



HOME
Homeowner Entry Loan Program
Procedural Manual

March 4, 2014

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This information will be made available in alternative format upon request.

Table of Contents

Introduction.....	1
Mission Statement	1
Background.....	1
Procedural Manual.....	1
HOME Homeowner Entry Loan Program (HOME HELP)	1
Chapter 1 – Lender Responsibilities and Warranties	2
1.01 Procedural Manual	2
1.02 Evidence of Misconduct Referred to Attorney General.....	2
1.03 Compliance with Privacy Statutes	2
1.04 Unauthorized Compensation	3
1.05 Minnesota Housing Due Diligence Audit Guidelines and Requirements.....	3
1.06 Termination of Lender Participation	3
1.07 Covenants	4
Chapter 2 - Borrower Eligibility	7
2.01 Borrower.....	7
2.02 Borrower Age.....	7
2.03 Borrower Eligibility for Students	7
2.04 Borrower Eligibility Criteria	7
2.05 Co-Signers	8
2.06 Unauthorized Compensation	8
2.07 Acceptable Forms of Homeownership.....	8
2.08 Prior Homeownership - Three-Year Requirement – HOME HELP Loans.....	8
2.09 Principal Residence/Occupancy Requirement	9
2.10 Homebuyer Education.....	9
2.11 Minnesota Housing HOME HELP Program Eligibility Income.....	10
2.12 Loans to Employees and Affiliated Parties.....	10
Chapter 3 - Property Eligibility	11
3.01 Eligible Properties.....	11
3.02 Manufactured Homes.....	11
3.03 Condominium and Planned Unit Development Requirements.....	12
3.04 Ineligible Properties.....	12
3.05 Acquisition Cost Limit	12
Chapter 4 - Loan Eligibility	13
4.01 Eligible Loans	13
4.02 Interest Rate/Amortization Requirements.....	13
4.03 Loan Amount	13
4.04 Mortgage Term.....	13

4.05	Environmental Standards	13
4.06	Junior Liens/Community Seconds	14
4.07	Repurchase of Loans.....	14
Chapter 5 – Funding Request/Disbursement.....		15
5.01	Requesting HOME HELP Funds.....	15
5.02	Modifying a Funding Request.....	15
5.03	Canceling a Funding Request.....	15
5.04	Transfer of Individual Funding Requests	15
5.05	Duplicate Funding Requests	15
5.06	Minnesota Housing Loan Purchase/Disbursement of Funds	16
5.07	Loan Purchase Corrections	16
Chapter 6 – Documentation Requirements		17
6.01	Loan Processing and Closing.....	17
6.02	Minnesota Housing Documentation/Delivery Requirements.....	17
6.03	Records Retention	17
Chapter 7 – Servicing.....		19
7.01	Servicing.....	19
7.02	Delivery of Loans to Servicer	19
7.03	Due on Sale	19
7.04	Subordinations.....	19
7.05	Hardship Policy	19
Appendix A: Definitions.....		20
Appendix B: Forms List		21

Introduction

Mission Statement

Minnesota Housing finances affordable housing for low- and moderate-income households while fostering strong communities.

Background

The Minnesota Housing Finance Agency (“Minnesota Housing” or “MHFA”) was created in 1971 by the Minnesota Legislature.

Minnesota Housing created the HOME Homeowner Entry Loan Program (HOME HELP) to provide financial assistance to provide borrowers with cash to meet downpayment and closing cost requirements in the tightening credit market and with affordable, sustainable homeownership opportunities.

Procedural Manual

This Procedural Manual sets forth for Lenders the terms and conditions under which Minnesota Housing will purchase mortgages under the HOME HELP Program.

HOME Homeowner Entry Loan Program (HOME HELP)

HOME HELP uses federal HOME dollars to bridge affordability gaps and promote successful homeownership by providing downpayment and closing cost assistance to eligible Borrowers.

Chapter 1 – Lender Responsibilities and Warranties

1.01 Procedural Manual

This Procedural Manual, including subsequent changes and additions, is a supplement to the HOME Homeowner Entry Loan Program Lender Acceptance Agreement (hereinafter referred to as the “Agreement”) executed between Lender and Minnesota Housing. The Agreement is incorporated herein by reference and is a part hereof as if fully set forth herein at length.

Minnesota Housing reserves the right to:

- Change the amount of assistance at any time under its sole discretion;
- Alter or waive any of the requirements herein;
- Impose other and additional requirements; and
- Rescind or amend any or all materials effective as of the date of issue unless otherwise stated.

