



Rehabilitation Loan Program
Procedural Manual

February 10, 2011

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Introduction

Mission Statement

Minnesota Housing finances and advances affordable housing opportunities for low and moderate income Minnesotans to enhance quality of life and foster strong communities.

Background

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

Minnesota Housing created the Rehabilitation Loan program to compliment loan programs available in the private sector to fill the financial gap that existed between low-income homeowners able to secure home improvement financing in the private sector and those homeowners unable to do so.

Procedural Manual

This Procedural Manual sets forth for Lenders the terms and conditions under which Minnesota Housing will purchase mortgage loans originated under its Rehabilitation Loan Program (the “Program”).

Rehabilitation Loan Program

Deferred, zero percent interest Rehabilitation Program loans are available to low-income Minnesota homeowners through participating Lenders. Loans must be for improvements that directly affect the safety, livability, or energy efficiency of the home. Existing residential housing must be rehabilitated to meet Minnesota Housing’s Single Family Rehabilitation Standard (Rehabilitation Standard), thereby ensuring that all deficiencies as cited in a property inspection under the Rehabilitation Standard are cured. Homeowners requiring assistance of an emergency nature will be referred to the Minnesota Housing Emergency and Accessibility Loan Program.

Chapter 1 – Partner Responsibilities/Warranties

1.01 Procedural Manual

This Procedural Manual, including subsequent changes and additions, is a supplement to the Participation Agreement (hereinafter referred to as the “Agreement”) for the Program executed between Lenders and Minnesota Housing. The Agreement is incorporated herein by reference and is a part hereof as fully as if set forth in this Procedural Manual at length.

Minnesota Housing reserves the right to:

- Change the Program interest rate 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 loan or retain ownership of a 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 the program 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 Soft 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 Act Statutes

The Minnesota Government Data Practices Act:

- Requires the Lender to supply Borrowers with the Tennessee 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 are private and may be released only to those authorized access by law.

1.04 Unauthorized Compensation

Lender may receive Soft Costs approved in this Procedural Manual. However, Lender shall not receive or demand from builder, remodeler, contractor, supplier, or Borrower:

- Kickbacks;
- Commissions;
- Rebates; or,
- Other compensation.

In order to reduce the total rehabilitation cost associated with an eligible property, a Lender may receive discounts from the seller, builder, remodeler, contractor, or supplier.

Note: Discounts must be considered normal and do not constitute a kickback, commission, rebate or compensation to the Lender for services or products rendered.

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. A loan file may be requested to be made available to Minnesota Housing at the Lender's office during regular business hours or forwarded to Minnesota Housing for review. Loan audits will include, but are not limited to, a minimum of 10% of all loans purchased.

Audited loans are reviewed for:

- HOME compliance;
- Minnesota Housing program/policy compliance;
- 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 program in part or in whole.

1.06 Termination of Lender Participation

Minnesota Housing may terminate the participation of any Lender under this Procedural Manual at any time and may preclude Lender's future eligibility for reasons including, but not limited to, nonconformance with:

- This Procedural Manual;
- The Agreement;
- The Federal Fair Housing Law and/or the Equal Credit Opportunity Act;
- Any federal or state laws or acts that protect the Borrower's rights with regard to obtaining financing for home improvements; and
- Other applicable state and federal laws, rules and regulations.

Upon termination of a Lender's Agreement, Minnesota Housing will continue to purchase eligible loans for which a commitment has already been issued, until the commitment expiration date.

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

Lender may request reinstatement into Minnesota Housing programs. The decision whether or not to reinstate a Lender shall be at Minnesota Housing's sole discretion.

1.07 Representations and Warranties

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 or laws 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;
- The Equal Credit Opportunity Act;
- The 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 Act (Title VIII of the Civil Rights Act of 1968);

- Minnesota Human Rights Act (Minnesota Statutes Chapter 363A);
- Data Privacy - Minnesota Statutes Chapter 13 and Minnesota Statutes Section 462A.065;
- Minnesota S.A.F.E. Mortgage Licensing Act of 2010 – Minnesota Statutes Chapters 58 and 58A;
- Americans with Disabilities Act, 42 U.S.C.A. Section 12101;
- Fair and Accurate Credit Transactions Act;
- National Flood Insurance Act;
- National Environmental Protection Act (NEPA);
- Truth in Lending Act;
- Home Mortgage Disclosure Act;
- Anti-Predatory Lending Act;
- USA Patriot Act;
- Bank Secrecy Act;
- Anti-Money Laundering and Office of Foreign Assets Control Policy;
- Internal Revenue Code of 1986, Section 6050H;
- Real Estate Settlement Procedures Act of 1974;
- 24 CFR Part 5.609;
- 24 CFR Part 35; and,
- 24 CFR Part 92.

In addition to the above warranties and representations, Lender also warrants and represents that:

- Lender is the sole owner and holder of the loan with the right to assign it to Minnesota Housing;
- Lender has assigned the loan free and clear of all encumbrances;
- Has fully complied with all terms and conditions in the Agreement and this Procedural Manual for each loan processed unless prior written approval is obtained from Minnesota Housing;
- Lender has obtained sufficient documentation to demonstrate compliance with the State Building Code;
- Lender has obtained sufficient documentation to demonstrate compliance with Minnesota Housing's Rehabilitation Standard;
- Lender is a legally constituted public or governmental agency, political subdivision, nonprofit entity as defined by Minnesota Housing, a housing and redevelopment authority, or other organization designated by Minnesota Housing, which has as a primary purpose, the provision or development of affordable housing to low-income persons or households in Minnesota.
- Lender maintains capital and trained personnel adequate to render the services required as a part of the Lender's participation in the Program;

- Lender maintains adequate insurance on its employees in the form of a Fidelity and Forgery Bond and can supply written proof of this coverage to Minnesota Housing;
- Lender tracks all applicants to document compliance with federal Fair Housing and documents reasons for loan denial for future program evaluation;
- On the date each loan was closed:
 - Lender has neither received nor solicited any fee or remuneration not approved by this Procedural Manual;
 - After reasonable inspection, the Lender has no knowledge that any improvement included in the loan is in violation of applicable zoning ordinances, building ordinances, laws or regulations; and,
 - The Lender has closed the loan in accordance with the instructions provided in this Procedural Manual.
- The Lender also agrees that the person who confirms on HDS SF Web Application the Lender Representations and Warranties on behalf of the Lender is fully conversant with Minnesota Housing program 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.

