

Fix-up Fund Credit Application

- Fillable form – on Minnesota Housing website
- Date of Application: Application must be on file with lender before any work begins
- Cannot refinance or reimburse for completed improvements
- Review borrower's Certifications
 - Including completing improvements within 9 months of loan closing

Property Information Section

- Check eligible building types (Procedural Manual, pages 10-11)
- See eligible forms of property ownership (Procedural Manual, page 7)
- Calculate after-improved value (equity) (Procedural Manual, page 11 and page 31)

Income Section

- A projection of household income for upcoming 12 months
- Disclose all sources of income for all residents who are owners of the property
- Reference Income *Eligibility Calculation Worksheet* for standardized verifications/calculations

Improvements Section

- Eligible and ineligible improvements (Procedural Manual, pages 13-14)
 - Examples of eligible: permanent general improvements to basic livability including additions, alterations, renovations or repairs upon or in connection with existing structure
 - Examples of ineligible:
 - personal property items such as refrigerator, washer/dryer
 - recreational items such as gazebos and swimming pools
 - garages larger than 800 square feet (including any existing garage space)
 - outbuildings
- Proposed costs must be supported by itemized bids/estimates
 - For work to be done by homeowner:
 - Itemized materials estimates from building suppliers
 - Homeowner cannot pay labor to self or household member
 - For work to be done by contractor:
 - Itemized bid from contractor

Credit Underwriting

- Fix-up Fund loans can't override prudent credit underwriting – they just make the monthly payment more affordable
- Seller must apply normal prudent underwriting standards. This includes lending post-bankruptcy, any past-due payment history, etc.
- Debt-to-income ratios are limited by Minnesota Housing:
 - 48% debt-to-income ratio maximum
 - Option for 55% debt-to-income ratio if Guarantor provided and/or industry-accepted compensating factors
 - Lender may follow lower ratios!

Signature Requirements

Follow instructions in Section 7.03 of Procedural Manual for required signature of Borrower, plus household residents with ownership interest who are included in qualifying the loan.

Fix-up Fund Loan Note

- Fillable form – on Minnesota Housing website
- Interest rate is locked at time of loan commitment
- Supplement with lender’s own *Truth in Lending and Good Faith Estimate*
- First payment date must be 20 to 45 days from date of *Note*
- Review information on pages 2, 3, and 4 of *Note*
 - Residency/ownership requirements
 - Prepayment penalty provisions

Mortgage

- Lender’s own form
- Must be executed by all owners and spouses, including:
 - Contract for deed vendors, if being purchased on contract for deed
 - Remaindermen, if ownership is life estate

Assignment of Mortgage

- Use *Minnesota Uniform Conveyance Blank*
- Reference Minnesota Housing as: “Minnesota Housing Finance Agency”

Closing and Funding the Loan

- Explain to borrower:
 - Note is non-assumable, due on sale or title transfer
 - Review provisions on pages 2-4 of *Note*
- Disburse loan proceeds in accordance with Right of Rescission
 - Loan funds must be disbursed to borrower, not to contractor or suppliers
- Submit *Mortgage* and *Assignment of Mortgage* to county for recording

Loan Transmittal 2nd Mortgage form

- Use the checklist on this transmittal form to:
 - Mail loan documents to servicer (AmeriNational Community Services) within 5 days of purchase by Minnesota Housing
 - Mail a copy of the Note to Minnesota Housing per instructions on the form

Notice of Loan Sale/Servicing Transfer

- Provide servicer information to borrower:

AmeriNational Community Services, Inc.,
217 Newton Avenue South,
Albert Lea, MN 56008;
Customer service: 888-263-7628, ext. 1381.
- Provide Minnesota Housing loan number to borrower

Recorded Mortgage and Assignment

- Mail original recorded documents to servicer (AmeriNational) and mail copies to Minnesota Housing (with *Loan Transmittal 2nd Mortgage form*)

Document Retention

Retain:

- Copies of all loan documents shipped to servicer (AmeriNational)
- All supporting documentation (page 23, Procedural Manual):
 - Verification of income
 - Credit Report and supplementary information as needed to support normal, prudent underwriting
 - Lender’s underwriting summary sheet
 - Documentation of property ownership and prior encumbrances
 - Bids and estimates for all proposed improvements
 - Any and all compliance documentation as may be required by lender’s regulatory authority (Truth in Lending, Good Faith Estimate, Right of Rescission, Notice to Home Loan Applicant, etc.)

This reference sheet does not contain all the information needed to originate loans for sale to Minnesota Housing. See the Minnesota Housing Fix-up Fund Program Procedural Manual at www.mnhousing.gov for complete information.