Minnesota Housing is under no obligation to purchase any HOME HELP assistance loan or retain ownership of an assistance loan that does not comply fully with this Procedural Manual. Minnesota Housing grants waivers, alterations or revisions at its sole discretion.

1.02 Evidence of Misconduct Referred to Attorney General

- Minnesota Housing will refer any evidence of fraud, misrepresentation, or other misconduct in connection with the operation of these programs to the Minnesota Attorney General’s office for appropriate legal action.
- If, after a loan is made, a Lender discovers any material misstatements or misuse of the proceeds of the loan by the Borrower or others, the Lender shall promptly report such discovery to Minnesota Housing.
- Minnesota Housing may exercise all remedies available to it, both legal and equitable, to recover funds from the Lender and/or the Borrower. This includes loan funds, together with all applicable administrative costs and other fees or commissions received by the Lender in connection with the loan and for all attorney fees, legal expenses, court costs or other expenses incurred by Minnesota Housing in connection with the loan or recovery thereof.

1.03 Compliance with Privacy Statutes

The Minnesota Government Data Practices Act:

- Requires the Lender to supply adult household members with the Tennesen Warning and the Privacy Act Notice when requesting private data; and
- Governs when the disclosure of the Borrower’s social security number is required.

The Minnesota Revenue Recapture Act of 1980 (Minnesota Statutes Sections 270A.01 to 270A.12) allows the disclosure of the Borrower’s Social Security Number or Minnesota Tax Identification Number to the Minnesota Department of Revenue. This could result in the application of state tax refunds to the payment of any delinquent indebtedness of the Borrower to Minnesota Housing.

Note: Only the Borrower’s name, address and amount of assistance received are public data and may be released to the public. All other data is private and may be released only to those authorized access by law.

1.04 Unauthorized Compensation

Lender may receive fees approved in this Procedural Manual. However, Lender shall not receive or demand from realtor/builder/Property Seller/Borrower:

- Kickbacks;
- Commissions; or
- Other compensation.

1.05 Minnesota Housing Due Diligence Audit Guidelines and Requirements

The Lender is required to keep on file a complete copy of documents for each loan originated for purchase by Minnesota Housing. Loan audits may include, but are not limited to, the following:

- HOME HELP loans associated with a Minnesota Housing Start Up loan selected for audit;
- HOME HELP loans associated with a Minnesota Housing Start Up loan which goes into early payment default (90 days or more past due) in the first nine months; and
- HOME HELP loans associated with Minnesota Housing Start Up loans originated by Lenders with higher-than-average delinquency rates.

Audited loans are reviewed for:

- HOME guideline compliance;
- Minnesota Housing program/policy compliance;
- Compliance with credit/property underwriting requirements of the underlying loan product;
- Compliance with insurer/guarantor requirements;
- Fraud or misrepresentation on the part of any party involved in the transaction; and
- Trends and/or other indicators that may have an impact on the financial viability of the loan portfolio in part or in whole.

1.06 Termination of Lender Participation

In the event that Lender fails to observe or perform any condition in the Agreement or this Procedural Manual, or in the event that any warranty made by Lender is determined by Minnesota Housing to be untrue, then Minnesota Housing shall be entitled to remedies, at law or in equity, including but not limited to:

- The right to tender HOME HELP loans to Lender for repurchase as set forth in the Agreement;
- The right to rescind acceptance of the Agreement; and
- The right to terminate the Agreement.

All such remedies shall be cumulative and the exercise by Minnesota Housing of any one or more of them shall not in any way alter or diminish Minnesota Housing’s right to any other remedy provided in the Agreement or by law.

Upon termination of a Lender’s Agreement Minnesota Housing will:

- Continue to purchase eligible loans for which a commitment has been issued, until the commitment expiration date; and
- Not refund participation fees to the Lender.

Minnesota Housing may, at its option, impose remedies other than termination of the Agreement for Lender nonperformance.

Lender may request reinstatement into the HOME HELP Program. The decision whether or not to reinstate a Lender shall be at Minnesota Housing’s sole discretion.

Lender participation in the HOME HELP Program is contingent upon the Lender being a participant in the Start Up Loan Program. Lender’s participation in the HOME HELP Program will terminate upon:

- Termination of the HOME HELP Program;
- Lender’s termination of participation in the Start Up Loan program; or
- Failure to comply with all of the terms of the Agreement.