1.08 Lender Compensation

Lenders will be compensated on a fee for service basis for services:

- Inspections to the Rehabilitation Standard;
- Nominal fees for bids from Minnesota-licensed contractors;
- Scope of Work Write-Ups;
- Rehabilitation contractor procurement;
- Rehabilitation/Construction Oversight/Management;
- Lead based paint inspections
- Lead based paint risk assessments;
- Lead based paint clearance testing and reporting;
- Building inspections to Minnesota State Building Code;
- Loan documentation preparation;
- Title Searches/Title Opinions/Title Insurance
- Marketing/Outreach;
- Legal fees;
- Recording fees;
- Travel/mileage; and
- Other fees approved by Minnesota Housing.

Lenders under this program must indicate the fee charged for each of these and other services and outline whether these services are provided on an in-house basis or contracted out to third parties as a part of the Request for Qualifications (RFQ). All agreed-upon fees will be outlined in the Participation Agreement.

1.09 Fall-Through Reimbursement

Note: The following policy is temporary and will be effective until September 30, 2011 at which time the Lender will be expected to incorporate a Fall-Through allowance into their fee as part of the RFQ available in Spring of 2011:

Minnesota Housing will reimburse Lenders for cost incurred for services in the event a loan does not result in a Commitment, subsequently referred to as a *Fall-Through*. Reimbursement will be limited to Fall-Throughs related to complications with Program requirements. Acceptable, reimbursable reasons for Fall-Through will be listed on the Fall-Through Reimbursement Request Form. Reasons not listed on the Fall-Through Reimbursement Request Form will be evaluated by Minnesota Housing for acceptability for reimbursement on a case-by-case basis. Determination of acceptability will be at the sole discretion of Minnesota Housing.

Eligible services will be reimbursed on a pre and post-inspection basis depending upon whether the date of Fall-Through occurs before or after the date of the Rehabilitation Standard inspection. Each of the reimbursable reasons will be identified as pre or post-inspection reasons on the Fall-Through Reimbursement Request Form. Similarly, services, as listed in Section 1.08, will be identified as pre or post-inspection services. As such, Lenders will be allowed to request reimbursement only for services allocated to its respective pre and post-inspection classification.

The Lender will have to identify which services were incurred on the Fall-Through Reimbursement Request Form. Minnesota Housing will pay all reimbursable services at the rate outlined in the Lender's Participation Agreement. Finally, Lenders must certify to the legitimacy of the Fall-Through.

1.10 Selection of Contractors

Lender must permit the Borrower to choose contractor(s).

1.11 Borrower Selection

Lender must establish a borrower selection process through the RFQ and maintain it throughout the term of the Lender's participation in the Program.

Chapter 2 - Borrower Eligibility Requirements

2.01 Borrower

One individual or multiple individuals are eligible to be a Borrower(s) only if such individual or individuals meet the requirements of this Procedural Manual.

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 Co-Signers

Co-signers are not allowed on Rehabilitation loans. All Borrowers must occupy the property as their Principal Residence.

2.04 Ownership Interest

The Borrower(s) must individually, or in the aggregate, possess at least a one-third ownership interest in the residence to be improved. Except that if a mobile/manufactured home is to be rehabilitated and it is taxed as personal property, the Borrower(s) ownership interest requirement is 100%.

The Borrower(s) and Accommodation Parties, individually or in the aggregate, must have 100% ownership interest in the residence to be improved.

Borrowers under this program must have clear title to the subject property as evidenced by a title search (Owners and Encumbrances Report) or title opinion and a copy of the deed.

- Eligible forms of ownership interest include the following:
 - A fee simple estate;
 - A leasehold interest of at least 99 years;
 - A community land trust with a lease term of at least 99 years;
 - A leasehold interest of at least 50 years on Tribal restricted/trust land;
 - A mobile/manufactured home taxed as real property; or
 - A mobile/manufactured home taxed as personal property and located in a mobile home park.

- Ineligible forms of ownership interest include but are not limited to the following:
 - Contracts for Deed;
 - Leasehold interests less than 99 years;
 - Shares in a Cooperative Corporation;
 - Life Estates;
 - Ownership by any form of trust; and,
 - Ownership subject to a reverse mortgage.

2.05 Principal Residence/Occupancy Requirements

Borrower must have owned the property and resided in the property as his/her Principal Residence for at least 6 months prior to the start of rehabilitation. Further, the Borrower must continue to own and regularly reside in the property as his/her Principal Residence during the term of the loan.

2.06 Rehabilitation Loan Program Application

- All Borrowers must apply for the Program through approved Lenders using the Minnesota Housing Borrower Application; **and**,
- As a prerequisite to application, Borrowers must have applied to the Energy Assistance Program through the Minnesota Department of Commerce, which is the entry portal to the Weatherization Program.

2.07 Prior Minnesota Housing Assistance

A Borrower who has previously received financing through the Rehabilitation Loan Program is ineligible to receive further financing through this program for **five** years (from the loan closing date) thereafter with exceptions for emergency situations.

2.08 Rehabilitation Loan 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 30% of the Twin Cities 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 6 months prior to the start of rehabilitation.**

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 Rehabilitation Loan Program Forms page).

