



Rental Rehabilitation Deferred Loan Pilot (RRDL) Program Guide

Revised April 2014

*Includes Added Chapter 13
Multifamily Disaster Assistance Funds*



The Minnesota Housing Finance Agency does not discriminate on the basis of race, color, creed, national origin, sex, religion, marital status, status with regard to public assistance, disability, familial status, or sexual or affectional orientation in the provision of services.

An equal opportunity employer.

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

Table of Contents

Introduction.....6

 MISSION STATEMENT6

 BACKGROUND6

 OVERVIEW OF STRATEGIC PRIORITIES.....6

Chapter 1 - Program Purpose and Background7

Chapter 2 - Application Process for Administrators and Specific Projects and Common Selection Standards8

 2.01 ACCESS TO FUNDS8

 2.02 FUNDING ACTIVITIES8

 2.03 ELIGIBLE APPLICANTS8

 2.04 LOAN LIMITS AND TERMS9

 2.05 APPLICATION FOR FUNDS10

 2.06 SELECTION STANDARDS.....10

 2.07 THRESHOLD REQUIREMENTS.....10

 2.08 STRATEGIC PRIORITIES12

 2.09 FUNDING PRIORITIES.....13

Chapter 3 – Processes and Responsibilities15

 3.01 PROCEDURES AND RESPONSIBILITIES FOR PROGRAM MODELS ONLY15

 LOAN CLOSING WARRANTIES.18

 UPON LOAN CLOSING FOR A PROJECT, THE ADMINISTRATOR MAKES THE FOLLOWING WARRANTIES TO MINNESOTA HOUSING ON THE DATE THAT THE LOAN IS CLOSED:18

 3.02 EVIDENCE OF MISCONDUCT REFERRED TO ATTORNEY GENERAL.....20

 3.03 COMPLIANCE WITH PRIVACY STATUTES20

 3.04 UNAUTHORIZED COMPENSATION.....21

 3.05 REPRESENTATIONS AND WARRANTIES.....21

Chapter 4 – Eligibility Criteria22

 4.01 ELIGIBLE BORROWERS22

 4.02 ELIGIBLE PROPERTIES.....22

 4.03 INELIGIBLE PROPERTIES.....23

 4.04 INCOME LIMITS23

 4.05 ECONOMIC INTEGRATION24

 4.06 RENT LIMITS.....24

 4.07 UTILITY ALLOWANCES.....25

Chapter 5 – Eligible Improvements and Expenses	26
5.01 ELIGIBLE IMPROVEMENTS/EXPENSES	26
5.02 INELIGIBLE IMPROVEMENTS/EXPENSES	26
5.03 ELIGIBLE SOFT COSTS	27
5.04 INELIGIBLE SOFT COSTS.....	27
5.05 BORROWER’S CONTRIBUTION	27
Chapter 6 – Administration Fees	28
6.01 APPLICATION FEES	28
6.02 PROGRAM MODEL ADMINISTRATION AWARD	28
6.03 PROJECT MANAGEMENT FEE	28
Chapter 7 - Loan Review and Underwriting	29
7.01 EVIDENCE OF SITE CONTROL AND ACCEPTABLE OWNERSHIP STRUCTURES	29
7.02 ORGANIZATIONAL DOCUMENTATION.....	29
7.03 TITLE EXAMINATION REQUIREMENTS.....	31
7.04 UNDERWRITING STANDARDS AND FINANCIAL ANALYSIS	31
7.05 PROGRAM MODEL LOAN PROCESSING PHASES AND DUE DILIGENCE REQUIREMENTS	33
7.06 PROJECT MANAGEMENT AND OPERATION.....	35
Chapter 8 - Loan Servicing and Monitoring	37
8.01 MINIMUM AFFORDABILITY PERIOD	37
8.02 TRANSFERS OF OWNERSHIP	37
8.03 AFFORDABILITY AND LOAN TERM EXTENSION	37
8.04 LOAN PREPAYMENT	37
8.05 PARTIAL DEBT REDUCTION	37
8.06 LOSS OF AFFORDABILITY PREMIUM	38
8.07 RENT AND INCOME MONITORING.....	38
Chapter 9 - Rehabilitation Standards	39
9.01 GENERAL	39
9.02 PROPERTY SELECTION	39
9.03 TECHNICAL ASSISTANCE	40
9.04 REHABILITATION STANDARDS	40
9.05 SUSTAINABLE HOUSING STANDARDS	40
9.06 PREPARATION OF BID SPECIFICATION/SCOPE OF WORK	41
9.07 OBTAINING AND EVALUATING BIDS.....	41
9.08 ELIMINATING WORK SCOPE ITEMS.....	41
9.09 CONSTRUCTION CONTRACTS.....	41

MINNESOTA HOUSING – RENTAL REHABILITATION DEFERRED LOAN PILOT (RRDL) PROGRAM GUIDE

9.10 CONTRACTOR SURETY.....42

9.11 PROCEED TO WORK42

9.12 MONITORING CONSTRUCTION PROGRESS.....42

9.13 CHANGE ORDERS.....42

9.14 CONSTRUCTION WARRANTY PERIOD43

Chapter 10 – Affirmative Action and Equal Economic Opportunity Policy 44

10.01 POLICY44

10.02 PURPOSE44

10.03 GOALS.....44

10.04 REQUIREMENTS.....44

10.05 SANCTIONS.....44

10.06 EQUAL OPPORTUNITY LAWS/RULES45

Chapter 11 – Fair Housing Policy.....46

Chapter 12 – Program Contacts47

Chapter 13 – Multifamily Disaster Assistance Funds – Revised 9/19/12 48

13.01 GENERAL48

13.02 SPECIFIC PROVISIONS48

Definitions59

Introduction

Mission Statement

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

Background

Minnesota Housing was established by the 1971 session of the Minnesota Legislature to finance the construction and rehabilitation of housing for families of low and moderate income. In addition to providing financing for multifamily rental units, single family mortgage loans and home improvement loans and grants, Minnesota Housing participates in and administers other programs which assist in increasing or improving affordable housing for Minnesota residents.

Overview of Strategic Priorities

Minnesota Housing's current strategic priorities are to:

- Preserve federally-subsidized rental housing
- Promote and support successful homeownership
- Address specific and critical needs in rental housing markets
- Prevent and end homelessness
- Prevent foreclosures and support community recovery

The Rental Rehabilitation Deferred Loan Pilot Program (RRDL) Request for Proposal (RFP) will assist in carrying out Minnesota Housing's broad objectives of meeting Minnesotans' right to decent, safe, affordable homes and stronger communities by focusing on the preservation of existing affordable rental housing in Greater Minnesota.

Chapter 1 - Program Purpose and Background

On September 22, 2011, Minnesota Housing Board of Directors authorized staff to implement the Rental Rehabilitation Deferred Loan Pilot (RRDL) Program for a two year demonstration period. . On December 19, 2013, the demonstration program was extended for an additional two years. The funding source for rehabilitation of rental housing is state appropriations. The authority to develop the framework for the RRDL Program is found in MN Statute 462A.05, subdivision 14 and MN Statute 462A.33.

The purpose of the RRDL Program is to provide resources to rehabilitate existing rental housing in Greater Minnesota so that affordability is preserved and low and moderate income households have access to decent housing that is convenient to jobs, transportation, and essential services.

Minnesota Housing staff met with local stakeholders and funding partners to review the local needs and refine the goals of the RRDL Program. Staff understands that although some of the existing rental housing stock in Greater Minnesota may already be Affordable to the Local Workforce, this housing is potentially at risk of loss due to deferred maintenance and deterioration.

Minnesota Housing designed the RRDL Program as a demonstration based on a blend of the multifamily and single-family methods of distributing Economic Development and Housing Challenge Program funds. The pilot will target owners of smaller rental properties that would not be competitive in the Multifamily Consolidated Request for Proposals (Consolidated RFP) and may not have access to other funding resources. Since Minnesota Housing has not had previous experience with this new method of funds distribution for multifamily rehabilitation, staff has implemented a four year pilot program to determine if the model is an efficient and effective way to finance the rehabilitation of rental housing in areas of Greater Minnesota.