1.07 Covenants

The Lender agrees to comply with all applicable federal, state, and local laws, ordinances, regulations and orders, including but not limited to the following (and any applicable rules, regulations, and orders thereunder):

- Title VI of the Civil Rights Act of 1964;
- Title VII of the Civil Rights Act of 1968, as amended by the Housing and Community Development Act of 1974;
- Section 527 of the National Housing Act;
- Equal Credit Opportunity Act;
- Fair Credit Reporting Act;
- Executive Order 11063, Equal Opportunity in Housing, issued by the President of the United States on 11/20/62;
- Federal Fair Housing Law (Title VIII of the Civil Rights Act of 1968);
- Students Eligibility – 24 CFR Part 5.612;
- HUD Lead Requirements - Chapter 24 of the Code of Federal Regulations (CFR), Section 92.355;
- HUD’s Uniform Physical Conditions Standard (UPCS); 24 CFR, section 5.705;
- Runway Clear Zones – 24 CFR, Part 51;
- Coastal Barrier – 16 U.S.C. 3501;
- Americans with Disabilities Act, 42 U.S.C.A. Section 12101;
- Fair and Accurate Credit Transactions Act;
- National Flood Insurance Act;
- Truth In Lending Act;
- Home Mortgage Disclosure Act;
- Anti Predatory Lending Act;
- USA Patriot Act;
- Bank Secrecy Act;

March 4, 2014

- Anti-Money Laundering and Office of Foreign Assets Control Policy;
- Internal Revenue Code of 1986, Section 6050H;
- Real Estate Settlement and Procedures Act of 1974;
- Minnesota Human Rights Act – Minnesota Statutes Chapter 363A;
- Data Privacy - Minnesota Statutes Chapter 13 and 462A.065;
- Minnesota Mortgage Originator and Servicer Licensing - Minnesota Statutes Chapters 58 and 58A;
- Annual Income - 24 CFR Part 5.609
- Lead Based Paint Guidelines - 24 CFR Part 35;
- Home Investment Partnership Program - 24 CFR Part 92; and
- Any existing local Housing Quality Standards.

In addition to the above covenants, Lender must:

- Be the sole owner and holder of the loan with the right to assign it to Minnesota Housing;
- Assign the loan free and clear of all encumbrances;
- Warrant that:
 - The property is undamaged by fire, windstorm, or other hazard;
 - The first mortgage loan is current on monthly installments of principal, interest, taxes, assessments and hazard insurance premiums at the time the first mortgage is purchased by Minnesota Housing's Master Servicer and the HOME HELP loan is purchased by Minnesota Housing;
 - Borrower's cash investment has been paid from Borrower's own verified assets;
 - Borrower's assets after closing:
 - Must be at least \$500 or the equivalent of two months of the first mortgage PITI, whichever is less, and
 - are limited to the greater of 8 months first mortgage PITI or \$8,000;
 - HOME HELP funds received by Borrower have been applied to the transaction and are verified on the HUD-1 Settlement Statement;
 - Lender has not advanced funds, or solicited or induced funds to be advanced by another, directly or indirectly for the payment of any amount required by the loan, except to the extent specifically provided by Minnesota Housing;
 - All settlement and closing costs paid or borne by either party to the transaction have been disclosed, itemized and clearly explained on a closing or settlement statement, a copy of which was furnished to the Borrower and the Property Seller prior to closing;
 - All underwriting requirements of the underlying loan product have been satisfied;
 - All insurer/guarantor loan requirements have been met;
 - The Borrowers are First-Time Homebuyers;
 - The Lender has examined applicable federal income tax returns or other appropriate documentation to verify First-Time Homebuyer status;
 - Lender has no knowledge of any circumstances or conditions with respect to the mortgage or mortgaged property or Borrower's credit standing that can:
 - Be expected to cause prudent investors in the secondary market to regard the mortgage as an unacceptable investment; and

- Cause the mortgage to become delinquent or to adversely affect the value or marketability of the mortgage.
- The person who signs the Lender Representations and Warranties on behalf of the Lender is fully conversant with Minnesota Housing program requirements, the underlying loan product and insurer/guarantor requirements and has the authority to legally bind the Lender; and Lender has complied with all terms, conditions and requirements of the Agreement and this Procedural Manual unless those terms, conditions and requirements have been specifically waived by Minnesota Housing in writing.

Chapter 2 - Borrower Eligibility

2.01 Borrower

One individual or multiple individuals are eligible to be a Borrower(s) only if such individual or individuals:

- Qualify for a first mortgage loan through the Start Up program; and
- Meet all other requirements of this Procedural Manual.