Note: If the time period between the date of income verification and the date of closing exceeds 6 months, the Borrowers' income must be reverified.

- In cases where Borrowers have extraordinary medical expenses, as determined in the sole discretion of Minnesota Housing, gross annual household income may exceed the aforementioned limit as long as:
 - Calculated gross annual household income is at or below 80% of applicable area median income adjusted for family size as determined by HUD; and,
 - The adjusted gross annual household income after deducting the extraordinary medical expenses is at or below 30% of the Twin Cities area median income adjusted for family size as determined by HUD.

2.09 Minnesota Housing Maximum Asset Limit

- The total assets of all residents in the household may not exceed \$25,000.00 after deducting any outstanding indebtedness pertaining to the assets. Assets include, but are not limited to, the following:
 - Cash on hand or in checking or savings accounts;
 - Securities or United States Savings Bonds;
 - Market value of all interests in real estate, exclusive of the structure to be improved and a parcel of real property of not more than two contiguous platted lots or 160 continuous acres on which such structure is located;
 - Cash value of life insurance policies;
 - Recreational vehicles such as golf carts, snowmobiles, boats, or motorcycles;
 - All land in which any resident of the household holds title and is selling on a contract-for-deed. Value in this case is defined as the outstanding principal balance expected to exist on the contract one year from the date of application;
 - Life estate value on a property other than the subject property; and
 - All other property, excluding household furnishings, clothing, and one automobile, and real estate, equipment, supplies, and inventory used in a business

Note: Dividends produced by the Borrower's assets may be included in the income calculation in Section 2.09 please see the link to the Minnesota Housing Part 5 Income Determination on Minnesota Housing's website.

2.10 Credit Requirements

Borrower must be:

- Current on mortgage loan payments and up to date on real estate taxes.
- Unable to obtain financing under equivalent terms elsewhere.

Note: Credit Reports are not required and should not be ordered by the Lender.

2.11 Separated Spouses

When the Lender establishes that a spouse permanently resides outside of the household, that separated spouse may be excluded from signing the Rehabilitation loan application and note, but must sign the mortgage.

Examples of separated spouse documentation include:

- Legal separation documentation
- Proof of initiated divorce proceedings.
- Verification of separate Principal Residence and absence of joint accounts.

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 Program.

Chapter 3 - Property Eligibility Requirements

3.01 Eligible Properties

Properties eligible for a loan must be located in the State of Minnesota and include any of the following property types:

- a single family detached home;
- an eligible one-unit dwelling in an eligible planned unit development (PUD);
- a condominium unit constructed after January 1, 1978;
- a townhome constructed after January 1, 1978; and,
- Certain mobile/manufactured homes that meet the requirements outlined in Chapter 2, Section 2.05.

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

- The property must meet Minnesota Housing's Rehabilitation Standards.
- Properties constructed prior to 1978 must comply with HUD's lead requirements as set forth in 24 CFR 92.355. Compliance with these requirements must be confirmed and documented with an inspection by a qualified inspector/risk assessor.
- Both the Lender and the Borrower must comply with all requirements outlined in this Procedural Manual.

3.02 Ineligible Properties

Properties ineligible for a Minnesota Housing Rehabilitation Loan Program loan include but are not limited to:

- Properties containing two or more units;
- Investment properties;
- Properties intended for use as an investment property;
- Properties intended for recreational use;
- Properties where a portion of the residence is specifically designed for commercial use; and,
- Properties where more than 50% of the total area of the residence is used in a trade or business.

3.03 After-Rehab Value

The After-Rehab Value of a home may not exceed 95% of the median area purchase price as defined by HUD.

- Lenders must calculate the After-Rehab Value of a home by adding the hard cost of the rehabilitation improvements to the current property tax value.
- If the calculated After-Rehab Value of the property is less than 95% of the median area purchase price as defined by HUD, then the property is eligible.
- If the calculated After-Rehab Value of the property is equal to or greater than 95% of the median area purchase price as defined by HUD, then a property appraisal is required to determine if the After-Rehab Value meets HUD guidelines.
- Lenders must determine the property's eligibility based on After-Rehab Value **before** construction contracts are signed by the Borrower.

3.04 Environmental Review

An environmental review must be conducted before Minnesota Housing can commit funds to any property. Thus, Lenders or Borrowers cannot commit Program funds by way of contract or other agreement to any party including building contractors until an environmental determination has been made by Minnesota Housing.

Program loans are considered Categorically Excluded Subject to 58.5 as they have the potential to have an impact on environmental conditions, but such impacts do not rise to the level of having a significant impact. Rehabilitation activities require a review and compliance determination under the Federal laws and authorities of 24 CFR Part 58.5, as well as having to comply with 24 CFR Part 58.6. Minnesota Housing has the sole responsibility for making this determination.

The Lender will complete the Statutory Checklist for each property, which can be found on Minnesota Housing's website. In order to assist the Lender with the completion of the Statutory Checklist, Minnesota Housing provides a Statutory Checklist Guidebook, which can also be found on Minnesota Housing's website. Once complete, the Statutory Checklist must be submitted to Minnesota Housing so that a determination can be made.

Minnesota Housing will determine whether a program loan activity is "categorically excluded" or "exempt" based on information submitted by the Lender. Minnesota Housing will also check the information submitted by the Lender for completeness.

If Minnesota Housing determines a property to be "exempt," Minnesota Housing will promptly notify the Lender and the loan process may proceed.

If the property is determined to be categorically excluded and not exempt, Minnesota Housing will notify the Lender, who shall publish a Notice of Intent to Request Release of Funds, which will be provided by Minnesota Housing, in a local newspaper for a period of 7 days beginning the day after the Notice is published.

