

# MHT Loan Program | Application for Transfer of Funds

November 2023

The Maryland Historical Trust's Historic Preservation Loan Program provides a source of funding to assist and encourage efforts to acquire and preserve historic properties, including loans to local jurisdictions, nonprofit organizations, business entities, and individuals, and transfers to Qualified Cooperating Nonprofit Organizations. The provision of funds via transfers to Qualified Cooperating Nonprofit Organizations was added to the Loan Program pursuant to SB425 of the 2023 General Assembly Session.

The application is for the MHT Loan Program's "Transfer of Funds" provision only. The application has two parts:

- 1) Part 1 addresses an Applicant Organization's status as a Qualified Cooperating Nonprofit Organization eligible to receive transfers from the Loan Program.
- 2) Part 2 addresses an Applicant Organization's proposed use of the transferred funds.

Applications for loans and for transfers will be due to MHT annually by a deadline announced via press release and MHT's website: <https://mht.maryland.gov/loans.shtml> The amount of funding available may also be found on that webpage.

The application does not have a set format or fillable form; MHT requests that the applicant organization submit narratives or other documents responsive to certain questions or requirements. We ask that the documents be organized and numbered as set forth in the application. The applicant organization should assemble all required documentation into a single PDF which may be submitted via email or file share link to Barbara Fisher (contact information below) by the deadline.

If you have questions, please contact Barbara Fisher, Capital Grants and Loans Administrator, at [Barbara.fisher@maryland.gov](mailto:Barbara.fisher@maryland.gov) or 410-697-9574.

## TRANSFER REQUIREMENTS:

- 1) For an approved transfer, MHT will extend a transfer commitment letter to a Transferee. The transfer commitment letter will specify a time limit within which the Transferee must sign and return the transfer documents, which time limit may be extended in MHT's sole discretion.
- 2) A Transferee will enter into transfer documents with MHT regarding the use of transferred funds. If the transfer documents are not executed and returned to MHT by the date stated in the commitment letter, the commitment shall expire and MHT may withdraw the funds.
- 3) Transferred funds are nonrepayable.
- 4) Disbursement of a transfer will be made as a one-time disbursement based upon a request for disbursement submitted by the Transferee in a form satisfactory to MHT.
- 5) A Transferee receiving a transfer to make one or more subloans will, in coordination with the MHT Director and staff, adopt appropriate guidelines to carry out the subloan program(s). These guidelines must define a competitive process for making awards of financial assistance with transferred funds.

- 6) A Transferee will make available on its website the guidelines for its subloan program, a statement of the availability of funds for subloans, and information on projects receiving subloans.
- 7) On or before June 30 each year, a Transferee shall provide an annual report to MHT outlining all funds transferred to it, describing how proceeds of a transfer were expended, and confirming that the funds were used for their intended purpose and in compliance with the program regulations. The annual report shall distinguish between administrative costs and programmatic expenses.
- 8) At MHT's request, Transferee shall provide a copy of the organization's annual financial review or audit.
- 9) Books, accounts, and records of contractors, subcontractors, and Transferees shall be maintained and made available for inspection for up to 3 years after the date of the Transfer.
- 10) A Transferee shall cause historic property that it owns and restores or rehabilitates for re-sale or lease with transfer funds to be insured against loss or damage by fire and other hazards, casualties, and contingencies through a policy that complies with the requirements set out in the program regulations.
- 11) A Transferee whose project involves the operation of a preservation loan fund program may be required to carry director and officer liability or employee dishonesty insurance policies, satisfactory to MHT, which cover all individuals responsible for the security and control of the transfer.
- 12) The plans and specifications for projects involving a Transferee's rehabilitation and restoration of its own property for resale or lease shall be subject to review and approval by MHT, and all work shall comply with the Secretary of the Interior's Standards for the Treatment of Historic Properties as well as any other applicable standards and requirements established by MHT.
- 13) The Transferee, as a condition of the sale or lease of historic property that it has acquired, restored, or rehabilitated with proceeds of a transfer, shall require the purchaser or lessee to:
  - (a) Enter into a preservation agreement with the Transferee or another entity approved by MHT to preserve and maintain the historic property in such manner and for such duration as is acceptable to MHT; or
  - (b) Convey to the Transferee or another entity approved by MHT a deed of easement containing preservation covenants applicable to the real property, in form, substance, and duration satisfactory to MHT, which shall be recorded in the land records of the political subdivision in which the real property is located.
- 14) For transfers to acquire, restore, or rehabilitate historic property, MHT, in its discretion, may require an appraisal of the assisted historic real property, showing the property's value after completion of any scheduled restoration or rehabilitation.
- 15) Selection criteria for transfers and for loans are the same and are set forth in the regulations as proposed:

*"Selection Criteria. The Trust shall review and evaluate loan and transfer applications in accordance with the following selection criteria:*

  - (1) Relative historical or cultural significance of the resources to be treated;*
  - (2) Urgency of the need for financial assistance for the project;*
  - (3) Extent to which the project will contribute to the cumulative equitable Statewide geographic distribution of funds based on the concentration of historic properties;*

- (4) Comprehensiveness of the scope of the project;*
- (5) Readiness of the project to initiate activity and to be completed within an established time frame;*
- (6) Administrative capability of the applicant;*
- (7) Extent to which the project stimulates or promotes other historic preservation activities;*
- (8) Informational and educational value of the project;*
- (9) Demonstration and innovation value of the project;*
- (10) Extent to which there is any proposed contribution by the appropriate local jurisdiction to support the project proposed to be financed; and*
- (11) Additional criteria which the Trust considers to be appropriate.”*

## Part 1: Qualifications of Applicant Organization

Part 1 of the application addresses an Applicant Organization's status as a Qualified Cooperating Nonprofit Organization eligible to receive transfers from the Loan Program.

Per the Loan Program regulations as proposed:

*"Qualified cooperating nonprofit organization" means a nonprofit organization in good standing with the State Department of Assessments and Taxation that:*

- (a) Is based in the state;*
- (b) Operates statewide; and*
- (c) Has demonstrated experience:*
  - (i) Rehabilitating historic structures;*
  - (ii) Managing preservation funds; and*
  - (iii) Holding preservation easements.*

### 1.1 Basic information about the Applicant Organization

*Please submit the following documents:*

- a) Cover letter containing the following information for the Applicant Organization:
  - i) Legal entity name (*note: only nonprofit organizations are eligible to receive transfers*)
  - ii) Physical address
  - iii) Mailing address
  - iv) Website
  - v) Authorized contact: provide name, title, email, phone number
  - vi) Project lead / primary point of contact with MHT for implementation of program: provide name, title, email, phone number
  - vii) Federal Tax ID (EIN)
  - viii) SDAT department ID number (*note: the Applicant Organization must be based in Maryland and in good standing with SDAT to be eligible to receive transfers*)
  - ix) Year incorporated
  - x) Cover letter must be signed by an authorized representative of the Applicant Organization
- b) IRS determination letter showing nonprofit status
- c) Articles of incorporation
- d) Bylaws

- e) Resumes of authorized contact and project lead
- f) Organizational chart for Applicant Organization

## 1.2 Qualifications & Experience of the Applicant Organization

*Please submit the following documents:*

- a) Mission statement (*note: the Applicant Organization must operate statewide to be eligible to receive transfers*)
- b) Narrative response to the following question: Describe your organization's direct experience rehabilitating historic structures in accordance with the Secretary of the Interior's Standards. Please include an overview of staffing and administration of this type of work and, if applicable, provide specific examples of past work, including for each:
  - i) Nature of Applicant Organization's involvement (e.g. owner, funder, developer)
  - ii) Ownership structure / project development team
  - iii) Project goals / how properties are selected (for example, does the organization maintain a property portfolio, or does it purchase at risk properties to rehab and re-sell?)
  - iv) Project budget (including budget breakdown across fund sources or partners as applicable)
  - v) Scope of work of rehabilitation project
  - vi) Representative before and after photos
- c) Narrative response to the following question: Describe your organization's direct experience managing preservation funds received from other organizations (such as grants or loans received). Please include a narrative overview of staffing and administration of funds received, and provide a list of such funds received over the past five years, including:
  - i) Source of the funds
  - ii) Purpose of funds
  - iii) Whether each grant / funded effort was completed or is ongoing
  - iv) Members of staff or board who are involved in this work and whether they remain with the organization
  - v) Representative before and after photos of 2 or 3 projects
- d) Narrative response to the following question: Describe your organization's direct experience managing its own preservation funding program (such as providing grants or loans to other organizations). Please include a narrative overview which discusses the history, staffing, and

administration of the funding program and provide a list of funds awarded over the past five years, including:

- i) Recipients
  - ii) Purpose of funds
  - iii) Whether each project was completed or is ongoing
  - iv) Members of staff or board who are involved in this work and whether they remain with the organization
  - v) Representative before and after photos of 2 or 3 projects
- e) Narrative response to the following question: If applicable, describe your organization's preservation easement program. [If your organization utilizes protective covenants, preservation agreements, or other formats, you should describe those here in lieu of or in addition to easements.] Please include a narrative overview which discusses the history, administration, and staffing of the easement program and an overview of the easement portfolio.
- f) Attachments
- i) Annual reports from last three years
  - ii) Resumes of members of staff or board who were cited in responses to questions in application section 1.2; the resume should demonstrate that they meet the Secretary of the Interior's Professional Qualifications Standards, if applicable to their role
  - iii) If applicable, letters from funders attesting to the organization's performance in administering preservation funds received
  - iv) If applicable, reports to funders on funds received
  - v) If applicable, application, guidelines, and selection criteria for organization's preservation funding program
  - vi) If applicable, sample easement / covenant / preservation agreement document
  - vii) A list of current easements, including for each:
    - i. Property name and address
    - ii. Property owner and owner type (individual, nonprofit, etc)
    - iii. Organizations co-holding the easement
    - iv. Year of recordation / execution
    - v. Perpetual or term?
    - vi. Year of expiration / termination if applicable
  - viii) Applicant Organization's financial statements or tax returns from the last three years

## Part 2: Proposed Use of Funds

Part 2 of the application addresses an Applicant Organization's proposed use of the transferred funds.

From the Loan Program regulations as proposed:

*C. Transfers.*

*(1) The Trust may provide transfers from the Fund to a transferee:*

- (a) To pay for the transferee to acquire historic properties or interests in historic properties for resale or lease;*
- (b) To pay costs, including preparation costs, directly related to the rehabilitation or restoration of historic properties owned by the transferee for resale or lease;*
- (c) To pay administrative costs incurred to restore or rehabilitate historic properties owned by the transferee for resale or lease, to the extent permitted under program regulations;*
- (d) To make subloans to other nonprofit organizations, political subdivisions, and business entities to acquire, rehabilitate, restore, or refinance historic properties;*
- (e) To make subloans to individuals to rehabilitate or restore historic properties recognized by the National Park Service as national historic landmarks; or*
- (f) To pay necessary administrative costs and programmatic expenses associated with the transfer of funds, to the extent permitted under program regulations.*

*(a) A transfer may be used to pay:*

- (i) Eligible administrative costs; and*
- (ii) Eligible programmatic expenses.*

*(b) The administrative costs and programmatic expenses of transferee's staff who perform both administrative and programmatic functions shall be allocated between the two different expense types and evidenced by accurate time reports.*

*(c) Administrative costs and programmatic expenses may not be paid with any portion of a transfer that consists of State general obligation bond funds.*

*(d) Administrative costs and programmatic expenses may be paid with any portion of a transfer that consists of special funds if:*

- (i) The administrative costs are related to the restoration or rehabilitation of historic properties owned by the transferee for resale or lease; or*
- (ii) The administrative costs and programmatic expenses are necessary to carry out the transfer of funds; and*
- (iii) The total administrative costs and programmatic expenses do not exceed 10% of the portion of a transfer that consists of special funds.*

*"Administrative costs" means indirect costs for common or joint objectives that cannot be readily identified with an individual project, including a transferee's costs of day-to-day general operations that are associated with carrying out a transfer and restoring or rehabilitating historic properties owned by transferee for resale or lease.*

*“Preparation costs” means the costs of studies, surveys, plans and specifications, or architectural, engineering, and other special services (per §5A-322 of the State Finance and Procurement Article, Annotated Code of Maryland, as amended).*

*“Programmatic expenses” means direct costs, excluding preparation costs, that can be specifically identified with the process of developing and implementing a subloan program, or a program for acquiring historic properties for resale or lease, with the proceeds of a transfer.*

## 2.1 Project Budget

Provide a spreadsheet with a breakdown of the requested funds using the categories set forth below, as applicable to your project.

Program Component	MHT Funds Requested	Other Funding
<p>Overall request</p> <p><i>Note: The amount of funding available, and the source of funds (GO Bond Funds or Special Funds) may be found on MHT’s website at: <a href="https://mht.maryland.gov/loans.shtml">https://mht.maryland.gov/loans.shtml</a></i></p>	<p>Special Funds Requested: \$_____</p> <p><i>[Note: A maximum of 10% of the Special Funds requested may be used for administrative costs and programmatic expenses.]</i></p> <p>GO Bond Funds Requested: \$_____</p> <p><i>[Note: GO Bond Funds may be used for certain preparation costs but not for administrative and programmatic expenses.]</i></p> <p>Total Amount Requested from MHT: \$_____</p>	<p>Total Amount of Other Funding: \$_____</p>
<p>Acquisition of historic properties or interests in historic properties by Applicant Organization for resale or lease</p>	<p>Acquisition costs: \$_____</p> <p>Administrative costs: \$_____</p> <p>Programmatic costs: \$_____</p> <p><i>[Note: Programmatic expenses apply only if the Applicant Organization has a property rehabilitation program or portfolio – otherwise include under Administrative Costs]</i></p>	<p>Acquisition costs: \$_____</p> <p>Administrative costs: \$_____</p> <p>Programmatic costs: \$_____</p>
<p>Restoration or rehabilitation, for resale or lease, of properties owned by Applicant Organization</p>	<p>Construction costs: \$_____</p> <p>Preparation costs: \$_____</p> <p>Administrative costs: \$_____</p> <p>Programmatic expenses: \$_____</p> <p><i>[Note: Programmatic expenses apply only if the Applicant Organization has a property rehabilitation program or portfolio –</i></p>	<p>Construction costs: \$_____</p> <p>Preparation costs: \$_____</p> <p>Administrative costs: \$_____</p>