As a part of the application, Borrower must disclose whether they currently:

- Receive a rental subsidy under the HUD Section 8 Program; or
- Reside in public housing.

2.02 Borrower Age

Borrower must be eighteen (18) years of age or older or have been declared emancipated by a court having jurisdiction.

2.03 Borrower Eligibility for Students

Generally, the HOME HELP Loan Program excludes any student under the age of 24 years. However, if the student is under the age of 24 and even one of the following criteria exists, that student **is** eligible for a HOME HELP Loan:

- Is a veteran of the U.S. military;
- Is married;
- Has a dependent child(ren); or
- Is a person with disabilities

2.04 Borrower Eligibility Criteria

Housing Ratio

- Borrowers' housing ratio must exceed 20% to qualify for HOME HELP assistance.

Occupancy Requirement

- Borrowers must occupy the property as their primary residence.

Minimum Contribution/Asset Limit

- The Borrower is required to contribute a minimum of the lesser of 1% of the purchase price or \$1,000 toward transaction costs. The minimum cash investment must come from the Borrowers' assets and may not be a gift, grant, loan or sweat equity contribution;
- The Borrower's liquid assets after closing must be at least \$500 or the equivalent of two months of the first mortgage PITI, whichever is less; and
- The Borrower's liquid assets after closing are limited to the greater of eight months first mortgage PITI or \$8,000.

Credit Scores and Debt-to-Income Ratios (DTI)

A credit score of 640 or higher is required of all Borrower(s). If the credit report reflects three credit scores for the Borrower(s), use the middle score to determine Borrower eligibility. If the credit report reflects only two scores for the Borrower(s), use the lower of the two scores to determine Borrower eligibility.

- If the Borrower(s) have a credit score greater than or equal to 640 and less than 660, the DTI may not exceed 45% or the maximum DTI permitted by the underlying mortgage product, whichever is lower.
- If the Borrower(s) have a credit score of 660 or higher, the maximum DTI may not exceed 50% or the maximum DTI permitted by the underlying mortgage product, whichever is lower.
- If there are multiple Borrowers in a transaction and all have credit scores, the score from the Borrower with the lowest credit score will determine the maximum DTI.
- If no Borrower(s) have credit scores, alternative credit suggesting a prudent underwriting risk must be developed; and the maximum DTI is 45% or the maximum DTI permitted by the underlying mortgage product, whichever is lower.
- If one Borrower has a credit score of at least 640 but the other Borrower(s) do not have a credit score, the question of whether alternative credit must be developed for the Borrower(s) without a score is deferred to the underlying loan product guidelines and the maximum DTI is 45% or the maximum DTI permitted by the underlying mortgage product, whichever is lower.

2.05 Co-Signers

Non-occupant co-signers are allowed on HOME HELP loans.

2.06 Unauthorized Compensation

Borrower shall not receive kickbacks, rebates, discounts, and/or compensation from any subcontractor, realtor or Property Seller.

2.07 Acceptable Forms of Homeownership

Under the HOME HELP Program the Borrower must hold fee simple title, or a 99-year leasehold estate subject to a Community Land Trust.

Note: Life Estates are NOT an acceptable form of ownership.

2.08 Prior Homeownership - Three-Year Requirement – HOME HELP Loans

Borrower may not have had an ownership interest in a Principal Residence at any time during the three year period ending on the date of execution of the mortgage.

- Present ownership interest includes:
 - A fee simple interest;
 - An individual tenancy, joint tenancy, a tenancy in common, or a tenancy by the entirety;
 - The interest of a tenant shareholder in a cooperative;
 - A life estate;
 - A leasehold estate or a leasehold estate subject to a Community Land Trust;

- A land contract, under which possession and the benefits and burdens of ownership are transferred although legal title is not transferred until some later time;
- An interest held in trust for the Borrower (whether or not created by the Borrower) that would constitute a present ownership interest if held directly by the Borrower;
- Vendee interest in a contract for deed; or
- An ownership interest in a mobile home that is taxed as real estate.
- Interests that do not constitute a present ownership interest include:
 - Remainderman interest;
 - An ordinary lease with or without an option to purchase;
 - A mere expectancy to inherit an interest in a Principal Residence;
 - The interest that a purchaser of a residence acquires on the execution of an accepted offer to purchase real estate;
 - An interest in a non-Principal Residence during the previous three years (e.g. a recreational or seasonal home); or
 - An ownership interest in a mobile home which is not permanently attached to the land and is taxed as Personal Property; and
 - Pre-existing interest in the subject property.
- Required Documentation - Tax Returns:
 - To verify that the Borrower meets the three-year requirement, the Lender must obtain copies of signed federal income tax returns filed for the three years immediately preceding execution of the mortgage documents (loan closing). The Lender should examine the tax returns and the credit report for any evidence that the Borrower may have owned a Principal Residence in the past three years. The Borrower may also provide the Lender with an affidavit that he/she was not legally required to file an Income Tax Return during one or all of the preceding three years.
- Special Documentation for Current Ownership:
 - A Borrower with a current ownership interest in a residence within the most recent three year period must be able to provide evidence (e.g. copy of rental agreement/lease) showing that they have not lived in the dwelling for the most recent three year period.