Chapter 4 – Loan/Rehabilitation Eligibility

4.01 Loan Eligibility

Minnesota Housing purchases closed loans from Lenders if the loan satisfies all the requirements for:

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

4.02 Interest Rate/Amortization Requirements

Generally, loans under this Procedural Manual are interest-free, deferred loans which are forgiven at the end of the loan term. However, if the Borrower sells, transfers title or ceases to occupy the property as his/her Principal Residence during the loan term, the loan will become due and payable.

4.03 Maximum Loan Amount

- Rehabilitation Loan Program commitments will be made in amounts necessary to complete the required rehabilitation and cover Hard Costs and Soft Costs connected to the rehabilitation.
- The minimum loan amount is \$1,000. Overall loan amount may not exceed \$24,999 except that \$10,000 may be added to that amount only to satisfy any necessary lead-based paint hazard reduction requirements. Only Hard Costs and Minnesota Housing approved unanticipated Soft Costs will be included in the loan amount to the Borrower.

Note: *If the maximum loan amount of \$24,999 plus the additional \$10,000 for required lead-based paint hazard reduction is insufficient to complete rehabilitation including lead-based paint hazard reduction the property will be deemed ineligible for the program.*

4.04 Eligible Soft Costs

Eligible Soft Costs include but are not limited to fees for the following activities:

- Inspections to the Rehabilitation Standard;
- Nominal fees for bids from Minnesota licensed contractors
- Scope of Work write-ups;
- Rehabilitation contractor procurement;
- Rehabilitation/Construction Oversight/Management;
- Lead based paint inspections;
- Lead based paint risk assessments;

- Lead based paint clearance testing and reporting;
- Building inspections to Minnesota State Building Code;
- Loan documentation preparation;
- Title searches/title opinions/title insurance;
- Marketing/Outreach;
- Legal fees;
- Recording fees;
- Travel/mileage; and
- Other fees approved by Minnesota Housing.

All Soft Costs will be paid to the Lender outside the loan by Minnesota Housing.

Note: *Lender reimbursement for unanticipated Soft Costs, (those not listed on Exhibit A to the Agreement), will be considered by Minnesota Housing on a case-by-case basis and may require inclusion in the loan amount.*

4.05 Environmental Review Requirement

Prior to commitment of loan funding and before any construction contracts are signed to perform rehabilitation on the property, all properties must undergo an environmental review that results in a determination that the property is in compliance with the National Environmental Protection Act (NEPA).

4.06 Mortgage Term

- The loan term for properties taxed as real estate is 15 years.
- The loan term for Manufactured Homes:
 - taxed as real property is 15 years; and
 - taxed as personal property and located within a mobile home park is 10 years.

4.07 Security for the Loan

- All loans for properties taxed as real estate will be secured with a mortgage.
- Loans made in conjunction with a Manufactured Home, taxed as personal property **and** located within a mobile home park will be secured with a lien against the title to the Manufactured Home.

4.08 Title Evidence Requirements

Lender is required to verify:

- The legal description of the subject property;
- The Borrower's ownership interest, the Borrower's clear title to the property as evidenced by a title search (Owners and Encumbrances Report) or title opinion, as well as a copy of the deed; and,
- Existing liens, if any, on the property.

4.09 Hazard Insurance Requirements

All properties must be covered by hazard insurance which meets at a minimum the following requirements:

- Insurance must be in effect on the date of the mortgage;
- Level of Coverage: Hazard insurance must be provided in an amount sufficient to cover all lien amounts or 100% of the insurable value and protect against loss or damage from fire and other hazards covered by the standard extended coverage endorsement and should be of the type that provides for claims to be settled on a replacement cost basis; and
- Mortgage Clause: All insurance policies must contain a 'standard' or 'union' mortgage clause in the form customarily used. The mortgage clause should read "Minnesota Housing, in care of (*insert Servicer's name and address here*)."

4.10 Rehabilitation Improvement Requirements

- Each rehabilitation improvement must be a permanent general improvement made in compliance with all applicable state, county and municipal health, housing, building, fire prevention and housing maintenance codes or other public standards.
- Prior to rehabilitation, properties must be inspected to Minnesota Housing's Rehabilitation Standard to determine any deficiencies.
- If the property was constructed prior to 1978, the property may be inspected for lead-based paint to determine if it is lead-free. If it is found to be lead-free, no further action is required for lead hazard reduction. If the lead-based paint inspection finds that there is lead-based paint in the property, a lead risk assessment must be conducted by a licensed lead risk assessor. Alternatively, the Lender may assume that lead-based paint exists in the property, conduct a risk assessment to determine the potential lead-based paint risks.
- If the property was constructed prior to 1978 and rehabilitation improvements will disturb painted surfaces above De Minimis Levels, contractors will be required to follow Lead-Safe Work Practices.
- On a case by case basis, and at Minnesota Housing's sole discretion, relocation expenses due to lead-based paint hazard reduction activity may be permitted.

- All rehabilitation improvements must be outlined in a written scope of work which at a minimum correlates to:
 - All deficiencies identified during the Minnesota Housing Rehabilitation Standard inspection; and,
 - All deficiencies/lead hazard reduction activities required by the lead-based paint risk assessment.
- At least three bids from Minnesota-licensed building contractors must be solicited based on the written scope of work. Lenders may assist Borrowers in selecting the building contractors to complete the rehabilitation. In general, the lowest, reasonable bid should be selected. ***If the lowest, reasonable bid is not selected, the Lender and Borrower must provide written justification.***
- All rehabilitation improvements must be completed by contractors licensed in the State of Minnesota.
- A written construction contract must be executed between the contractor and the Borrower.
- Changes in the scope of work must be documented in writing on Change Orders, provided by Minnesota Housing, executed between the contractor and the Borrower.
- All rehabilitation improvements must comply with enacted-upon Minnesota Green Communities for Rehabilitation requirements as modified by the Minnesota Housing Overlay.
- Rehabilitation improvements to Manufactured Housing must comply with Minnesota State Building Code 1350.3800, which addresses the distinction between a Construction Alteration and a Repair and the different licensing requirements attendant to each improvement.
- Lien waivers must be collected from all building contractors at rehabilitation completion.
- Borrower labor is not permitted.