	<i>otherwise include under Administrative Costs]</i>	Programmatic expenses: \$____
Loans to other nonprofits, political subdivisions, and business entities for eligible purposes (acquisition, rehabilitation, restoration, refinancing)	Amount to be awarded as loans: \$____  Programmatic expenses: \$____	Amount to be awarded as loans: \$____  Programmatic expenses: \$____
Loans to individuals for eligible purposes (rehabilitation or restoration of National Historic Landmarks)	Amount to be awarded as loans: \$____  Programmatic expenses: \$____	Amount to be awarded as loans: \$____  Programmatic expenses: \$____
Applicant Organization's Administrative Costs related to transfer of funds from MHT	Administrative costs: \$____  Programmatic expenses: \$____	Administrative costs: \$____  Programmatic expenses: \$____

2.2 Provide a narrative description of each Program Component for which the Applicant Organization is requesting funding. Provide information and attachments for each Program Component as indicated below.

Acquisition of historic properties or interests in historic properties by Applicant Organization for resale or lease

- a) Information to include in narrative
  - i) Goal of acquisition (resale or lease)
  - ii) General criteria for selection of properties
  - iii) For re-sold properties, will protective measures (easement, covenant) be ensured?
  - iv) Organizational staffing / administration
  - v) *If known*: Property address
  - vi) *If known*: Listing / designation status (must be listed in or eligible for listing in Maryland Register)
  - vii) *If known*: Property value
- b) Required attachments
  - i) Resumes of staff members who will administer funds
  - ii) *If available*: Contracts of sale

Restoration or rehabilitation, for resale or lease, of properties owned by Applicant Organization

- a) Information to include in narrative
  - i) Goal of acquisition (resale or lease)
  - ii) General criteria for selection of properties

- iii) For re-sold properties, will protective measures (easement, covenant) be ensured?
- iv) Organizational staffing / administration
- v) *If known:* Property address
- vi) *If known:* Listing / designation status (must be listed in or eligible for listing in Maryland Register)
- vii) *If known:* Property value
- viii) *If known:* Scope of work, with cost breakdown

b) Required attachments

i) Resumes of staff members who will administer funds (demonstrating they meet the Secretary of the Interior's Professional Qualifications Standards)

ii) *If available:* Contractor cost proposals

Loans to other nonprofits, political subdivisions, and business entities for eligible purposes (acquisition, rehabilitation, restoration, refinancing)

AND

Loans to individuals for eligible purposes (rehabilitation or restoration of National Historic Landmarks)

a) Information to include in narrative

- i) Goals of program and funding priorities / selection criteria
- ii) General criteria for eligible fund recipients
- iii) General criteria for eligible properties
- iv) General criteria for eligible activities
- v) Will protective measures (easement, covenant) be ensured?
- vi) Organizational staffing / administration (for your organization to administer the funding program)
- vii) *If known:* General criteria for loans (loan to value ratio, maximum loan amount, term in years, how is interest rate set, what security is needed)
- viii) *If known:* Applicant Organization's proposed use of revenues from loan repayment

b) Required attachments

- i) Resumes of staff members who will administer funds
- ii) *If available:* Expressions of interest from eligible fund recipients

Applicant Organization's Administrative Costs and Programmatic Expenses related to transfer of funds from MHT

a) Information to include in narrative

- i) State anticipated types of costs, including whether these are in-house costs or external costs

ii) Substantiate estimate of costs using hourly rate or percentage of salaried position (for in-house staff)

b) Required attachments

i) Resumes of staff members who will administer transfer of funds

- 2.3 Provide a schedule for implementation of the Program Components which will utilize MHT funds. If MHT funds will be utilized in the form of loans to other entities or individuals, include a timeline for the application and award process. Assume the transfer of funds from MHT will occur in June 2024.
- 2.4 Describe the source and use of funds other than MHT's which your organization plans to use toward any of the Program Components (as you indicated in your budget).
- 2.5 Describe how the funds from MHT will assist your organization in meeting its own mission and goals, building capacity in your own and other organizations, stimulating or promoting other preservation activities and partnerships, and advancing the preservation of diverse historic resources across the State.