



Rehabilitation Loan Program Homeowner Agreement

_____	_____	_____
Borrower Last Name	Borrower First Name	MI
_____	_____	_____
Co-Borrower Last Name	Co-Borrower First Name	MI
_____	_____	
Subject Property Address	City, State and Zip Code	

Whereas the above-named Borrower (and Co-Borrower, if applicable), hereinafter referred to as "you", wish to rehabilitate an eligible home with assistance provided by the Minnesota Housing Finance Agency (Minnesota Housing) through the Lender identified below:

Lender

Whereas the above-named Lender, hereinafter referred to as "Lender", is authorized by Minnesota Housing to provide such assistance to qualified borrowers in the form of a zero percent interest rate, deferred loan with the following term (indicate one):

- 15-year term (subject property taxed as real estate)
- 15-year term (manufactured/mobile home taxed as real estate)
- 10-year term (manufactured/mobile home taxed as personal property and located in a mobile home park)

Now therefore, you and Lender agree to the following:

- If you and your family do not have extraordinary medical expenses then you must be "low-income" at the time the loan application is completed. "Low-income" means a family gross annual income of not more than 30% of the Twin Cities area median income adjusted for family size, as determined by U.S. Department of Housing & Urban Development.

If you and your family have extraordinary medical expenses, gross annual household income may exceed the aforementioned limit as long as:

- o Calculated gross annual household income is at or below 80% of applicable area median income adjusted for family size as determined by HUD; and,
- o 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.
- The maximum After Rehab Value of the subject property may not exceed \$276,683 if the property is located in the eleven-county metropolitan area of Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, Sherburne,

Washington, and Wright Counties, or \$200,160 in any other counties in the State of Minnesota. If the After Rehab Value exceeds these limits, you will be ineligible to receive assistance under this program;

- The property to be rehabilitated must be your principal residence until the loan term ends or until the loan is repaid, whichever occurs first;
- If you sell the property within the loan term, either voluntarily or involuntarily, such as in a foreclosure, you must immediately repay the balance owing on the loan to Minnesota Housing, but in no case will you 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;
- If the property is not sold but it ceases to be your principal residence during the term of the loan, you must immediately repay to Minnesota Housing the loan balance owing at the time the property ceased to be your principal residence;
- The loan balance will be reduced to \$0.00 at the end of the loan term.
- The assistance provided by the loan is for rehabilitation, in whole or in part, of the subject property;
- If the subject property is taxed as real property:
 - You and each borrower on the loan application must have at least a one-third ownership interest in the subject property.
 - You, the other named borrowers and the Accommodation Parties, if any, must have, in the aggregate, at least a 100% ownership interest in the subject property.
- If the subject property is a manufactured/mobile home, taxed as personal property and located within a mobile home park, you must have a 100% ownership interest in the property to qualify for this program.
- Your property will be subject to an inspection using Minnesota Housing's Rehabilitation Standard. Any and all deficiencies noted on the inspection must be cured by the rehabilitation.
- All rehabilitation must be completed within the 9 month loan commitment period unless a written extension has been issued by Minnesota Housing.

Maximum Loan Amount

The maximum loan amount covers the hard rehabilitation costs and may not exceed \$24,999, except that this amount may be increased by up to \$10,000 only to satisfy any necessary lead-based paint hazard reduction requirements. Only the hard costs will be included in your loan amount.

You are responsible for the difference between the total amount of accepted bids to complete the required Scope of Work and the amount of assistance provided by the Rehabilitation Loan when the total amount of accepted bids to complete the required Scope of Work exceeds the amount of assistance provided by the Rehabilitation Loan. If you are unable to cover the difference with cash or additional financing, you will become ineligible for assistance under this program. Your Lender will collect any additional funds necessary and hold those funds until the Proceed to Work order is issued.

Flood Zone Property

If your property is located in a special flood hazard area where flood insurance is available through the National Flood Hazard Insurance Program, you agree to maintain flood insurance on your property with a coverage amount sufficient to cover the loan amount. It is strongly recommended you have coverage for the value of your property, but it not required to receive a loan. Flood insurance must be maintained for the duration of the loan term. Evidence of flood insurance must be provided to Lender prior to closing.

- Property is not located in a FEMA Special Flood Hazard Area or
- Property is located in a FEMA Special Flood Hazard Area designated as:

Zone Designation: _____

Flood Insurance Rate Map Number: _____

Lender and Homeowner Responsibilities

1. You must certify that loan funds will be used only for eligible improvements and shall not be applied toward any work begun or completed before the date of the loan.
2. You and your Lender must identify the deficiencies in the subject property and prepare a Scope of Work with detailed specifications based on the following:
 - Minnesota Housing's Rehabilitation Standard inspection;
 - Lead-based paint inspection/risk assessment (for subject properties constructed prior to 1978);
 - Results of radon testing;
 - Minnesota Housing Overlay to Green Communities Criteria; and,
 - State Building Code.