4.11 Sworn Construction Statement and Lien Waivers

General contractors are required to execute a Sworn Construction Statement.

Lenders must obtain lien waivers for all work performed and all materials supplied by:

- The general contractor(s);
- Subcontractors; and,
- Materials supplier(s).

Upon completion of construction, the Lender and the Borrower must execute the Completion Certificate provided by Minnesota Housing.

4.12 Ineligible Rehabilitation Improvements

Ineligible rehabilitation improvements include but are not limited to:

- Construction and reconstruction of garages;
- “Luxury” improvements, which are improvements of a type exceeding that customarily used in the locality for properties of the same type as the property to be rehabilitated (swimming pool, outdoor hot tub, etc.);
- Improvements that do not become a part of the real property, including but not limited to, appliances such as freestanding refrigerators and stoves;
- Public improvement assessments¹;
- Any improvements already in place; and,

Loan proceeds may not be used to payoff any existing debt.

4.13 Rehabilitation Standard and Code Compliance

In all cases, a Minnesota licensed contractor must complete all rehabilitation.

After completion of rehabilitation, eligible properties must:

- Meet Minnesota Housing’s Rehabilitation Standard including the enacted-upon Minnesota Green Communities Criteria for Rehabilitation as modified by the Minnesota Housing Single Family Overlay; and,
- Be in compliance with all applicable state, county and municipal health, housing, building, fire prevention and housing maintenance codes or other public standards.
- Be in compliance with the State Building Code.
 - In areas of the State where the State Building Code has been adopted, the building official for the jurisdiction must provide a certificate of completion or a final inspection report that certifies compliance with the applicable code.
 - In areas of the State where the State Building Code has not been adopted, the Lender must provide a final inspection report from an inspector holding one of the three following Minnesota Department of Labor and Industry certifications:
 - o Building Official;
 - o Building Official-Limited; or
 - o Building Official-Class I;
- All properties constructed before 1978 must meet the lead-based paint requirements outlined in 24 CFR Part 35.

¹ Loan proceeds may not be used in whole or in part to pay public improvement assessments.

4.14 Non-Complying Loans

Minnesota Housing shall have the right to take one or more of the following actions in the event a Lender submits a loan that does not, as determined by Minnesota Housing, comply with the requirements of this Procedural Manual:

- Adjust the purchase price of the non-complying loan;
- If not already purchased, refuse to purchase the loan;
- If already purchased, require the Lender to repurchase the loan for the purchase price;
- Terminate, suspend, or otherwise limit the Lender's Participation Agreement with Minnesota Housing; or
- Preclude the Lender from future participation in Minnesota Housing programs.

4.15 Repurchase of Loans

Minnesota Housing at its option, may tender any loan 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; or
- The loan is not in compliance with any term or condition set forth in the Participation Agreement and this Procedural Manual.

Upon written notice of repurchase by Minnesota Housing, Lender has ten (10) business days to submit payment to Minnesota Housing for the unpaid principal balance and reasonable expenses incurred by Minnesota Housing, including attorney's fees. Failure to comply with this requirement may result in the termination, suspension, further legal action or otherwise limit the Lender's Agreement with Minnesota Housing.

Chapter 5 – Commitment/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 Disbursement Requests from any one Lender.

Lender may request funds on a first-come, first-served basis via regional pools for each of the seven Regional Housing Advisory Group (RHAG) regions until such time as regional pools are collapsed into a statewide pool.

Minnesota Housing may, at its sole discretion, and without prior notice, institute a maximum on the number of loans a lender may have in process at any one time. In that event, when a loan in process is either approved for disbursement of funds by Minnesota Housing, or cancelled by the Lender, another loan may be committed. Fund balances for available pools are listed on Minnesota Housing's website.

5.01 Requesting a Commitment

- In order obtain a commitment of funds; the Lender must submit the Rehabilitation Loan Commitment Worksheet as well as all the required documentation listed on that form. Once the documentation has been reviewed and approved, Minnesota Housing will issue a Commitment and apprise the lender of the Minnesota Housing loan number.
- Commitments associated with a Program Loan are valid for 9 months with extensions granted only in unusual circumstances when requested by the Lender in writing. Commitments will automatically expire on the 1st day of the 10th month absent a written extension request from the Lender and approval of such request by Minnesota Housing.

5.02 Canceling a Commitment

Minnesota Housing requires the Lender to cancel any commitment of funds that will not be used for the specified loan.

5.03 Transfer of a Commitment

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

- Lender requests a transfer of commitment in writing and documents the reason for the request;
- The new Lender must be an approved participant in the Program; and,

- The original Lender must transfer and/or assign case documents to the new Lender.

5.04 Duplicate Funding Requests

While using the Program, the Lender may not cancel a Program commitment request and subsequently request funds for the same Borrower/property.

5.05 Minnesota Housing Disbursement of Funds

Minnesota Housing will allow up to three disbursements throughout the rehabilitation period, as follows:

- The first disbursement may be made at 50% completion when Lenders may request up to 50% of the loan amount as indicated by documented costs.
- The second disbursement may be made at the completion of construction when Lenders may request an amount not in excess of the 75% of the loan amount (as there is a 25% hold back amount), as indicated by documented costs.
- The third disbursement is at completion of the compliance review by Minnesota Housing staff when Lenders will receive a disbursement of the hold back amount.

Minnesota Housing will, upon review of the funding request and receipt of all required documentation, request funds from HUD and reimburse the Lender for any eligible costs paid in advance.

Minnesota Housing will process disbursements for loans which meet eligibility requirements Monday through Thursday, except for State observed holidays. The disbursement of funds will occur within approximately six working days.