2.09 Principal Residence/Occupancy Requirement

Borrower(s) must intend to occupy the financed dwelling as a Principal Residence within 60 days after the closing of the loan.

2.10 Homebuyer Education

Qualified Homebuyer Education is required for Borrowers securing Minnesota Housing HOME HELP financing.¹

Homebuyer education may be delivered either by instructors trained under Home Stretch or NeighborWorks® America in a classroom setting or via the Minnesota Home Ownership Center's Framework, an online home buyer education platform. Homebuyer education must be completed prior to closing.

¹ Available courses are listed on the Homeownership Center website at: <http://www.hocmn.org>

The above noted requirements will be satisfied when at least one Borrower per household provides a certificate of completion.

2.11 Minnesota Housing HOME HELP Program Eligibility Income

Gross annual household income, as defined in 24 CFR 5.609, is the gross annual projected household income as of the date of the Borrower Application.

Borrower must have gross annual projected household income at or below 80% of the area median income adjusted for family size as determined by the Department of Housing and Urban Development (HUD). Income calculations will be conducted in accordance with 24 CFR 5.609 and be completed no earlier than six months prior to the purchase of the eligible property.

Income derived from certain assets must also be included in the income calculation (see link to Minnesota Housing Part 5 Income Determination on Minnesota Housing's HOME HELP Loan Program Forms page).

Note: When Start Up and HOME HELP income limits differ, the lower limit must be applied. Program income limits are recited on Minnesota Housing's website.

2.12 Loans to Employees and Affiliated Parties

Lender may make Minnesota Housing loans to their directors, officers, agents, consultants, employees and/or their families, elected or appointed officials of the State of Minnesota as well as to Minnesota Housing employees and/or their families who are not in a position to participate in a decision making process or gain inside information with regard to the loan. The Borrower must meet all eligibility criteria for the HOME HELP Program.

Chapter 3 - Property Eligibility

3.01 Eligible Properties

In order to qualify as an eligible property for a Minnesota Housing loan, the residence must:

- Be located in the State of Minnesota;
- Be a one-unit single-family residence, which includes:
 - An eligible Planned Unit Development (PUD) constructed no earlier than 1978;
 - An eligible condominium constructed no earlier than 1978; or
 - A manufactured home permanently affixed to a foundation and taxed as real property.

In addition to meeting the eligibility criteria noted above, properties to be financed with the assistance provided by the HOME HELP Program must satisfy the following requirements:

- The property must meet local housing standards where such standards exist. If no local housing standards exist; the property must meet HUD's Uniform Property Condition Standards (UPCS) as outlined in 24 CFR 5.705. Houses constructed prior to 1978 must comply with HUD's lead requirements as set forth in 24 CFR 92.355. (See Minnesota Housing Website for guidance). Compliance with these requirements must be confirmed and documented with an inspection by a qualified inspector selected from Minnesota Housing's HOME HELP roster as shown on Minnesota Housing's website.
- If the Borrower is purchasing a property constructed prior to 1978, the Borrower must receive HUD lead paint disclosures in compliance with 24 CFR 92.355. Further, the Borrower must acknowledge receipt of those disclosures.
- Disclosure to the property Seller of voluntary sale rights and the value of the property must be accomplished and acknowledged, to comply with HUD's Uniform Relocation Act (URA) requirements.
- If the property is within 3,000 feet of the end of a civil airport runway, or within 15,000 feet of a military airport runway, HUD Environmental Review guidelines apply and the lender must contact Minnesota Housing for additional information and conditions.

3.02 Manufactured Homes

Homes built to Federal Manufactured Home Construction Safety Standards, administered by HUD. The homes are built on wheeled chassis, which remain a basic structural element.