The RRDL Program will serve rental households in Greater Minnesota with incomes at or below the greater of 80% of state or area median income for a family of four not adjusted for family size. RRDL rent limits based on average workforce wages are provided to ensure housing is Affordable to the Local Workforce.

Chapter 2 - Application Process for Administrators and Specific Projects and Common Selection Standards

2.01 Access to Funds

RRDL Funds will be available through a separate Request for Proposal (RFP) process. The RRDL Program will not be included in the annual Consolidated RFP.

RRDL Funds may finance rehabilitation activity of properties outside of the seven county metropolitan areas through either a Specific Project or Program Model approach (see section 2.2 for further clarification on these two approaches). Minnesota Housing will review all proposals submitted and will make funding recommendations for each proposal selected.

Funding requests may be adjusted based upon the number of applications received, the amount of funds available, and the distribution of funds throughout Greater Minnesota.

Among comparable proposals, preference will be given to applications that assist property(s) in areas of the state not assisted by HUD Participating Jurisdictions in HOME Entitlement areas.

Applicants may not concurrently apply for Consolidated RFP funding. Projects awarded RRDL funds will not be eligible for additional RRDL or Consolidated RFP funding for 5 years from the closing of the RRDL Loan. Projects previously awarded consolidated RFP funding must wait 5 years to apply for RRDL funding.

2.02 Funding Activities

Minnesota Housing may request applications for two types of activities:

- A Specific Project: An Applicant may apply for funding for the rehabilitation of one specific property which they own or on behalf of an owner for which they will act as the processing agent. The Project proforma and the Scope of Work will be reviewed by Minnesota Housing in accordance with requirements outlined in Chapters 7 and 8.
- A Program Model: An Applicant may submit a Program Model proposal to become a local Administrator to provide rehabilitation activities to a number of properties in specific geographic areas as defined by the Applicant. Minnesota Housing encourages Applicants to be creative and innovative in designing a Program Model, including partnering or collaborating, when appropriate, and leveraging other rehabilitation resources to create the most significant impact possible.

An Applicant may submit one or more applications for Specific Project and/or Program Model activities.

2.03 Eligible Applicants

Eligible Applicants that may apply for a Specific Project and/or Program Model funding include:

- Housing & Redevelopment Authorities (HRAs).

- Community Action Programs (CAPs).
- Local Non-Profit Housing Providers.
- Units of Local and Tribal Governments.
- Joint Powers Board of two or more of the aforementioned entities.

Eligible Applicants that may apply for a Specific Project funding also includes:

- A natural person who owns or will own the housing;
- Private developers, as defined in Minnesota Rules, 4900.3610, subpart 17.

2.04 Loan Limits and Terms

Minnesota Housing will provide RRDL Funds as a deferred loan.

Generally, deferred loans will bear interest at a rate of 0% unless a higher rate is necessary to allow the program funds to be used with other funding sources, such as housing tax credits. Principal and interest, if any, shall be due and payable at the end of the loan term, which is typically 10 to 30 years.

The RRDL Loan will be non-recourse. The loan will be secured by a pledge of collateral through the recording of a mortgage on the property rehabilitated.

Loan Minimums and Maximums.

- The minimum loan is \$25,000.
- The maximum loan per unit is \$25,000. However, for single family homes and duplexes, the maximum loan is \$35,000 per unit.
- The maximum loan is \$300,000 per Project.

Loan Terms.

- Loan Terms for a Specific Project
 - The term of the loan will be 30 years or may be extended to the remaining term of any senior debt in place at the time of closing of the RRDL loan, if longer. The owner must agree to maintain the rent and income restrictions and report annually for the duration of the Term of the Loan.
 - The loan will be structured as an end loan.
- Loan Terms under the Program Model
 - Loans under \$100,000 qualify for a minimum 10 year term.
 - Loans of \$100,000 or more qualify for a minimum 15 year term.
 - The loan may be extended to 30 years or for the remaining term of any senior debt in place at the time of closing of the RRDL loan. The owner must agree to maintain

the rent and income restrictions and report annually for the duration of the Term of the Loan.

- The loan may be structured as a construction loan or end loan.

Minnesota Housing may adjust the loan terms based on requirements and conditions of other funding sources related to loan term.

The Affordability Period begins on the date that the RRDL loan closes.

2.05 Application for Funds

The RRDL application materials and checklists are located on the Minnesota Housing [RRDL Program webpage](#).

Applicants will select either the Specific Project or Program Model checklist. All Application forms are available on the checklist through hyperlinks.

Applicants are required to submit:

- One original application.
- One photocopy of the original application.
- One CD with a copy all application materials.
- One completed Multifamily Common Application Form (RFP, HTC 1). Submit a MS Excel Template format via email to, mhfa.app@state.mn.us.

Applicants must submit a complete application for each proposal and use the most current version of the Application for Funds from Minnesota Housing's web site for each funding round. Prior versions of the Application for Funds may not accurately reflect current guidelines and underwriting standards.

Please contact Tamara Wilson at (651) 296-4451 or e-mail Tamara.Wilson@state.mn.us or Mary Hieb at (651) 296-8185, or mary.hieb@state.mn.us if you are having technical difficulties or require assistance with accessing or submitting your RRDL Application for Funds.

2.06 Selection Standards

All Application for Funds will be evaluated for project feasibility, Applicant capacity, and the extent to which it conforms to the greatest number of Minnesota Housing Threshold Requirements, Strategic Priorities, and Funding Priorities as outlined below. Minnesota Housing will also consider the extent to which the Application for Funds addresses the local priorities outlined by the Applicant.

2.07 Threshold Requirements

Applicants must satisfy the following threshold requirements:

Overall Feasibility.

The following factors shall be considered in determining the overall feasibility of an Applicant’s proposal:

- The nature and suitability of the Specific Project site or Program Model service area.
- Whether the proposed housing is needed in the market that is intended to be served based upon population, job growth, and very low housing vacancy rates.
- For the Specific Project, whether the rehabilitation costs are reasonable and demonstrate cost containment efforts for all stages and aspects of the development without compromising overall development quality. For the Program Model, whether the administration fees and program budget are reasonable.
- Whether the housing or program is economically viable.

Applicant Capacity.

The following factors shall be considered in determining whether an Applicant has demonstrated sufficient organizational capacity to complete the proposed activity:

- The Applicant’s purpose and mission.
- The Applicant’s related housing experience.
- Whether the Applicant has successfully completed similar programs or projects or is partnering with other organizations that have successfully completed similar projects.
- Whether the Applicant has strong current and expected ongoing capacity to administer the RRDL Program or complete the proposed Project Model in a timely manner and maintain the housing for the long term.

Program Model Applicants must also provide the following additional information:

- Satisfactory evidence that the Applicant has the approval of the governing body of the relevant political subdivision. Resolutions from relevant governing bodies are required as due diligence before Administrative Agreements are signed.
- Satisfactory evidence that the Applicant has capacity to provide, or will coordinate with other agencies to serve the entire proposed Program Model service area.
- Identification of staff who will be directly involved in various aspects of the RRDL Program and a description of their skills and experience.
- Identification of outreach methods and a marketing plan for the RRDL Program; the marketing plan must not exclude any otherwise eligible Borrower from making an application and being considered eligible.
- Indication of whether the organization intends to enter into a subcontract for any portion of the administration of the RRDL Program. All subcontractors must be approved by Minnesota Housing.

