in the unit (excluding persons under eighteen (18) years of age and full-time students). Income will be verified by program staff who will examine all sources of income such as employment, retirement, AFDC etc. The gross income received by the residents for the last eight (8) weeks will be projected forward for fifty-two (52) weeks, which will be the gross household yearly income amount used to determine eligibility. That income will be compared to the last filed tax return as provided by the IRS when applicable. Differences in income will be fully explained in writing by the applicant.

INCOME INCLUSIONS/EXCLUSIONS

Following is an explanation of what will be included and excluded when determining gross household income. The total gross household income of all persons, residing in the unit, over the age of 18 must be included in the calculation. The income of full time students will be excluded upon receipt of documented full time enrollment.

What to Include

- *Wages* – the full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips, bonuses, and other compensation for personal services.
- *Operation of a business* – the net income from the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight-line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family.
- *Interest and Dividends* – interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used as a deduction in determining net income. An allowance for depreciation is permitted only as authorized above. Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family. Where the family has net assets in excess of \$5,000 annually, income shall include the greater of the actual income derived from net family assets or a percentage of the value of such assets based upon the current passbook savings rate, as determined by HUD.
- *Periodic Payments* – the full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts including lump-sum payment for the delayed start of a periodic payment.
- *In Lieu of Earnings* – payments in lieu of earnings, such as unemployment, worker's compensation and severance pay.
- *Welfare* – if the welfare assistance payment includes an amount specifically designed for shelter and utilities that is subject to adjustment by the Welfare Assistance Agency in accordance with the actual cost of shelter and utilities, the amount of Welfare Assistance income to be included as income shall consist of :
(a) the amount of the allowance or grant exclusive of the amount specifically designed for shelter or utilities; plus (b) the maximum amounts that the Welfare Assistance Agency could in fact allow the family for shelter and utilities. If the family's Welfare Assistance is ratably reduced from the standard of need by

applying a percentage, the amount calculated under this paragraph will be the amount resulting from one application of the percentage.

- *Allowances* – periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling.
- *Armed Forces Pay* – All regular pay, special pay and allowances of a member of the Armed Forces (whether or not living in the dwelling) who is head of the family, spouse, or other person whose dependents are residing in the unit.

What Not To Include

- *Foster Child Payments* – payments received for the care of foster children or foster adults (usually individuals with disabilities, unrelated to the family, who are unable to live alone).
- *Inheritances* – lump-sum additions to family assets such as inheritances, insurance payments (including payments under health and accident insurance, and worker's compensation), capital gains and settlement for personal or property losses.
- *Reimbursement for Medical Expense* – amounts received that are specifically for, or in reimbursement of, the cost of medical expenses for any family member.
- *Live In Aid* – income of a live in aid
- *Student Assistance* – the full amount of student financial assistance paid directly to the student or to the educational institution.
- *Armed Forces Special Pay* – The special pay to a family member serving in the Armed Forces who is exposed to hostile fire.
- *Public Assistance* – amounts received under training programs funded by HUD. Amounts received by a disabled person that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self Sufficiency (PASS). Amounts received by a participant in other publicly assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred (special equipment, clothing, transportation, child care) and which are made solely to allow participation in a specific program. A resident service stipend. A resident service stipend is a modest amount (not to exceed \$200 per month) received by a resident for performing a service for the owner, on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, and resident initiatives coordination. Compensation from State or Local employment training programs and training of a family member as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives.
- *Gifts* – temporary, non-recurring or sporadic income.
- *Reparation* – reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era.
- *Adoption Assistance* – adoption assistance payments in excess of \$480 per adopted child.

LOAN AWARDS

Applications will be processed and loans awarded on a first approved/first served basis. Applicants will officially be placed on the list upon receipt of fully completed application and verified income.

PROPERTY EQUITY

There must be sufficient equity in the property to cover the loan amount. Equity is determined by taking the assessed value (as determined by the Town of Palmer) multiplying that amount by 80% and subtracting all existing verified lien balances. This amount must be sufficient enough to cover the cost of the work (loan amount) that is to be done to the property. Should the homeowner feel that the assessed value is too low, at their expense they may have the property appraised by a Massachusetts licensed appraiser. In this case the appraised value will be used to determine equity so long as the appraisal is not more than 365 days old.