Manufactured/Mobile homes are acceptable only for government insured/guaranteed loan products if they meet the following requirements:

- Foundation: Permanently attached and anchored per manufacturer specifications to a basement, slab or footings to frost line;
- Wheels, axles and trailer hitches must be removed;
- Units must be assessed as real estate for property tax purposes; and
- Units must meet the requirements of the underlying loan product and the applicable insurer/guarantor.

Note: When a HOME HELP program loan is used to provide assistance in the purchase of a manufactured home, the home must be connected to permanent utility hook-ups.

3.03 Condominium and Planned Unit Development Requirements

In addition to meeting all the requirements of the Minnesota Housing Mortgage Program Procedural Manual, Condominium units and units within a Planned Unit Development are restricted as follows:

- Condominium and Planned Unit Development units constructed prior to 1978 are not eligible.
- Condominium and Planned Unit Development units constructed after 1978 with common areas or accessory buildings that were constructed prior to 1978 are also ineligible.

3.04 Ineligible Properties

Properties not eligible for financing are as follows:

- Properties that are currently rented (does not apply if the subject property is the same property the Borrower(s) currently rent);
- Properties that have been rented or non-owner occupied within the last three months (does not apply if the property has been vacant for the past three months);
- Properties where a renter or non-owner occupant was forced to move in anticipation or receipt of HOME HELP assistance;
- Duplexes or other multi-unit properties;
- A unit in a Cooperative Corporation or a limited equity Cooperative Corporation;
- Recreational/seasonal home;
- Single-wide mobile/manufactured home even if permanently affixed to a foundation and taxed as real property;
- A property intended to be used as an investment property;
- Proposed construction;
- Manufactured/mobile homes financed with a conventional loan product; and
- A property where 15% or more of the total area of the property is used primarily in a trade or business in a manner which would permit the Borrower(s) to take a deduction for any portion of the costs of the property for expenses incurred in connection with such trade or business use of the property on the Borrowers' federal income tax return.

3.05 Acquisition Cost Limit

The Acquisition Cost of the property that is being financed in part by HOME HELP proceeds may not exceed 95% of the HUD area median purchase price. When Start Up and HOME HELP acquisition cost limits differ, the lower limit must be applied.

Note: Program acquisition cost limits are recited on Minnesota Housing's website.

Chapter 4 - Loan Eligibility

4.01 Eligible Loans

Minnesota Housing purchases closed loans from Lenders under the HOME HELP Program if the loan satisfies all the requirements for:

- Funding with federal HOME dollars; and
- This Procedural Manual.

4.02 Interest Rate/Amortization Requirements

HOME HELP is an interest-free, deferred loan.

4.03 Loan Amount

The maximum loan amount available through the HOME HELP Program is \$10,000. The loan amount must be calculated using the lesser of sales price or appraised value. The HOME HELP Loan Calculator available on Minnesota Housing's website must be used when determining the HOME HELP loan amount.

4.04 Mortgage Term

HOME Help is available only in conjunction with Start Up loans with a 30-year term. The HOME HELP loan is coterminous with the first mortgage.

The principal amount of the HOME HELP loan shall be 100% of the amount borrowed for six years after the date of the Mortgage Note. The principal amount shall be reduced to 50% of the amount borrowed after the sixth anniversary of the Mortgage Note. The principal amount must immediately be paid in full if the Borrower is in default under the HOME HELP Mortgage or HOME HELP Mortgage Note.

4.05 Environmental Standards

Coastal Barrier

Pursuant to the Coastal Barrier Resources Act, as amended by the Coastal Barrier Improvement Act of 1990 (16 U.S.C. 3501) HUD assistance may not be used for most activities proposed in the Coastal Barrier Resources System. Therefore, the Minnesota Housing HOME HELP Program may not be used in conjunction with any loan for the purchase/construction of a primary residence located in the area defined by the map on the website.

Runway Clear Zones

Minnesota Housing, pursuant to 24 CFR, Part 51 requires the Lender to procure a written statement from the Borrower acknowledging receipt of disclosure of the following:

- That the property is located in a Runway Clear Zone;
- The implications of such a location; and
- That there is a possibility that the property may be acquired by the airport operator at a later date.

4.06 Junior Liens/Community Seconds

The following junior liens/community seconds may not be used in conjunction with HOME HELP funds:

- Additional HOME Funds;
- ADDI Funds;
- Minnesota Housing Deferred Payment Loans; and
- Minnesota Housing Monthly Payment Loans.