- Applicants other than units of local government must submit either a copy of their Affirmative Action Certificate of Compliance from the State Department of Human Rights or a notarized letter indicating that their organization had not more than 40 full-time employees at any time within the previous 12 months.
- Availability of other financial resources to provide additional assistance to developments or to assist in payment of RRDL Program delivery costs.
- Projected RRDL Program administration costs the Applicant will charge Borrowers.
- Explanation of how the RRDL Program selection criteria and application process will provide rental housing outcomes that support local area markets and utilize existing infrastructure.
- Explanation of the extent to which the proposed RRDL Program selection criteria will incorporate Minnesota Housing Funding Priorities identified in Section 2.9.
- Satisfactory evidence that the Applicant maintains adequate insurance for its employees, usually in the form of Fidelity and Forgery Bond or other similar insurance providing employee dishonesty coverage.
- Documented procedures for preventing conflict of interest with regard to the selection of applications or allocation of funds.

2.08 Strategic Priorities

Minnesota Housing's 2013-15 Strategic Plan guides the Minnesota Housing's 2014 work to finance affordable housing options in the current environment. The RRDL Program is designed to address two of the five strategic priorities with an emphasis on the first priority below:

Address Specific and Critical Needs in Rental Housing Markets.

The types of affordable housing opportunities needed in each community across the state are different. Minnesota Housing is taking steps to provide opportunities tailored to those needs. While this strategic priority focuses on rental markets, the planned activities apply to both renter and homeowner needs and programs. From a rental perspective, these activities will play a critical role in implementing this strategic priority. During 2014, the Minnesota Housing will:

- Conduct ongoing conversations with individual communities about their housing and development needs.
- Implement Governor Dayton's Housing-Jobs initiative to promote economic development in communities needing workforce housing in the parts of the state where employers are poised to expand but there is not enough housing to meet the needs of the local workforce.
- Continue to assist seniors so that they can to age in place and remain in their community. Programs and policies will be refined to best support community-based housing for seniors and address housing gaps.

Preservation of Federally Assisted Properties.

Minnesota has more than 60,000 units of rental housing that have received or currently receive federal assistance to keep them affordable. These properties are located throughout the state, in large and small communities alike. The affordable housing stock is an essential part of communities' infrastructure, and its preservation is critical to communities' continued vitality. As these properties age, or as the subsidy contracts and regulatory agreements expire, there is a risk that these units may be lost due to physical deterioration or diminished capacity of the ownership entity. During 2014, the Minnesota Housing will:

- Refocus Minnesota Housing efforts to be more proactive in providing financial resources to preserve federally-subsidized rental housing.
- Implement a revamped preservation criterion for selecting rental projects for funding, which will make it more objective, transparent, systematic, and data driven.

Federal Subsidy.

Any housing receiving project based rental assistance, operating subsidies, or mortgage interest reduction payments under a U.S. Department of Housing and Urban Development ("HUD") or U.S. Department of Agriculture Rural Development ("RD") program that is not scheduled to sunset or expire. NAHASDA is also eligible in certain circumstances.

If selected for funding, the owner shall continue renewals of existing project based housing subsidy payment contract(s) for as long as the assistance is available. Except for "good cause" the owner will not evict existing subsidized residents and must continue to renew leases for those residents.

2.09 Funding Priorities

Among proposals that satisfy the selection standards set forth above, Minnesota Housing shall give priority to those proposals that best meet the greatest number of the following priorities:

- **Underserved Populations:** The extent to which the proposal addresses the housing needs of underserved populations as described in the Minnesota Housing Affirmative Fair Housing Marketing Plan. "Underserved populations" means individuals and households of color, single head of households with minor children, and disabled individuals.
- **Linkages:** The extent to which the proposed housing is located near jobs; transportation, including regional and interregional transportation corridors and transit-ways; recreation; retail services; social and other services; and schools.
- **Project Location:** The extent to which the proposed housing increases or sustains the supply of affordable housing in counties that experienced job or household population growth from 2000-2010.
- **Reuse/Efficient Land Use:** The extent to which the proposed housing maximizes the adaptive reuse of existing buildings and the use of existing infrastructure.

- **Leverage:** The extent to which private investment and external sources are included as a funding source.
- **Long-Term Affordability:** The extent to which the development ensures long term affordability evidenced by the sources and terms of financing, provision of rental assistance with an extended contract, and additional rent restrictions for a specified time period.
- **Economic Integration:** The extent to which the proposed housing provides or maintains housing opportunities for households with a wide range of incomes and housing needs within a community or provides housing opportunities for a wide range of incomes within the proposed housing.
- **Cost Reasonableness/Cost Containment:** The extent to which the cost per unit is held as low as possible and cost containment efforts are made for all stages of the development while not compromising the quality and sustainability of the proposed housing. Cost reasonableness includes maintaining low intermediary costs.
- **Regulatory Cost Avoidance/Cost Reduction:** The extent to which the proposal identifies and includes cost avoidance or cost reductions from regulatory changes, incentives, or waivers by the local governing body.
- **Site Suitability:** The extent to which the site and design of the proposed housing is suitable for the housing needs of the proposed tenants.

Chapter 3 – Processes and Responsibilities

Section 3.1 does not apply to Specific Project Applicants. All Applications must comply with Section 3.2 – 3.5.

3.01 Procedures and Responsibilities for Program Models Only

Administrative Agreement.

An Administrator will execute an Administrative Agreement outlining the legal relationship and responsibilities of the Administrator with Minnesota Housing.

The Administrative Agreement is labeled with a RRDL Agreement ID Number which is the unique identifier for the award. The Administrator must use this RRDL Agreement ID Number on all forms and correspondence to Minnesota Housing.

A contractual commitment between Minnesota Housing and the Administrator is effective upon receipt of a fully executed Administrative Agreement.

This Program Guide and your application, including subsequent changes and additions, are supplements to the Administrative Agreement executed between the Administrator and Minnesota Housing. It is incorporated into the Administrative Agreement by reference and is a part thereof as fully as if set forth therein at length.

Minnesota Housing reserves the right to:

- Alter or waive any of the requirements herein.
- Impose other and additional requirements.
- Rescind or amend any or all materials effective as of the date of issue unless otherwise stated.

Minnesota Housing grants waivers, alterations, or revisions at its sole discretion.

Administrators may request, in writing to Minnesota Housing, waivers, alterations, or revisions to this Program Guide.

Administrative Agreement Term.

The Administrator shall execute an Administrative Agreement, in form and substance acceptable to Minnesota Housing staff, within 90 days of the date of Minnesota Housing Board approval of the RRDL Program allocation and shall commit all funds within 24 months from the date of the Board approval, unless otherwise directed in writing by Minnesota Housing.

Minnesota Housing reserves the right to cancel the Administrative Agreement if it is not executed and returned to Minnesota Housing within 30 days of receipt.

The term of RRDL Funds availability to the Administrator shall be for the period outlined in the Administrative Agreement unless otherwise amended by Minnesota Housing. Minnesota Housing, at its sole discretion, may extend the terms of Administrative Agreement. Any RRDL Funds not used by the Administrator during the period outlined in the Administrative Agreement shall be repaid to Minnesota Housing in accordance with the terms and conditions outlined in the Administrative Agreement.

Administrative Subcontracts.

The Administrators may enter into written agreements with other entities for assistance with RRDL Program administration. Administrators must receive prior approval from Minnesota Housing before entering into subcontractor agreements. Regardless of such agreements, the Administrator shall:

1. Assume full responsibility for a subcontractor’s performance with respect to the RRDL Program. This includes adherence to the policies and procedures set forth in this Program Guide and any related documents.
2. Assume full liability for all warranties and representations made to Minnesota Housing, regardless of who performs the actual work.
3. Require all subcontractors to attend applicable RRDL Program workshops throughout the term of the subcontract.
4. Provide additional training and technical assistance to subcontractors as needed.
5. Provide RRDL Program updates, including amendments of this Program Guide, to the subcontractor.

Disbursements.