LEAD PAINT

All properties assisted by the program will be tested for lead paint. All 2+ bedroom rental units, and all units occupied by children under the age of 6 will comply with the Massachusetts Lead Law upon completion of the project. All other units will comply with the HUD Lead Law upon completion of the project.

RENTAL AGREEMENT

All non-owner occupied units assisted with funds from this Housing Rehabilitation Program will be required to be covered by a Rent Limitation Agreement for a period of fifteen (15) years. This Agreement will limit the rent increase to the Annual Adjustment Factor published by the U.S. Department of Housing and Urban Development. Increases in excess of those allowed by the Annual Adjustment Factor will be considered every five (5) years. Such increases will be allowed if the property owner can provide documentation that expenses have increased (beyond the control of the homeowner) in excess of what the Annual Adjustment Factor allows. The increase will be limited to the excess verified expenses.

In addition each owner of property containing five (5) or more units, and each owner not residing in the property to be rehabilitated must enter into an Affordable Housing Restriction which remains with the property for fifteen (15) years. This restriction requires the property owner to rent assisted units to low/moderate income tenants.

LEGAL DOCUMENTS

You will be required to sign a Deferred Payment Loan Escrow Agreement, a Loan Agreement, a Rehabilitation Contract, an Authority to Begin, an Acknowledgement of Receipt of Truth-In-Lending Disclosure, a Truth in Lending Disclosure, a Mortgage and Security Agreement, a Waiver of Lead Paint Abatement (when applicable), a Deferred Payment Loan Promissory Note, a Rent Limitation Agreement (when applicable), and an Affordable Housing Restriction (when applicable) prior to the disbursement of any funds. It should be noted that all payments will be made directly to the contractor upon your written authorization. It should also be noted that the Rehabilitation Contract is very explicit in the description of the work that the contractor is authorized to do. Under no circumstances should you engage in any additional work, changes in the scope of work or any other business dealings with the contractor while this contract is in effect.

PROGRAM PROCESS

1. Determine your eligibility for the program in terms of income and equity.
2. Gather all necessary documentation, talk to your tenants about what you are doing, make sure they are willing to complete all necessary paperwork. Complete the pre-application and return to the Community Development Department.
3. Receive written notification regarding your eligibility for the program. If you are denied and disagree with the decision please follow the grievance procedure located in this guide. If your eligibility is approved your project will be put on the waiting list.
4. When funds become available for your project you will be sent an application. Complete the application. Community Development Staff is available to assist you. Return your completed application and verification forms to the Community Development Department.
5. Receive written notification regarding your eligibility for the program. If you are denied and disagree with the decision please follow the grievance procedure located in this guide. If your eligibility is approved the Rehabilitation Specialist will be in touch with you.
6. The Palmer Community Development Housing Rehabilitation Specialist will contact you to set up an appointment for inspecting the structure. During this inspection the Rehabilitation Specialist will look for code violations and discuss with you the work that you would like to have done to the property. Lead paint inspections will be scheduled by the Rehabilitation Specialist.

