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) (collectively, "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 ("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:

- 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.
- Unless an event occurs that requires you to repay the loan, 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 must have at least a one-third ownership interest in the subject property.
  - You 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 to determine the deficiencies in your home.
- You will select the deficiencies to be cured with your loan, but at a minimum, you understand that the following items must be addressed:
    - All lead-based paint hazards;
    - Smoke and carbon monoxide alarms installed to State Building Code;
    - Any radon issues;
    - Any outstanding recommendations from the most recent energy audit; and,
    - Any other deficiencies identified in the inspection, which if left undone will pose an ongoing safety risk or cause further damage to your home.
- You will select a contractor licensed by the Minnesota Department of Labor and Industry.
- All rehabilitation must be completed and all funds disbursed by the Lender, in accordance with the Procedural Manual, within 9 months of the date that the Lender commits the loan with Minnesota Housing.

Maximum Loan Amount

The maximum loan amount may not exceed $27,000.

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,
    - All applicable state, county and municipal health, housing, building, fire prevention and housing maintenance codes or other public standards.

    You understand the rehabilitation undertaken with this assistance will not make your home new. The intent of the assistance is to make your home safer, increase its habitability, and increase its energy efficiency.
3. You must 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. You should investigate the contractor before you hire him/her. Here are a few places to consult before you sign a contract:
   - Minnesota Department of Labor and Industry provides an online license lookup tool where a contractor's license status and any enforcement actions against a contractor can be found and verified.
   - Contractor's references (former customers);
   - Better Business Bureau;
   - Your City Hall;
   - Minnesota Attorney General's Office; and,
   - Materials dealers and trade associations.
5. You must obtain at least 3 written bids from different contractors. Bids should be dated and signed by the contractor. Do not accept verbal bids even for small jobs.
6. You, and only you, will choose the contractor to perform the work on your home. Select the contractor based on bids and investigational outcomes. The program requires the lowest, reasonable bid to be selected. If you choose not to select the lowest bid, you should provide your Lender with a written justification and should not proceed until written consent is received from your Lender. Approval is at the sole discretion of Lender and Minnesota Housing.

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.

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.
10. Complete contract between you and the contractor and hold the pre-construction conference, if necessary, 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. Change Orders:

    - All rehabilitation work must be completed as outlined in the contract with the contractor.
    - You understand that you may not ask the contractor to deviate from the original Scope of Work agreed to in the contract without executing the required Change Order form with the Lender and Minnesota Housing.
    - Change Orders will only be allowed if unanticipated deficiencies are found during rehabilitation where, if left undone, will cause further damage to your home.

14. All rehabilitation must be completed and funds disbursed by the Lender for the project, in accordance with the Procedural Manual, within 9 months of the date that the Lender commits the loan with Minnesota Housing.

15. The Lender and the Borrower execute the Completion Certificate.

16. Modify Note and Mortgage, if required.

Contractor Warranty

You should refer to Minnesota Statute Chapter 327A. If you have any questions regarding this statute or have any problems with the contractor after completion of the work, consult an attorney, a legal aid society, or your city or county complaint department.

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 Tennessen Warning and Privacy Act Notice.	☐ Yes ☐ No
The property I intend to rehabilitate was built prior to 1978.	☐ Yes ☐ No
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: 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.	☐ Yes ☐ 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