Chapter 6 – Documentation and Reporting 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 required documents must be reviewed for compliance and approved by Minnesota Housing prior to requesting Minnesota Housing loan approval via the HDS SF Web Application.
- All loan documents must be on Minnesota Housing forms and may not be altered in any way.
- All loan documents must be complete, accurate and reviewed by the Lender at the various and appropriate stages of the loan.
- All mortgage assignments must run directly from the Lender to Minnesota Housing and use the Minnesota Uniform Conveyancing Blank.
- All mortgages and assignments must be recorded by the appropriate offices:
 - Abstract Property – County Recorder’s Office
 - Torrens Property – Registrar of Titles
- Manufactured homes taxed as personal property and located within a mobile home park require that Public Safety Form 2017 (PS2017), listing Minnesota Housing as the lien holder, be recorded with the Department of Public Safety.

6.02 Post Rehabilitation Closing

If the loan amount that was originally committed under this program changes once rehabilitation is complete, the Lender must modify the Note and recorded Mortgage to reflect the correct, final loan amount as follows:

- Properties Taxed as Real Property:
 - Note and Mortgage – The Loan Modification Agreement must be drawn in Minnesota Housing’s name, be executed by the Borrower(s), reflect the corrected loan amount and be recorded.
- Manufactured Homes Taxed as Personal Property:
- Note and Security Agreement – The modification must be drawn in Minnesota Housing’s name, be executed by the Borrower(s) and reflect the corrected loan amount.

6.03 Documentation Requirements

Lender must retain any and all documents (including evidence of compliance with Minnesota Housing's Program guidelines) as may be required, including but not limited to the following:

- All documents required under the HOME program;
- Records for all rehabilitation improvements including scope of work, bids, lien waivers, change orders, record of fees paid for Soft Costs and completion certificates;
- Evidence that rehabilitation work meets State Building Code and the Minnesota Housing Rehabilitation Standard;
- Records that demonstrate compliance with lead-based paint requirements;
- Copy of the Borrower Application;
- Written verification of all sources of income;
- Written verification of assets; and,
- Written verification of current property ownership.

6.04 Minnesota Housing Documentation/Delivery Requirements

Minnesota Housing provides funding request forms that detail specific documentation/delivery requirements. Lender must fully execute and deliver documents within designated timeframes. In addition, Lender must specifically warrant that all applicable documentation has been obtained and reviewed to determine compliance with all Minnesota Housing requirements.

Documentation not delivered to Minnesota Housing/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 or allowed by law. Minnesota Housing may also, at its discretion, extend the timeframes.

6.05 Reporting Requirements

Lenders participating in the Program are required to track all applicants and maintain sufficient documentation to show compliance with federal Fair Housing laws. The full property address as well as the following data must be gathered for each transaction on the Applicant Tracking Form:

- Application date;
- Applicant's full name;
- Applicant's race/ethnicity;
- Single head of household information;
- Application status; and,
- Reason the loan was declined, if applicable.

The results of the applicant tracking must be submitted to Minnesota Housing on a semi-annual basis by March 31st and September 30th of each year.

6.06 Records Retention

Lender must retain any and all documents, including compliance with all HOME (as described in 24 CFR 92.508) and Minnesota Housing Rehabilitation Loan Program guidelines, for a period of at least five years from rehabilitation completion, including, but not limited to:

- Written verification of all major sources of income;
- Written verification of current property ownership; and
- Bids and estimates for all proposed improvements.

Chapter 7 – Servicing

7.01 Servicing

Each Lender will be assigned a designated servicer by Minnesota Housing. Minnesota Housing may, at its discretion, designate other servicers.

7.02 Delivery of Loans to Servicer

Lender must forward the loan, along with the required documentation in the prescribed order and format, to Minnesota Housing by mail within five (5) calendar days of the Minnesota Housing purchase of 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.

Appendix

- [Definitions](#)
- [Forms List](#)
- [Process Guide](#)

Definitions

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

Term	Definition
Accommodation Parties	An owner of the property who is not a Borrower on the note, such as a non-purchasing spouse.
After-Rehab Value	Current property tax value plus the hard cost of the rehabilitation.
Construction Alteration (Manufactured Housing)	Pursuant to the Minnesota State Building Code 1350.3800 "... replacement, addition, modification or removal of any equipment or installation which may affect the construction, plumbing, heating, cooling, fuel-burning system, electrical system or the functioning of any of these in manufactured homes subject to the code".
De Minimis Levels	As defined by HUD: 20 square feet on exterior surfaces; 2 square feet in any one interior room or space; or 10% of the total surface area on an interior or exterior type of component with a small surface area (e.g., window sills, baseboards or trim).
Hard Costs	The actual costs of the work (including labor and materials) performed by Minnesota-licensed contractors.
Commitment	A specific legal commitment of funds with specific terms and conditions for use by a specific Borrower purchasing a specific property.
Lead-Safe Work Practices	The standard work practices outlined in approved training courses that meet HUD's Lead Safe Housing Rule. After April 22, 2010, the standard work practices outlined in approved training courses that meet both HUD's Lead Safe Housing Rule and EPA's Renovation, Repair and Painting Rule.

Manufactured Home	According to HUD: "a structure transportable in one or more sections which, in the traveling mode, is eight body feet or more in width or forty body feet or more in length, or, when erected on site, is three hundred twenty or more square feet, and which is built on a permanent chassis and designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities, and includes the plumbing, heating, air conditioning and electrical systems contained therein." 24 CFR Part 3280.2. This definition does not include Modular Homes which are treated as site-built homes.
Principal Residence	A property used as the primary domicile of the owner-occupant Borrower and his/her household.
Repair (Manufactured Housing)	Any improvement other than those outlined in the definition of Construction Alteration above, including, (according to Minnesota State Building Code 1350.3800) "...repairs with approved components or parts; conversion of listed fuel-burning appliances in accordance with the terms of their listing, adjustment and maintenance of equipment or replacement of equipment in kind."
Soft Costs	The costs associated with inspections, bids, environmental determination, lead-based paint risk assessment, etc.