Disbursement of RRDL Funds to the Administrator will occur as follows:

1. Minnesota Housing will set aside an allocation of RRDL Funds based upon the awarded amount approved by Minnesota Housing.
2. Upon execution of the Administrative Agreement and receipt of the Request for Funds form, Minnesota Housing will disburse a one-time \$3,000 award to the Administrator to market and set up the RRDL Program locally.
3. Minnesota Housing will advance funds to the Administrator or other entity approved by Minnesota Housing at the time of closing for each individual construction or end loan project.
4. Minnesota Housing will forward funds via Electronic Fund Transfer (EFT) Form or check.
5. Payment Holds: Minnesota Housing may place disbursement payment holds on Administrators at its sole discretion. Reasons for payment holds include, but are not limited to:
 - a. Missing or incomplete required reports or forms for any open award.
 - b. Lack of progress completing Projects in an adequate timeframe.

- c. Critical issues (i.e. monitoring and/or audit findings) discovered by Minnesota Housing in current or past Administrator awards which must be resolved before additional funds are disbursed.

Requesting a Commitment.

In order to obtain a commitment for an end loan or construction loan; the Administrator must submit a complete RRDL Administrators Loan Submission Closing Checklist and the required documentation as requested. Once the documentation has been reviewed and approved, Minnesota Housing will issue a commitment and apprise the Administrator of the Minnesota Housing Project loan number (Development Number).

1. Commitments are valid for a maximum of 12 months for Construction Loan and maximum 14 months for End Loans. All commitments will be automatically cancelled at the end of that period unless approved in writing by Minnesota Housing.
2. Loans must meet eligibility requirements and be closed no later than the last day a commitment is valid. The closing of all loans shall occur within 24 months from the adoption date of the applicable Minnesota Housing Board approval resolution, unless an extension is approved by Minnesota Housing Board of Directors.
3. Modifying a Commitment
 - a. In order to qualify, any change to a commitment must meet eligibility requirements and be submitted on a Loan Modification Request Form.
 - b. Changes to the Borrower and/or the Project for which commitment was issued, are not permitted.
 - c. An increase in the loan amount will be allowed only if funds are available to accommodate the change and the increase does not exceed the program limits.
4. Canceling a Commitment
 - a. Minnesota Housing requires the Administrator to cancel any commitment of funds that will not be used for the specified Project by submission of a Loan Modification Request Form.
5. Transfer of a Commitment
 - a. Administrators may not transfer commitments to another Administrator without prior written approval by Minnesota Housing. Minnesota Housing may transfer a commitment request under the following conditions.
 - b. Administrator shall request a transfer of commitment in writing and document the reason(s) for the request.
 - c. The new Administrator must be an approved participant in the RRDL Program; and,
 - d. The original Administrator must transfer and/or assign the project documents to the new Administrator.

6. Duplicate Funding Requests
 - a. Under the RRDL Program, the Administrator may not cancel a Project commitment request and subsequently request funds for the same Project and Borrower.
7. Loan Amount Corrections
 - a. If it is determined that an adjustment to a closed loan is necessary, Minnesota Housing will either invoice the Administrator for any funds to be returned or disburse the necessary funds to the Administrator.

Allocation of Uncommitted Funds.

Administrators will receive funds at the time the construction or end loan closes. After 12 months, if 50% or more of previously allocated RRDL Funds to an Administrator has not been committed to a Project eligible hereunder, such uncommitted funds may be recaptured and reallocated to higher performing Administrators. Priority for allocating recaptured RRDL Funds will be given to Administrator that has utilized 75% or more of their previously allocated RRDL Funds.

Loan Closing Warranties.

Upon loan closing for a Project, the Administrator makes the following warranties to Minnesota Housing on the date that the loan is closed:

1. It has complied with all terms, conditions, and requirements of this Program Guide and the contractual documents as they pertain to the submission of application packets and the closing of all RRDL Program loans, unless Minnesota Housing has waived them in writing.
2. After reasonable inspection, it is satisfied that no improvement covered by the RRDL Program loan is in violation of any applicable zoning laws or regulations.
3. It has closed the RRDL Program loan in accordance with Minnesota Housing closing instructions as outlined in this Program Guide and the Administrative Agreement.

Administrator Activity Reporting.

All Administrators with an open Administrative Agreement are required to submit RRDL Administrator Activity Reports to Minnesota Housing on a monthly basis or as directed. Minnesota Housing will provide an approved report format and instructions.

Audit and Monitoring Guidelines.

The Administrator is required to keep on file a complete copy of all documents for each Project completed as defined in the Administrative Agreement.

With reasonable notice to the Administrator and/or the Project owner, Minnesota Housing reserves the right to make site visits and/or conduct audits of all files related to the use of RRDL Funds.

1. Audit Guidelines and Due Diligence Requirements. Audited files may be requested to be forwarded to Minnesota Housing for review. Audited files are reviewed for, but are not limited to, the following:
 - a. Minnesota Housing program/policy compliance.
 - b. Compliance with the particular award requirements.
 - c. Fraud or misrepresentation on the part of any party involved in the transaction.
 - d. Trends and/or other indicators that may have an impact on the financial viability of the RRDL Program in part or in whole.

The Administrator is required to keep a complete copy of documents for each property assisted by the RRDL Program in a properly labeled file. A copy of an individual loan file may be requested to be forwarded to Minnesota Housing for review. Criteria used to select files to request for auditing include, but are not limited to:

- Statistical sampling.
 - Award size or history.
 - Completion progress.
 - Monitoring / audit results from other Administrator allocations or Borrower files.
2. Monitoring Guidelines and Due Diligence Requirements. Files may be requested to be made available to Minnesota Housing at the Administrator's office during regular business hours. Monitoring visits will include, but are not limited to, the following:
 - a. Physical inspection of Projects.
 - b. Review of files for RRDL Program compliance.
 - c. Verification of financial accounting.
 3. Criteria Used to Select Awards to be Monitored May Include; but is Not Limited to:
 - a. RRDL Program completion status.
 - b. Administrator performance issues.
 - c. Time period between monitoring visits.
 - d. Monitoring / audit results from other Minnesota Housing allocations to an Administrator, or Borrower files.

Termination of Administrative Agreement.

In accordance with the Administrative Agreement, Minnesota Housing may at its sole discretion, terminate the participation of any Administrator under this RRDL Program Guide at any time, giving thirty (30) days written notice before such termination, and may preclude

Administrator’s future eligibility for reasons including, but not limited to, nonconformance with:

- This Program Guide.
- The Administrative Agreement.
- The program guides, procedural manuals, and agreements of other Minnesota Housing programs.
- The Federal Fair Housing Law and other applicable state and federal laws, rules and regulations.

Or, failure of Administrator:

- To satisfactorily perform administrative responsibilities.
- To originate a loan for 12 consecutive months.

Minnesota Housing may, at its discretion, impose remedies other than termination of the Administrative Agreement for any default of the Administrator.

The Administrator may request reinstatement into Minnesota Housing programs. The decision whether or not to reinstate an Administrator shall be at Minnesota Housing’s sole discretion.

3.02 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 RRDL Program to the Minnesota Attorney General’s office for appropriate legal action.

Minnesota Housing may exercise all remedies available to it, both legal and equitable, to recover funds from the Administrator and/or the Borrower. This includes RRDL Funds, together with all applicable administrative costs and other fees or commissions received by the Administrator in connection with the RRDL Funds and for all attorney fees, legal expenses, court costs or other expenses incurred by Minnesota Housing in connection with the RRDL Funds or recovery thereof.

3.03 Compliance with Privacy Statutes

The Minnesota Government Data Practices Act requires Minnesota Housing and the Administrator to supply borrowers with the Privacy Act Notice ¹when requesting private data from rental households; and governs when the disclosure of the Borrower’s social security number is required.

Note: Only the borrower’s name, address and amount of assistance received are public data when a household receives a deferred loan and may be released.

¹ Administrators who are Governmental Entities shall use the form approved by their “Responsible Authority”, as defined in Minnesota Government Data Practices Act Minnesota Statute 13.02, Subd. 16.

3.04 Unauthorized Compensation

Administrators may receive fees approved in this Program Guide. However, Borrowers and Administrators shall not receive or demand from builder, remodeler, contractor, supplier, any kickbacks; commissions; or, other compensation.