7. The Rehabilitation Specialist will prepare a work write up and cost estimate. These documents will be reviewed with you and approved by you prior to the project going out to bid.
8. The staff of the Palmer Community Development Department will prepare bid documents and you will be given a choice of three (3) alternatives for finding a General Contractor: 1) the Palmer Community Development Department will conduct the bid process for you using our list of approved contractors; or 2) you can solicit three (3) bids yourself from qualified contractors; or 3) the Palmer Community Development Department will conduct the bid process for you and solicit bids from qualified contractors of your choice.
9. Bids will be received at a designated time and place. The bids received will be reviewed with you at which time you will select a contractor. Should you choose a contractor other than the low bidder you will be required to pay the difference between the low bid and the bid of the contractor you selected. If the Palmer Community Development Department conducts the bid opening for you and less than 3 bids are received you will have the option of not opening the bids and extending the date in the hopes of receiving additional bids, or the bids can be opened and if the lowest bid received is within 10%-15% of the cost estimate a contractor can be selected, if the lowest price exceeds 15% of the cost estimate the project will have to go out to bid again.
10. You and the contractor will then sign all applicable legal documents mentioned above. You have three (3) business days to change your mind if you so choose. Once the three (3) business days have passed the contractor will be authorized to begin.
11. The contractor is required to be on site within 30 days of the Notice to Proceed. Once work begins the contractor is required to work continuously until completion. The final date of completion is 90 days from the Authority to Begin. While work is ongoing the Housing Rehabilitation Specialist will stop by periodically to inspect the work and to make sure that you are satisfied with the work that has been done. If at any point you have questions or concerns you should contact the Palmer Community Development Department immediately.
12. Once the work is complete the Rehabilitation Specialist will perform a final inspection. If approved change orders occurred during the project you will be required to re-sign all applicable legal documents.

COMPLAINTS/GRIEVANCES

In every case, the Community Development Department will try to resolve complaints and grievances verbally by telephone or in person. Should this informal method fail to provide satisfactory resolution to the problem, the aggrieved party may follow the Department's Grievance Procedure outlined below.

Step 1

Informally discuss the grievance with the Community Development Director, Alice Davey in person or by calling 283-2614. If you are not satisfied with the outcome of this discussion proceed to Step 2.

Step 2

You must file a written complaint detailing the specific concerns and the reason for the grievance with the Palmer Community Development Director. This letter should be sent to Alice Davey, Director, Palmer Community Development Department, Suite 2, 1029 Central Street, Palmer, MA 01069. Upon receipt of your letter the Director will review the letter and respond to you, in writing, within fifteen (15) days. The Director's response will outline the position of the Palmer Community Development Department, and provide you with instructions for proceeding to the next step should you not be satisfied with the Director's response.

Step 3

You must file a written complaint detailing the specific concerns and the reason for the grievance with the Town Manager. This letter should be sent to Richard Fitzgerald, Town Manager, 4417 Main Street, Palmer, MA 01069. Upon receipt of your letter the Town Manager will review the letter and respond to you, in writing, within fifteen (15) days. The Town Manager's response will outline the position of the Town Manager, and provide you with instructions for proceeding to the next step should you not be satisfied with the Town Manager's response.

Step 4

Within fifteen (15) days of receiving the Town Manager's response you must request, in writing a meeting of all interested parties. This request must be mailed to Richard Fitzgerald, Town Manager, 4417 Main Street, Palmer, MA 01069. Within fifteen (15) days of receiving your meeting request the Town Manager will notify you of the date, time and location of the meeting. The purpose of this meeting will be to review the grievance and attempt to resolve the issue. Within fifteen (15) days of this meeting, the Town Manager will respond to you in writing and detail the position of the Town Manager. The Town Manager's decision shall be final.

CONFLICT OF INTEREST

The Town of Palmer shall adhere to the provisions of M.G.L. Chapter 268A, with respect to the Conduct of Public Employees. In addition, no member, officer, or employee of the Town of Palmer or its designees, or agents, no member of the governing body of the locality who exercises any function or responsibility with respect to this Program during his/her tenure or for one (1) year thereafter shall have an interest in any contract or

subcontract, or the proceeds thereof, for work to be performed in connection with this program.

EQUAL OPPORTUNITY

It is the policy of the Town of Palmer that no person shall on the grounds of race, color, creed, national origin, ancestry, religion, marital status, handicap, age, sex, children, public assistance, or rent subsidy be denied participation in this Housing Rehabilitation Program.

**EXAMPLE OF
DEFERRED PAYMENT LOAN ELDERLY (DPL-E)
PAYOFF SCHEDULE
15 YEAR**

This example is based on the maximum unit amount of \$25,000 given on January 1, 2005. Should your home be sold prior to the end of 15 years, an amount will be due to the Town of Palmer. The table below shows how this type of loan is forgiven over a period of 15 years.