Forms List

Applicant Tracking
Borrower Application
Medical Information Authorization
Income Eligibility Calculation Worksheet (No Medical Deduction)
Income Eligibility Calculation Worksheet (Medical Deduction)
Environmental Review – Statutory Checklist
Single Family Rehabilitation Standard
Fall-Through Reimbursement Request Form
Homeowner Agreement
Scope of Work
Bid Summary Form
Contractor Warranty
After-Rehab Value Eligibility
Note
Mortgage
Note and Mobile Home Security Agreement
Dept. of Commerce - MN Uniform Conveyancing Blanks - Assignment of
Mortgage by Business Entity
Rehabilitation Loan Commitment Worksheet
Change Order
Completion Certificate
Lead Paint Checklist
Final Affidavit of Receipt of Lead Reports
Loan Modification Agreement
Signature/Record Retention Requirements
First Funding Request Form
Second Funding-Purchase Approval Request Form
Rehabilitation Loan Program Final Docs Form

Process Guide

Borrower Selection Process

- Confirm Borrower is selected using Lender's Borrower Selection Policy
- Track all applicants on an Applicant Tracking Sheet

Minnesota Housing Program Eligibility/Underwriting

- Confirm Borrower Eligibility
 - Complete the Borrower Application Verify Borrower's application to the Energy Assistance Program
 - Verify and calculate income per Part 5 definition
 - Income when calculated without extraordinary medical expenses
 - Income when calculated with extraordinary medical expenses
 - Verify assets
 - To meet Minnesota Housing Asset Limit
 - To include in calculation of income per Part 5 definition
 - If needed, Lenders can refer to HUD's website for verification documents. The website is:
<http://www.hud.gov/offices/cpd/affordablehousing/library/forms/#inc>
- Confirm Property Eligibility
 - Borrower Ownership Interest
 - Copy of Deed
 - Title Search (Owners and Encumbrances Report)
 - Perform Environmental Review using statutory checklist – must be submitted to Minnesota Housing for review and approval prior to Borrower's execution of the Homeowner Agreement.

Minnesota Housing to Review Environmental Review

- Lender submits Environmental Review - Statutory Checklist to Minnesota Housing for environmental determination and approval
- Once all documentation for the Environmental Review is received by Minnesota Housing, allow 2 – 3 business days for review and approval.

Pre-Approval

- Explain to the Borrower the following:
 - Events of default:
 - Any form of title transfer;
 - Ceasing to occupy property as primary residence;
 - Limited use of equity;
 - Repayment will be required in event of default;

- If property is sold, only the net proceeds will be recaptured, which is the net sale proceeds minus non-HOME loan repayments and any closing costs;
- Borrower certifications;
- Forgiveness aspect of the loan; and,
- Acknowledgement of Borrower's financial responsibility for the difference between the total amount of accepted bids to complete required Scope of Work and the amount of assistance provided by the Rehabilitation Loan when the total amount of accepted bids to complete required Scope of Work exceeds the amount of assistance provided by the Rehabilitation Loan. Lender will collect the additional funds from the Borrower and hold those funds until the Proceed to Work order is issued.
- Events for Loan disapproval:
 - Property value exceeds 95 percent of the median purchase price for an area, as set by HUD;
 - Estimated cost of repairs exceeds allowable loan maximum when no other sources are available to pay the difference; and,
- Lender's Disbursement Responsibilities.

Initial Inspections

- Borrower signs Homeowner Agreement which includes the above noted points of explanation.
- Perform Inspection to Rehabilitation Standard.
- If Property was built before 1978:
 - Perform Lead Based Paint Inspection/Testing (on areas to be disturbed or replaced during rehabilitation); and
 - Lead Based Paint Risk Assessment, if applicable.
- Radon Testing.

Scope of Work

- Lender and Borrower complete a Scope of Work
 - Should be based on deficiencies identified in Inspection to Rehabilitation Standard, required and enacted upon Green Communities Criteria, Lead-Based Paint Inspection/Risk Assessment results and Radon Testing;
 - Should be an itemized list of work to be completed with an associated cost estimate for each item in order to address feasibility of work and basis for comparison to actual contractor bids; and,
 - Items that are part of Lead-Based Paint Hazard Reduction Activity must be clearly indicated on Scope of Work.

Bid Procedures

- Lender may provide list of Contractors and Certified Lead-Based Paint Contractors/Supervisors.
- Borrower secures bids (minimum of three bids for each improvement are to be obtained) and documented on Bid Summary Form.
 - Contractor(s) sign and date all bids;
 - Contractor(s) meet Minnesota state licensing requirements;
 - In the case of Lead Based Paint Hazard Reduction Activity, Lender must have documentation of certified lead supervisors and/or workers trained in lead-safe work practices;
- Borrowers must disclose all bids to Lender.
- Borrower and Lender review all bids.
- Lender may reject a bid or bids with written justification as to why bid is rejected.
- Borrower makes final Contractor(s) selection and approval
 - If lowest bid is not chosen, a justification for choosing a higher bid should be placed in the file, which may include:
 - o Contractor lacked certified lead supervisors and/or workers trained in lead-safe work practices, when applicable; and,
 - o The lowest bid was too low to be practical
 - If total amount of accepted bids to complete required Scope of Work exceed the amount of assistance provided by the Rehabilitation Loan, the Borrower provides Lender required funds for holding as outlined in the Homeowner Agreement.
 - If using a general Contractor, a Sworn Construction Statement must be used to identify all subcontractors and the amount due to them.
- Lenders must determine property eligibility based on After Rehab Value before construction contracts are signed by the borrower.