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

Note: Discounts must be considered normal and do not constitute a kickback, commission, or compensation for services or products rendered. Any discounts that exceed the norm should be documented as a charitable contribution by the representative of the seller, builder, remodeler, contractor, or supplier providing the discount.

3.05 Representations and Warranties

The Administrator also warrants and represents the following:

- Fees directly or indirectly collected from the Borrower or any other person, are only those fees and/or charges specifically permitted in this Program Guide.
- Adequate capital and trained personnel will be maintained for participation in the RRDL Program.

Both the Administrator and Borrower additionally warrant and represent the following:

- The relevant requirements of any state or federal laws under the RRDL Program have been satisfied.
- They have no knowledge that any improvement covered by the loan is in violation of any zoning laws or regulations.
- They have complied with all terms, conditions and requirements of the Administrative Agreement and/or this Program Guide unless those terms, conditions, and requirements have been specifically waived by Minnesota Housing in writing.

Chapter 4 – Eligibility Criteria

4.01 Eligible Borrowers

- A Nonprofit Organization.
- A City.
- A joint powers board established by two or more Cities that owns or will own the housing.
- An Indian tribe or tribal housing corporation that owns or will own the housing.
- A natural person who owns or will own the housing.
- A Private Developer.

Any employee, agent, consultant, officer, or elected or appointed official of Minnesota Housing or of any Administrator who has responsibilities with respect to the RRDL Program, and their families, may not receive a loan during their tenure, or for one year after termination of their relationship with Minnesota Housing or the Administrator.

Borrowers that previously received Minnesota Housing assistance and did not successfully maintain program compliance may not receive a loan.

An Administrator may apply to Minnesota Housing to be a Borrower. In this case, Minnesota Housing will process the application as a Specific Project application under this Program Guide through either the RRDL RFP or the Multifamily Open Pipeline Process, subject to availability of funding.

4.02 Eligible Properties

RRDL funds must be utilized for the rehabilitation of permanent rental housing, such as:

- Single family and duplex properties are eligible for assistance under the Program Model as long as four or more units or single family homes are located within a single community or within a designated area as identified in the applicable Administrative Agreement. Properties applying for Specific Projects funding must have a minimum of 12 units.
- Properties must meet Minnesota Housing’s and Administrator’s selection criteria.
- Properties must be used primarily for residential purposes (51% or more of the gross floor area of each structure must be residential rental space).
- Properties must be a permanent structure.
- Properties must conform to all applicable zoning ordinances and possess all appropriate use permits.

- Projects may contain one or more buildings on a single site that are under common ownership, management, and financing, if the housing units are considered one development.
- Scattered single and multifamily properties may be combined into one loan when there are at least four units having common ownership, management, and financing, and all housing units are being rehabilitated as part of a single undertaking.

In a mixed income development, only the units that meet the income and affordability requirements of the RRDL Program will be funded. The Borrower is responsible for funding the non-eligible units and a prorated portion of the common areas. The level of funding will be prorated based on number of the RRDL eligible units divided by the total number units, as long as the level of building quality and amenities are equal for both.

If the units are comparable:

1. Determine the number of units that will be RRDL units and divide that by the total number of units in the building to get your percentage of RRDL unit
2. Subtract the owner's 5% soft cost match from the TDC to obtain your adjusted TDC
3. Multiply the percentage of units times the adjusted TDC
4. Subtract the number obtained in number three from the full TDC

If the units are non-comparable, you will have to do the calculations using the square footage.

4.03 Ineligible Properties

- Owner occupied housing (where 51% or more of the space is owner occupied).
- Public Housing Developments.
- Developments requiring licensing by the state (e.g. nursing homes, assisted living).
- Developments that have reserves in an amount that is sufficient to cover the cost of the intended rehabilitation, plus an amount sufficient to cover the annual routine maintenance and repairs.
- Developments that will not be financially feasible post-rehabilitation.
- Temporary housing properties such as shelters, transitional housing, or residential hotels.

4.04 Income Limits

At the time of initial occupancy, units assisted with RRDL Funds must be occupied by households with incomes that do not exceed 80% of the greater of state or area median income for a family of four, not adjusted by family size. For more information, refer to the Economic

Development Housing Challenge Program income limits on the [Minnesota Housing Rent and Income Limits](#) or [RRDL Web Page](#).

Prior to a commitment of RRDL Funds, each household must disclose their income to the Owner on an Initial Occupancy Statement by Tenant form which is entered onto the Characteristics of Tenant Households Report to determine unit eligibility.

State law governing the RRDL Program allows for units assisted with RRDL Program funds to be occupied by households with incomes at the time of initial occupancy of up to “the greater of state or area median income, not adjusted by family size”. However, Minnesota Housing will require income and rent limits consistent with those specified in the owner’s application, provided that they are not higher than the statutory income and rent limits.

4.05 Economic Integration

Integration of economically diverse households is encouraged. The housing shall be marketed for general occupancy and families.

Borrowers shall not refuse to rent to a household solely on the basis of the household’s Section 8 or other tenant based rental assistance.

In existing rental properties, there may be a mixture of qualifying and non-qualifying household incomes. These developments are eligible; however, the level of funding will be prorated as specified in Section 4.2.

There are no income limits for non-assisted units in a mixed income development, unless dictated by another source of funding.

4.06 Rent Limits

Minnesota Housing has established maximum RRDL Rent Limits based upon data on wages from the Minnesota Department of Employment and Economic Development (DEED). The final affordable rent is the **lesser** of rents based on wage data and rents based on affordability at 80 percent AMI. The RRDL Rent Limits are available on the [Minnesota Housing Rent and Income Limits](#) or [RRDL Web Page](#).

These rent limits were established to ensure rents will be Affordable to the Local Workforce based on wages of the jobs being created or retained in the local area. To support this data, all Applicants will prepare a Community Profile Report for the Project and an Administrator shall complete a RRDL Certification of Selection Criteria form.

State law governing the RRDL Program allows for units assisted with RRDL Program funds to charge rents “affordable to the local workforce”. However, Minnesota Housing will require income and rent limits consistent with those specified in the owner’s application, provided that they are not higher than the statutory income and rent limits.

4.07 Utility Allowances

Tenant-paid utility allowances are included in the RRDL Rent Limit. Generally acceptable utility allowances are those provided by Public Housing Agencies (PHA) on a Section 8 utility allowance schedule.

Chapter 5 – Eligible Improvements and Expenses

5.01 Eligible Improvements/Expenses

Eligible improvements must be permanent general improvements, with the exception of appliances, that have not been started prior to the loan closing.

Permanent general improvements include renovations or repairs to an existing structure which materially preserve or improve the basic livability, safety, or utility of the property.

Improvements must be made in compliance with all applicable health, fire prevention, building, housing codes and standards, and Minnesota Housing's [Limited Scope Projects Abbreviated Design Standards and Limited Scope Projects Sustainability Requirements](#).

5.02 Ineligible Improvements/Expenses

The following improvements and expenses are not eligible for RRDL Funds:

- New construction, conversion or adaptive reuse;
- Installation of window air conditioners, unless previously provided and owned by the development;
- Installation of fireplaces or wood burning stoves;
- Sweat equity for the property owner's labor;
- Owner equity take out;
- Materials purchased prior to loan closing;
- Acquisition;
- Any improvement which is not a permanent fixture to the property (furniture or other personal items are not fixtures under Minnesota law) with the exception of appliances;
- Materials, fixtures, or landscaping of a type or quality exceeding that customarily used in the locality for decent, safe, and sanitary properties of the same general type as the property being improved;
- Change orders not approved by Minnesota Housing prior to commencement of work;
- Construction of or aesthetic improvements to recreational facilities including, but not limited to, patios, gazebos, tennis courts, hot tubs, swimming pools, playground equipment, and saunas;
- Costs associated with a Project which will be incomplete (i.e. framing a room addition);
- Improvements begun prior to loan closing;
- Repairs to or construction of outbuildings including, but not limited to, sheds, utility buildings, shops, barns, silos; and underground sprinkler systems;

- Borrower’s Contribution including, but not limited to, expenses exceeding RRDL limits.
- The construction of public development infrastructure, including but not limited to, city water, sewer, curbs and gutters that are not directly related to the rehabilitation of the Project;
- Administration costs not connected to the rehabilitation of the Project;
- The refinance of an existing loan;
- Community development projects including, but not limited to, parks or community centers; and
- Improvements for commercial use.