4.07 Repurchase of Loans

Minnesota Housing may, at its option tender any loans to the Lender for repurchase if:

- Any representation or warranty of the Lender or the Borrower with respect to the loan is determined by Minnesota Housing to be materially incorrect; and
- The loan is not in compliance with any term or condition set forth in the Agreement and this Procedural Manual.

Upon written notice of repurchase by Minnesota Housing, Lender has 10 business days to submit payment to Minnesota Housing for the unpaid principal balance, the Lender premium and any other expenses incurred, including legal fees and costs. This requirement applies if the loan is current, delinquent, or in any stage of foreclosure. Failure to comply with this requirement may result in the termination, suspension, or otherwise limit the Lender's Agreement with Minnesota Housing.

Chapter 5 – Funding Request/Disbursement

Minnesota Housing funds a variety of programs and initiatives and reserves the right to establish limits for any program and/or initiative during any business day as listed:

- A maximum dollar amount of money a Lender may request; or
- A maximum number of Individual Funding Requests from any one Lender.

Lender may request funds on a first-come, first-served basis. Fund balances are available on the Minnesota Housing website.

5.01 Requesting HOME HELP Funds

Once the Lender has determined that a Borrower meets the loan requirements, funds are requested by submitting all necessary documentation to Minnesota Housing.

Funding Requests that meet the eligibility requirements in this Procedural Manual will be authorized.

Funding Requests associated with Start Up loans are valid until the Start Up loan has been either purchased or cancelled.

5.02 Modifying a Funding Request

- Any change to a funding request must meet eligibility requirements and must be submitted to Minnesota Housing for approval.
- Any qualifying funding request change will not alter the original commitment period of the associated Start Up loan or HOME HELP loan.
- A change of Borrower or property on the Funding Request will not be allowed on a Start Up loan or HOME HELP loan.

5.03 Canceling a Funding Request

Minnesota Housing requires Lender to cancel any Funding Request that will not be used for the specified loan.

5.04 Transfer of Individual Funding Requests

Lender may not transfer funding requests to another Lender without prior written approval by Minnesota Housing. Minnesota Housing may transfer a funding request under the following conditions:

- Lender requests in writing a transfer of the funding request to a different Lender and documents the reason;
- New Lender must be an approved participant in both the Start Up and HOME HELP Programs; and
- Original Lender must transfer and/or assign case documents to the new Lender.

5.05 Duplicate Funding Requests

While using the Start Up Program, the Lender may not cancel a HOME HELP funding request and subsequently request funds for the same Borrower/property.

5.06 Minnesota Housing Loan Purchase/Disbursement of Funds

Minnesota Housing will purchase HOME HELP loans which meet eligibility requirements, as outlined in Section 6.02, Monday through Thursday, except for State observed holidays. The disbursement of funds will occur within approximately six working days.

Loans will be purchased based on stated terms for each individual loan.

5.07 Loan Purchase Corrections

If it is determined that an adjustment to the purchase price of any purchased Start Up loan or HOME HELP loan is necessary, Minnesota Housing will either invoice the Lender for any funds to be returned or disburse additional funds to the Lender.

Chapter 6 – Documentation Requirements

6.01 Loan Processing and Closing

All loans submitted to Minnesota Housing for approval must meet the following requirements:

- Loans must be closed and disbursed prior to requesting Minnesota Housing loan approval.
- Lender must follow all mortgage industry regulatory and compliance provisions throughout the processing of the loan.
- All loan documents must be industry standard and meet the requirements of Minnesota Housing, the underlying loan product and the insurer/guarantor, as applicable.
- All loan documents must be complete, accurate and reviewed by the Lender at the various and appropriate stages of the loan.
- Minnesota Housing or industry-standard forms may not be altered in any way other than to add a company name and logo.
- The loan must be originated and closed in, or assigned to, the name of the Lender that is a party to the Agreement and that has received an Individual Commitment of Funds from Minnesota Housing.
- All HOME HELP mortgage assignments must run directly from the Lender to Minnesota Housing.
- Lender must submit the mortgage and assignment to the appropriate county office for recording prior to requesting loan approval from Minnesota Housing.
- All assignments must use the Minnesota Uniform Conveyance Blank.
- All HOME HELP Mortgage Notes must be endorsed to Minnesota Housing.

6.02 Minnesota Housing Documentation/Delivery Requirements

Minnesota Housing provides the HOME HELP Loan Transmittal Form detailing specific documentation/delivery requirements. Lender must fully execute and deliver documents within designated timeframes.