Property Value Determination

- Lender determines After-Rehab Value Eligibility:
 - If the calculated After Rehab Value is less than the 95 percent of the median purchase price for an area, as set by HUD, then the property is eligible.
 - If the calculated After Rehab Value is at or greater than the 95 percent of the median purchase price for an area, as set by HUD, then the property will need to have an After Rehab appraisal conducted to document that value meets HUD guidelines.

Loan Commitment

- Lender submits Loan Commitment Worksheet to Minnesota Housing with all required attachments.
- Minnesota Housing reviews for compliance and starts Commitment in HDS SF Web Application.
- Minnesota Housing provides the loan number to the Lender so the Lender may complete the Commitment in the HDS SF Web Application.

Origination – Pre-Rehab Loan Closing

- Lender closes loan with Borrower
- Documentation Requirements (See Signature/Record Retention Requirements form)
 - For property taxed as real property:
 - Mortgage;
 - Note;
 - Lender Assigns Mortgage and Endorses Note to Minnesota Housing; and,
 - Lender records Mortgage and Assignment.
 - For property taxed as personal property:
 - Public Safety Form 2017; and,
 - Note and Mobile Home Security Agreement (taxed as personal property).
- Recording
 - For property taxed as real property:
 - Mortgage and Assignment of Mortgage delivered to the appropriate office:
 - Abstract property – County Recorder’s Office; or,
 - Torrens property – Registrar of Titles.
 - For property taxed as personal property:
 - Submit Public Safety Form 2017 (PS2017), listing Minnesota Housing as the lien holder, to the Department of Public Safety.

Proceed to Work

- Lender holds pre-construction conference with the Borrower and Contractor(s) explaining:
 - Borrower’s responsibility, Contractor’s obligations, work schedule, and dispute resolution and completion-payment processes.
 - Contractor Warranty executed with Contractor(s), including Lead-Based Paint contractors, outlining the terms of Contract Warranty and certifying that a pre-construction conference occurred, which is signed between Borrower and Contractor(s). Proceed to Work section of Contractor Warranty will be signed by all parties including Borrower, Contractor(s) and Lender.

Completion of Rehabilitation Work

- Work must be completed within 9 months of Loan Commitment unless Minnesota Housing issues a written extension.
- Borrower is responsible to ensure Contractor completes work within 9 months.
- Lender sends notification to Borrower 60 days prior to the expiration of the 9 month period.
- Change Order
 - Required when:
 - Additional work is required to complete improvement; or,
 - Contractor revises required cost from agreed upon bid amount.
- Lender uses discretionary authority to increase approved loan amount up to the maximum.
- Lender ensures that increased cost does not increase After-Rehab Value beyond the HUD limit.
- Extension Requests
 - Pending outcome of notification to Borrower, Lender must send an email requesting an extension to Minnesota Housing at least 30 days prior to the expiration of the 9 month period.
 - If work is incomplete at final inspection and an extension is to be requested:
 - Lender works with Borrower and Contractor to resolve issues/problems prior to the 9 month expiration date.
 - If based on the work schedule or on an interim inspection, the Lender determines that the work cannot be completed satisfactorily by the completion date, the Lender notifies Minnesota Housing immediately to request an extension.
- Contractor Replacement:
 - Obtain new signed bid and follow Proceed to Work Section of this Process Guide.
- Lien Waivers
 - Should be collected from all general and sub-contractors and materials suppliers for the completed improvements.
- Inspections
 - Lender to ensure that all initial, interim and final inspections are completed and documented.
- Upon completion of the work, Lender and Borrower execute Completion Certificate.
- Provide Borrower with Final Affidavit of Receipt of Lead Inspection/Risk Assessment/Clearance Report.

Note: Final disbursement to Contractor should take place only after Completion Certificate is signed and dated by Lender and Borrower and Lien Waivers are obtained for completed work from Contractor.

First Disbursement Request

- The first request for funds can be submitted to Minnesota Housing when half of the costs of a loan are incurred.
- Lender submits First Funding Request form with required attachments to Minnesota Housing.
- Minnesota Housing reviews the Funding Request form and attachments for compliance.
- Minnesota Housing disburses up to the costs incurred or the first half of the loan amount, whichever is less, as well as the first half of Lender compensation.

Post-Rehab Loan Closing (If Needed)

- If loan amount changes from Pre-Rehab Loan Closing, then Lender amends original Mortgage to reflect correct, final loan amount.
 - For property taxed as real property:
 - Modification of the Note and the originally recorded Mortgage (one document) drawn in Minnesota Housing's name and executed by the Borrower.
 - Lender sends Modification of Note and Mortgage to Minnesota Housing for review and signature.
 - Minnesota Housing executes Modification of Note and Mortgage and returns to Lender.
 - Lender records Loan Modification Agreement.
 - For property taxed as personal property:
 - Modification of Note and Security Agreement is drawn in Minnesota Housing's name.

Second Disbursement – Purchase Approval Request

- The second funding request can be submitted to Minnesota Housing once all of the costs of the loan are incurred.
- Lender submits the Second Funding–Purchase Approval Request form with all required attachments to Minnesota Housing.
- Minnesota Housing disburses the remaining portion of the loan amount up to 75% of the loan amount and the remaining portion of the Lender compensation amount up to 75% of total Lender compensation.

Post Closing /Delivery

- Documents Delivery (See Loan Transmittal form)

Final Disbursement and Purchase Approval

- Minnesota Housing reviews the funding request and purchase approval as well as attachments for compliance.
- Minnesota Housing disburses the remaining portion of the loan amount and the remaining portion of the Lender compensation.
- Lender completes the Purchase Approval in the HDS SF Web Application.

Delivery

- Deliver to Minnesota Housing the recorded Loan Modification Agreement as listed on the Rehabilitation Loan Program Final Docs Loan Transmittal.