Note: Ineligible improvements/expenses may be completed at the expense of the Borrower.

5.03 Eligible Soft Costs

Soft costs include costs to process and settle the financing for a Project, such as:

- Title Commitment and Insurance Policy;
- Fees for the Owners and Encumbrances Report;
- Fees for recordation and filing of legal documents;
- Building permits;
- Attorney fees;
- Appraisal and independent cost estimate fees;
- Temporary relocation costs;
- Lead-Based Paint Risk Assessment and Lead Clearance fees; and
- Project Management Fee as defined in Section 6.3.

5.04 Ineligible Soft Costs

- Application expenses. Although Application Fees may be charged by the Administrator, they may not be paid with RRDL Program Funds.
- Developer fees.
- Operating and/or replacement reserves.

5.05 Borrower’s Contribution

The Borrower is required to contribute to the payment of the rehabilitation expenses. The Borrower shall contribute at minimum an amount equivalent to 5% of the total amount of the Eligible Soft Costs.

Chapter 6 – Administration Fees

The Administrator may collect fees for legitimate and customary services provided to complete a RRDL loan.

6.01 Application Fees

The Administrator may impose and charge an Application Fee to the Borrower for preparing and/or reviewing a Borrower Application. Payment of the fee is the sole responsibility of the Applicant and may **not** be included in the loan as an eligible soft cost. Administrators may charge a Borrower an Application Fee using the following fee schedule:

- \$100 per unit.
- \$3000 per project maximum.
- \$500 per project suggested minimum.

If the Borrower Application is not selected, the Administrator may choose, but is not required, to return the Application Fee. The Administrator must disclose to the Borrower before collecting an Application Fee its policy regarding returning fees.

6.02 Program Model Administration Award

Under the Program Model, an Administrator will receive a one-time start up award of \$3,000 to help offset initial RRDL Program Administration expenses. The award will be paid to the Administrator after the Administrative Agreement has been fully executed.

6.03 Project Management Fee

An Administrator may charge a Project Management Fee for specific administration tasks that are necessary, reasonable, and customary in the industry. The type and amount of fee to be charged will be proposed by the Applicant, approved by Minnesota Housing, and set forth in the Administrative Agreement on a Schedule of Approved Fees.

Eligible project management expenses include, but are not limited to, property inspections, preparing plans, work write-ups, collection and review of loan due diligence, and preparation of loan documents.

The approved Project Management Fees will be realized when the RRDL Loan is closed.

The Administrator shall not charge a Project Management Fee for projects which they are also the Applicant or Borrower. When layering funds from other Minnesota Housing products, only one administrative fee may be charged to the Borrower.

Chapter 7 - Loan Review and Underwriting

7.01 Evidence of Site Control and Acceptable Ownership Structures

Borrowers are required to provide evidence of 100% fee simple interest in the Project with such interest recorded and appearing in the records of the county.

Projects owned by a trust are not eligible to apply for the RRDL Program.

Projects owned through a Contract for Deed are not eligible unless the Applicant or Administrator has secured a written waiver from Minnesota Housing.

A Project financed with a loan which also finances one or more properties which are not requesting a RRDL loan is not eligible to apply for the RRDL program, unless:

1. The properties are not cross collateralized and the RRDL loan may be filed on only the property to be improved with the RRDL Loan, or;
2. Applicant or Administrator has secured a written waiver from Minnesota Housing.

A Project which financed with a commercial loan with periodic interest and term adjustments must meet the following requirements to be eligible to apply for RRDL funding:

1. A maximum interest rate cap for the commercial loan shall be established by the lender and set forth in the commercial lender's loan documents.
2. The initial loan amortization schedule, as well as any revised or modified amortization schedule, shall be established to fully amortize the commercial loan or provide that no balloon payment shall be due before the maturity date of the RRDL Loan.
3. The commercial loan repricing requirements will not require Minnesota Housing to re-subordinate the RRDL Loan.

7.02 Organizational Documentation

For purposes of determining an organization's ability to borrow from Minnesota Housing appropriate documentation must be submitted to support the ownership structure (corporation, general partnership, limited partnership, limited liability companies, municipalities, or local units of government). Minnesota Housing will provide details on required documentation once a Project has been selected. All borrowing entities must be for a term at least as long as the term of RRDL Program loan.

1. Corporations must provide:

- a. Certified Articles of Incorporation and amendments, if any.
- b. Certified Bylaws and amendments, if any.
- c. Borrowing Resolution containing the following:
 - i. Authority to own and operate rental property.

- ii. Authority to borrow RRDL Funds and execute Minnesota Housing loan documents.
- iii. Name and title of officer(s) authorized to execute loan documents.

2. General Partnerships must provide:

- a. Partnership Agreement and amendments, if any.
 - i. There must be at least two general partners.
 - ii. All general partners are required to sign Minnesota Housing’s loan documents, or the partnership agreement or a resolution must designate who is authorized to sign on half of all partners.
- b. Borrowing Resolution of corporate general partner(s). Refer to A. 3. above for requirements.

3. Limited Partnerships must provide:

- a. Certificate of Limited Partnership filed with Minnesota Secretary of State’s Office.
- b. Limited Partnership Agreement and amendments, if any.
 - i. All general partners are required to sign Minnesota Housing’s loan documents, or the partnership agreement or a resolution must designate who is authorized to sign on behalf of all partners.
- c. Borrowing Resolution of corporate general partner(s). Refer to A. 3. above for requirements.

4. Limited Liability Companies (LLCs) must provide:

- a. Certified Articles of Organization and amendments, if any.
- b. Certified Operating Agreement/Bylaws and amendments, if any.
- c. Certified Member Control Agreement (if applicable) and amendments, if any.
- d. Borrowing Resolution of corporate member(s). Refer to A. 3. above for requirements.

5. Municipalities or Local Units of Government (i.e., HRA, EDA) must provide:

- a. Enabling resolution and minutes from the city council establishing the local unit of government.
- b. Certified Bylaws and amendments, if any.
- c. Borrowing Resolution. Refer to A. 3. above, for requirements.

6. **Certificate of Good Standing:** All entities must submit a Certificate of Good Standing, when applicable, which must be issued by The Minnesota Secretary of State's Office and dated within 30 days prior to the closure of the RRDL Program loan.

7.03 Title Examination Requirements

The Administrator is required to verify the legal description of the Real Estate, the Borrower's ownership interest, and any existing liens. Title investigation must be arranged by the Administrator through a Title Company in the form of an Owners and Encumbrances Report, or a Title Insurance Commitment / Policy, as follows:

- For loans less than \$100,000, an Owner's and Encumbrances report is acceptable.
- For loans of \$100,000 or more, a Lender's Policy of Title Insurance is required.

Title must show that the Project is vested in the Borrower and is free from any liens or exceptions to title, other than the lien created by the RRDL Program loan and those consented to by Minnesota Housing in writing.

7.04 Underwriting Standards and Financial Analysis

The Administrator must have and utilize normal and prudent underwriting standards to underwrite a loan for a Borrower. The Administrator must document the evaluation and determination of the Project feasibility and the Borrower's ability to repay the loan. The Administrator shall maintain trained personnel who are sufficiently knowledgeable to adequately service Minnesota Housing loans in accordance with industry accepted standards as determined at Minnesota Housing's sole discretion. Minnesota Housing will not issue a Loan Commitment without sufficient evidence of underwriting analysis.