3. Find a Minnesota-state licensed contractor to perform the work required.
 - Ask for recommendations from neighbors who have had work done. Neighborhood groups may have a list of contractors who have done good work in the past.
 - Major utilities are required to provide their customers with a list of contractors who have agreed to follow certain standards for energy improvements. Ask your utility supplier for a copy of the list.
 - Building supply stores, hardware stores, lumberyards and other suppliers may be able to provide names of good contractors.
 - Trade associations can usually offer good referrals because their members must maintain good reputations.
 - The "yellow pages" or newspaper ads may provide information on contractors to contact as well as information about their specific improvement specialization.
4. Investigate the contractor before you hire him/her. Here are a few places to consult before you sign a contract:
 - Contractor's references (former customers);
 - Better Business Bureau;
 - Your City Hall;
 - Minnesota Attorney General's Office; and,
 - Materials dealers and trade associations.
5. Obtain Bids:
 - Request specific written bids. Do not accept verbal bids even for small jobs.
 - Always obtain at least 3 written bids from three different contractors.
 - Select the contractor based on bids and investigational outcomes.

Once you find a contractor and are satisfied that he/she is reputable and licensed to do business in the state of Minnesota, do not sign a contract until your Lender receives a loan commitment from Minnesota Housing and gives you permission to do so.

6. Determine whether the subject property is eligible based on anticipated After Rehab Value;
7. Lender commits loan with Minnesota Housing
8. Loan is closed with Lender.
9. Prior to signing the contract with the contractor:
 - Obtain the Lender's permission to sign the contract;
 - Get clear answers to all your questions before you sign the contract;
 - Items covered in the contract should include but are not limited to the following:
 - Complete cost breakdown;

- Specifications;
 - Start and completion dates;
 - Change order clauses;
 - Schedule of payments;
 - Liability;
 - Contractor responsible for work performed by Subcontractors;
 - Dispute resolution;
 - Permits;
 - Cancellation rights;
 - Protection against liens;
 - Cleanup of site; and,
 - Guarantees and warranties (have the contractor sign the Contractor Warranty).
10. Complete contract between you and the contractor and hold the pre-construction conference with the Lender and the contractor. **The contractor will be working for you and not for the Lender or Minnesota Housing.**
 11. Lender issues Proceed to Work Order.
 12. Contractor Payment:
 - The Lender will inspect the work for completion, conformity to specifications and workmanship and will require correction or completion, if necessary;
 - Lien waivers must be obtained from the contractor(s); and,
 - The Lender will prepare and deliver payment to the contractor(s).
 13. All work must be completed within 9 months of the date the Lender commits the loan with Minnesota Housing.
 14. The Lender and the Borrower execute the Completion Certificate.
 15. Modify Note and Mortgage, if required.

Contractor Warranty

The warranty form, supplied by Minnesota Housing, is between you and the contractor. Minnesota Housing and the Lender are not a party to the Contractor Warranty. If you have problems with the contractor after completion of the work, consult an attorney, a legal aid society, your city or county complaint department or the Consumer Protection Division of the Minnesota Department of Commerce.

Your Rights as the Homeowner

1. You have the right to be treated respectfully and fairly by the Lender and the contractor.
2. If you don't understand something you have the right to ask questions.
3. You have the right to expect that the rehabilitation work will be completed in accordance with acceptable professional standards.

Borrower Disclosures and Acknowledgements:	
The Lender has read or given me a copy of the Combined Tennessee Warning and Privacy Act Notice.	<input type="checkbox"/> Yes <input type="checkbox"/> No
The property I intend to rehabilitate was built prior to 1978.	<input type="checkbox"/> Yes <input type="checkbox"/> No
<p>If my property was built prior to 1978 as indicated by a "yes" being checked above: The Lender has provided me with a pamphlet called "Renovate Right: Important Lead Hazard Information for Families, Child Care Providers and Schools" and I understand that:</p> <ol style="list-style-type: none"> 1. I do not have the option of using a lead test kit from a hardware store as suggested on page five of the pamphlet. The other two options listed on that page are available. 2. I do not have the option of having my contractor conduct a "clean-up check" as indicated on page ten of the pamphlet. A clearance test will be required by a licensed professional who was not involved in the lead hazard reduction. 	<input type="checkbox"/> Yes <input type="checkbox"/> No

I have read and understand all the information contained in this agreement.

Borrower Signature

Date of Signature

Co-Borrower Signature

Date of Signature

Lender Signature

Date of Signature