Note: All required documents must be delivered to Minnesota Housing within 10 days of loan closing as stated on the Loan Transmittal. Upon receipt and review of the HOME HELP Loan Transmittal and all required supporting documents, Minnesota Housing will notify the Lender of any omissions or deficiencies that prohibit loan purchase and disbursement of funds. All omissions and deficiencies must be cured within 180 days of loan closing. Minnesota Housing may, at its sole discretion, decline to purchase the loan if the omissions and deficiencies are not cured within 180 days of loan closing.

Documentation not delivered to the Servicer within the specified time frames, may result, at Minnesota Housing's discretion, in the Lender being required to repurchase the loan, or any such remedy as identified in this Procedural Manual.

6.03 Records Retention

Lender must retain any and all compliance documents (including compliance with Minnesota Housing program guidelines) as may be required by the Lender's regulatory authority, the requirements of the underlying loan product and the requirements of the insurer/guarantor, as appropriate.

Loan product and insurer/guarantor minimum and/or alternative documentation requirements does not relieve the Lender from the responsibility of acquiring and maintaining complete files, including any and all documents and materials as would customarily be required for servicing and/or loan audit.

Chapter 7 – Servicing

7.01 Servicing

Each Lender will be assigned a designated servicer by Minnesota Housing.

7.02 Delivery of Loans to Servicer

Administrator must forward the loan, along with the required documentation in the prescribed order and format, to the assigned Servicer by mail within 10 calendar days of closing the loan.

7.03 Due on Sale

The loan is due upon sale of or transfer of title to the property or if the property is no longer the Borrower's Principal Residence.

7.04 Subordinations

Minnesota Housing allows subordinations only under limited circumstances and only with prior written approval. During the term of the loan, the Borrower's ability to use any equity in the property may be severely restricted.

7.05 Hardship Policy

It is the policy of the HOME HELP Program that if the homebuyer sells the property, either voluntarily or involuntarily, such as in a foreclosure, s/he must immediately repay the balance owing on the loan to Minnesota Housing, but in no case will s/he be required to repay more than the lesser of the balance owing, or the amount of sales proceeds remaining if any after payment of superior liens and any closing costs.

Appendix A: Definitions

All terms used in the Procedural Manual use mortgage industry standard definitions except for the following:

TERM	DEFINITION
Acquisition Cost	The cost of acquiring a completed residential unit.
Coastal Barrier	An undeveloped coastal area designated for inclusion in the Coastal Barrier Resources System by the Coastal Barrier Resources Act (CBRA), Public Law 97-348 (96 Stat. 1653; 16 U.S.C. 3501 et seq.), enacted October 18, 1982.
First-Time Homebuyer	A Borrower who meets the requirements as stated in Section 2.07 of this Procedural Manual.
Housing Ratio	Total monthly housing expense (<i>the total of monthly Principal, Interest, Property Tax, Hazard Insurance, HOA fees, if any and required monthly principal and interest on a community second mortgage, if any</i>) divided by total monthly gross income (<i>income of all Borrowers and, if applicable, Co-signers</i>).
Individual Commitment	A specific legal commitment of funds with specific terms and conditions for use by a specific Borrower purchasing a specific property.
Master Servicer	The company selected by Minnesota Housing to be the Master Servicer for the Mortgage Revenue Bond Mortgage Backed Securities Program.
Principal Residence	A property used as the primary domicile of the owner-occupant Borrower and his/her household.
Qualified Homebuyer Training	Qualified Homebuyer Training is homebuyer training completed in a classroom setting by organizations that have had staff trained under HomeStretch or NeighborWorks America, or via the Minnesota Home Ownership Center’s Framework, an online home buyer education platform.
Remainderman	An individual who has a future interest in the estate, either as a contingent interest when a life tenant surrenders a claim to the estate, or a vested interest that becomes effective at a specified future date.
Runway Clear Zone	Designated areas at the end of airport runways where the greatest number of airplane accidents occur.
Uniform Property Condition Standards (UPCS)	The minimum quality standards for HUD-assisted housing. (24 CFR 5.705) or a local government housing quality standard.

Appendix B: Forms List

HOME HELP Commitment Request
HOME HELP Income Eligibility Calculation Worksheet
HOME HELP Homebuyer Agreement
HOME HELP Loan Calculator
HOME HELP Mortgage
HOME HELP Note
Home Help Notice to Buyers in Runway Clear Zone
HOME HELP Pre-purchase Loan Transmittal
HOME HELP Uniform Relocation Act Notification to Seller
HOME HELP Vacant Foreclosed Properties Form