Financial Analysis.

When approving a loan, at a minimum, the following information shall be reviewed:

1. The completed Borrowers Application and Multifamily Common Application Form (RFP, HTC 1), including but not limited to: estimated rental income, operating expenses, construction costs, and funding sources.
2. All debts relating to the Project must be disclosed and documented, including debt service requirements.
3. A current appraisal or market analysis, if available, otherwise a recent property tax statement is acceptable.
4. The Project's operating budget for the past 2 years, vacancy information and a cash flow analysis demonstrating the Project's ability to remain affordable and sustainable. Operating budgets may be waived for individuals and sole proprietorships when tax returns and the application proforma provide required details.

5. Any reserves, escrows, and other resources available to make repairs. RRDL Funds shall be the funding of last resort and will not exceed the amount necessary to fill the funding gap or the RRDL Program limits.

RRDL Loans will be underwritten at a minimum, consistent with the RRDL Pilot Program Underwriting Standards posted on the RRDL Web page and the guidelines below:

1. Single asset entities are required for Projects with total development cost of greater than \$300,000.
2. Vacancy will be underwritten at the greater of market or 5%.
3. Cash flow must indicate a historic evidence of cash flow for the property. The Project's cash flow and debt service coverage should be documented and analyzed. If one of the dwelling units in a Project is occupied by the Borrower, or any of the units are vacant at the time of Borrower's Application, the rent that the unit could reasonably be expected to command in the open market may be considered in the Project's cash flow analysis.
4. All properties that are eligible for Low Income Rental Classification (LIRC) or Payment in Lieu of Taxes (PILOT) must participate in those programs.

Borrower Credit Worthiness.

The Borrower's debt payments in comparison to income receipts must indicate the Borrower's ability to repay the loan. The Project file must contain evidence of the Borrower's financial status and credit worthiness. At a minimum, the following materials will be provided by the Borrower for review:

1. Individual Borrowers
 - a. Two years of personal tax returns, including K-1s and Schedule Es. The previous two years' tax returns must be used to verify income of self-employed individuals, persons having variable annual incomes, or when income from interest/dividends or income-generating property comprises a significant portion of gross income and property income and operating expenses
 - b. Personal credit report from one of the 3 large, national credit bureaus. The Project file must include a commercial credit report and any of the following if necessary to document the Borrower's creditworthiness:
 - i. Minimum credit score of 640.
 - ii. Written letters of credit experience from creditors,
 - iii. Documented telephone conversations with creditors, and
 - iv. A letter describing the Administrator's own credit experience with the Borrower.
2. Corporation, LLC, LLP, or LP Borrowers: The credit investigation shall include information on all persons required to join in the RRDL Mortgage Note. At a minimum, the following materials will be provided for review:

- a. Two or more years of accountant prepared financial statements.
 - b. Two years of complete tax returns for the borrowing entity, including K-1s and Schedule Es.
3. Non Profit or Governmental Borrowers
- a. Two or more years of audited financial statements for governmental entities and Non Profit organizations.
 - b. Two years of complete IRS Form 990- for non-profits.

Debt Information.

The Borrower must list all fixed obligations related to the Project for which the Borrower has assumed personal liability, including but not limited to, all mortgage or contract-for-deed payments for purchasing real property, installment loans, personal notes, and debts to financial institutions.

Obligations related to the Borrower’s business for which he or she is not personally liable should not be considered personal debts, but should be listed on the credit report and identified as business debts. The general financial condition of the Borrower’s business should be reviewed to determine whether it is likely to have an adverse effect on the Borrower’s ability to repay the loan.

Income Documentation. All sources and amounts of income which comprise a significant portion of the Borrower’s projected gross annual income, before taxes and withholding, shall also verify in writing as of the date of the Borrower Application. Net income from rental or business activities shall be counted after adding back depreciation.

7.05 Program Model Loan Processing Phases and Due Diligence Requirements

Processing of RRDL Program loans should be completed within six to twelve months. Delays in submission or revision of any items could result in delays in reaching loan closing.

A complete list of the required due diligence items for processing a loan receiving RRDL Funds is available on the [RRDL website](#).

The phases of the Program Model loan completion process are listed below:

Project Selection Requirements.

The Administrator shall collect, evaluate, approve, and maintain a complete file containing all required due diligence for each Project selected for RRDL Funding in compliance with the RRDL Administrators Project File Checklist provided by Minnesota Housing and the terms of the Administrative Agreement.

Commitment and Closing Requirements.

The Administrator will complete the RRDL Administrators Loan Submission Closing Checklist, which details minimum specific documentation/delivery requirements, and provide the information to Minnesota Housing for review. In addition, Administrators must specifically warrant that all applicable documentation has been obtained and reviewed to determine compliance with all RRDL Program requirements.

1. Upon receipt and approval of the Loan Approval submissions described in the [RRDL Administrators Loan Submission Closing Checklist](#), Minnesota Housing notifies the Administrator in writing of Project eligibility and loan amount.
2. Upon receipt and approval of the Loan Commitment submissions described in the [RRDL Administrators Loan Submission Closing Checklist](#), Minnesota Housing will prepare the loan documents. The documents and instructions will be provided to the Administrator to commit the RRDL funds and/or close the loan with the Borrower. The fully executed documents must be delivered to Minnesota Housing within timeframes designated in Section 3.1 of this Guide.

RRDL Mortgage Loan Commitment will be issued for both End Loans and Construction Loans. At that time, RRDL Funds will be set aside for the approved Project.

1. End Loans may begin construction upon execution of the RRDL Mortgage Loan Commitment, and in accordance with the terms of any interim financing, if applicable. After completion of construction the Administrator shall submit, to Minnesota Housing, the required due diligence necessary to request preparation and delivery of the RRDL loan document package, and arrange for a closing with the Borrower.
2. For Construction Loans, the RRDL loan documents must be executed and recorded prior to the start of construction.

Documentation not delivered to Minnesota Housing within the specified time frames or in acceptable form, may result in, at Minnesota Housing's discretion, the refusal to issue a loan commitment, repayment of a RRDL Program loan, or any such remedy as identified in this Program Guide or allowed by law. Minnesota Housing, at its sole discretion, may also extend the timeframes.

Construction Requirements.

Construction will be undertaken and inspected in compliance with all applicable requirements of Chapter 9 – Rehabilitation Standards, the Loan Agreement, and the Administrative Agreement.

Project Completion Requirements.

The Administrator will prepare the RRDL Completion Certification, which details specific documentation/delivery requirements, and provide the recorded legal documents to Minnesota Housing. Administrators must provide the completed and signed RRDL Administrators Project File Checklist and the required documents and specifically warrant that

the work was completed as detailed in the approved Scope of Work and all applicable documentation has been obtained and reviewed to determine compliance with all RRDL Program requirements.

7.06 Project Management and Operation

Management and Operation Budgets.

The proposed management and operating expenses should be based on the Borrower's or management company's current portfolio and supported by:

- Actual operating data provided by the management company or Borrower for similar property.
- Circumstances and/or significant changes to the economics of the Project's current marketplace, such as increased utility costs and property insurance
- Operating trends of the Project or management company, if applicable.
- Audited Financial statements for proposed development for past 3 years, when applicable.

The management and operating budgets provided in the underwriting of the RRDL Program loan must indicate Project sustainability which will protect the long-term investment being made by the Borrower and Minnesota Housing.

Minnesota Housing reserves the right to review and compare to budgets of comparable Minnesota Housing financed developments. Additionally and/or in place of using Minnesota Housing comparables; actual year end financial statements and/or audited management and operating expenses may be used.

For Specific Project applications, Minnesota Housing may reject or adjust the operating and maintenance figures based upon the information supplied specific development type, and circumstances and/or significant changes to the economics of the Project's current market place.

Utilization of Units.