Date of Reduction	Reduction Amount	Principle Balance
January 1, 2005	\$0.00	\$25,000.00
January 1, 2006	\$3,125.00	\$21,875.00
January 1, 2007	\$2,916.67	\$18,958.33
January 1, 2008	\$2,708.33	\$16,250.00
January 1, 2009	\$2,500.00	\$13,750.00
January 1, 2010	\$2,291.67	\$11,458.33
January 1, 2011	\$2,083.33	\$9,375.00
January 1, 2012	\$1,875.00	\$7,500.00
January 1, 2013	\$1,666.67	\$5,833.33
January 1, 2014	\$1,458.33	\$4,375.00
January 1, 2015	\$1,250.00	\$3,125.00
January 1, 2016	\$1,041.67	\$2,083.33
January 1, 2017	\$833.33	\$1,250.00
January 1, 2018	\$625.00	\$625.00
January 1, 2019	\$416.67	\$208.33
January 1, 2020	\$208.33	\$0.00

Example: You have a \$25,000 loan given on January 1, 2005. On July 1, 2009 you sell your home. On that date you will owe the Town of Palmer \$13,750.00.

In some cases older applicants are worried about leaving family members with debt. Please discuss this with your heirs. Repayment is only required when title to the home passes if the grantee is not eligible for the program. The Community Development Department will work with the heirs to make repayment of the loan as painless as possible. You should remember that you are undertaking this process to reduce your monthly household expenses by making your home more energy efficient, and to improve your quality of life.

**EXAMPLE OF
DEFERRED PAYMENT LOAN (DPL)
PAYOFF SCHEDULE
15 YEAR**

This example is based on the maximum unit amount of \$25,000 given on January 1, 2005. Should your home be sold prior to the end of 15 years, an amount will be due to the Town of Palmer. The table below shows how this type of loan is forgiven over a period of 15 years.

Date of Reduction	Reduction Amount	Principle Balance	Addition of 3% Interest	Accrued Interest	Amount Due On this Date
January 1, 2005	\$0.00	\$25,000.00	\$0.00	\$0.00	\$25,000.00
January 1, 2006	\$208.33	\$24,791.67	\$750.00	\$750.00	\$25,541.67
January 1, 2007	\$416.67	\$24,375.00	\$743.75	\$1,493.75	\$25,868.75
January 1, 2008	\$625.00	\$23,750.00	\$731.25	\$2,225.00	\$25,975.00
January 1, 2009	\$833.33	\$22,916.67	\$712.50	\$2,937.50	\$25,854.17
January 1, 2010	\$1,041.67	\$21,875.00	\$687.50	\$3,625.00	\$25,500.00
January 1, 2011	\$1,250.00	\$20,625.00	\$656.25	\$4,281.25	\$24,906.25
January 1, 2012	\$1,458.33	\$19,166.67	\$618.75	\$4,900.00	\$24,066.67
January 1, 2013	\$1,666.67	\$17,500.00	\$575.00	\$5,475.00	\$22,975.00
January 1, 2014	\$1,875.00	\$15,625.00	\$525.00	\$6,000.00	\$21,625.00
January 1, 2015	\$2,083.33	\$13,541.67	\$468.75	\$6,468.75	\$20,010.42
January 1, 2016	\$2,291.67	\$11,250.00	\$406.25	\$6,875.00	\$18,125.00
January 1, 2017	\$2,500.00	\$8,750.00	\$337.50	\$7,212.50	\$15,962.50
January 1, 2018	\$2,708.33	\$6,041.67	\$262.50	\$7,475.00	\$13,516.67
January 1, 2019	\$2,916.67	\$3,125.00	\$181.25	\$7,656.25	\$10,781.25
January 1, 2020	\$3,125.00	\$0.00	\$93.75	forgiven	forgiven

Example: You have a \$25,000 loan given on January 1, 2005. On July 1, 2009 you sell your home. On that date you will owe the Town of Palmer:

Principle:	\$22,916.67
Accrued Interest:	\$ 2,937.50
Current Years Interest:	
\$687.50/365days=\$1.88x181 days=	\$ 340.28
Amount Due:	\$26,194.45