All units must be rented to family sizes appropriate to the unit size with a ratio of at least one person per bedroom. If, during the course of tenancy, a family size changes, a household may submit a written request to the Borrower to transfer to another unit or be placed on a waiting list for such transfer. In the event of a decrease in family size, the household may be required to move into the next available suitably sized smaller unit.

Any unit funded by RRDL Funds must be subject to a lease that is in compliance with all local, state, and federal rules, regulations, and laws.

Marketing.

The Borrower shall demonstrate that they have established networks and linkages necessary for residents to maintain sustainable housing occupancy.

Chapter 8 - Loan Servicing and Monitoring

8.01 Minimum Affordability Period

The Minimum Affordability Period begins on the date that the RRDL Program loan closes.

The income and rent restrictions for the assisted units, as set forth herein, are in effect for the term of the loan. If the loan is paid in full early, the income and occupancy conditions will remain in place as follows:

- Loans with an initial 10 year term shall have a 5 year Minimum Affordability Period.
- Loans with an initial 15 year term shall have a 10 year Minimum Affordability Period.
- Loans with a longer initial term shall have a 15 year Minimum Affordability Period.

8.02 Transfers of Ownership

A loan may be assumed contingent upon:

- Minnesota Housing's review and approval of the proposed ownership entity.
- Assumption of all contractual obligations with Minnesota Housing.
- Payment of a fee equal to the greater of ½ of 1% of the outstanding RRDL Program loan amount or \$1,500.

8.03 Affordability and Loan Term Extension

A loan may be extended at the end of the RRDL loan term for a minimum additional period of 10 years. The Borrower must agree to maintain the rent and income restrictions and report annually for the duration of the extended loan term. Minnesota Housing will charge a servicing fee equal to the greater of ½ of 1 percent of the outstanding RRDL Program loan amount or \$1,500.

8.04 Loan Prepayment

The RRDL Program loan may be prepaid in full at any time; however, rent and income restrictions will remain in place for the applicable Minimum Affordability Period. Minnesota Housing will charge a prepayment fee equal to the greater of ½ of 1 percent of the outstanding RRDL Program loan amount or \$1,500.

8.05 Partial Debt Reduction

Up to twenty five percent (25%) of the debt may be forgiven for maintaining the applicable income and rent requirements and compliance requirements for the full RRDL Program loan term. Five percent will be forgiven each year of the last five years of the RRDL Program loan term.

8.06 Loss of Affordability Premium

In some circumstances, the Borrower may appeal for release from all RRDL Program loan requirements prior to the end of the Minimum Affordability Period. If the request is deemed reasonable in Minnesota Housing's sole discretion, the Borrower shall pay a premium in addition to the full RRDL Program loan amount to receive a release from the remainder of the Minimum Affordability Period.

The Borrower will be charged a 3.5% premium fee on the full loan amount for each year for the remainder of the Minimum Affordability Period as further described in the lending documents.

8.07 Rent and Income Monitoring

Minnesota Housing will monitor the property for the term of the Loan. The Borrower must annually certify to Minnesota Housing that the Project has complied with rent, income, property insurance and other requirements, and identify any changes in ownership, management, and/or service provider. The Borrower must report occupancy and rent information annually in a form and manner required by Minnesota Housing.

Household income must qualify at the time of initial occupancy and does not need to be re-certified thereafter. Borrower must obtain an Initial Occupancy Statement by Tenant certifying income eligibility and a Minnesota Government Data Practices Act Disclosure Statement for each household that occupies a RRDL assisted unit. In addition, Borrower shall request each household occupying an RRDL assisted unit complete a Tenant Demographic Profile form; however a household's failure to complete this form shall not be reason for denial of occupancy.

Minnesota Housing will inspect the property every 5 years in accordance with Minnesota Housing's Multifamily Deferred Loan monitoring policy.

Chapter 9 - Rehabilitation Standards

9.01 General

This section describes minimum rehabilitation standards required for Project's receiving RRDL Funds.

The Project must comply with the Minnesota State Building Code and any other applicable federal, state, or local codes, ordinances, standards, and regulations at Project completion and throughout the Term of the Loan

9.02 Property Selection

Prior to selecting a development to receive RRDL Funds, the following minimum property standards shall be met or determined capable of being met through proposed improvements. They are as follow:

Marketability.

Minnesota Housing reserves the right to evaluate marketability of dwelling units. Barriers to marketability may include location, dwelling unit size, and/or dysfunctional dwelling unit layout.

Access.

Each dwelling unit shall comply with the following access requirements:

- Access to and from each dwelling unit must be without unauthorized use of other private properties or private spaces within the dwelling unit, and the building must provide an alternative means of egress in case of fire, which does not require use of other private property.
- Each dwelling unit shall have a continuous and unobstructed means of egress to a public way such as a street, alley, or parcel for public use as defined by building code. Basements in dwelling units and every sleeping room shall have at least one operable window or door approved for emergency escape or rescue which shall open directly into public street, public alley, yard or exit court as defined by building code.
- Existing dwelling units that currently have doors and windows for emergency escape that requires the use of other private property as an escape route to a public way must be approved by the Local Building Official, Fire Marshall and Minnesota Housing architect. If this escape route becomes obstructed, even through no fault of the Borrower, the dwelling unit will be considered to be in non-compliance and the RRDL Program loan may be required to be repaid.

Structural Integrity.

This program is designed to address moderate rehabilitation needs and is not appropriate for projects with substantial "gut" rehabilitation needs and projects requiring major structural modifications.

Municipal Sewer and Water.

Any housing that is currently utilizing a private well and/or sewer system must be converted over to municipal sewer and water if available in an adjacent street, easement, or right-of-way and doing so is economically feasible.

9.03 Technical Assistance

Minnesota Housing will require the Borrower to hire an architect and/or professional engineer to provide professional services if the Project work scope meets certain criteria or if other conditions apply. Refer to [Minnesota Housing's Architect's Guide](#) for conditions requiring architectural services,

If architectural services are not warranted, a qualified rehab specialist will be required to provide technical assistance which includes the following:

- Conduct a property inspection utilizing the Minnesota Housing approved Property Inspection Template.
- Coordinate environmental reviews/remediation.
- Accessibility analysis.
- Coordinate other inspections.
- Prepare preliminary work scope/cost estimate.
- Prepare contract documents.
- Assist Borrower in securing a contractor.
- Contract administration.

9.04 Rehabilitation Standards

Housing must comply with [Minnesota Housing's Abbreviated Design Standards for Limited Scope Projects](#) or for more comprehensive rehabilitation projects comply with the Minnesota Housing's Rental Housing Design/Construction Standards.

9.05 Sustainable Housing Standards

All rehabilitation work shall conform to Minnesota Housing's Sustainable Housing requirements. This includes all items scheduled for replacement as part of the rehabilitation work being proposed.

Projects must install Energy Star Water Sense-labeled products when older obsolete products (such as windows, doors, lighting, fans, water heaters, furnaces, boilers, air conditioning units, refrigerators, clothes washers, dryers, dishwashers, toilets, showers, and faucets) are replaced as part of rehabilitation work. Projects shall follow either the 2011 Enterprise Green Communities and Minnesota Overlay or Sustainability Requirements for Limited Scope Projects.

The complexity of the rehabilitation project shall determine the tracking method for meeting Minnesota Housing’s Sustainability requirements.

9.06 Preparation of Bid Specification/Scope of Work

The Borrower or Administrator (with assistance of architect/professional engineer/ qualified rehabilitation specialist, as applicable) shall develop the Scope of Work and include all work necessary to insure the Project will comply with applicable state and local codes, standards, and ordinances, HQS,UPCS, rehabilitation standards, and sustainable housing standards.

Once the Scope of Work is approved by Minnesota Housing or the Administrator, the Borrower shall have prepared for approval contract documents consisting of drawings and specifications setting forth in detail the requirements of the Project.

9.07 Obtaining and Evaluating Bids

The Administrator shall devise bid and proposal forms, scope of work forms, or other forms that may help the Borrower in obtaining adequate bids and bids from companies with diverse workforces.

To ensure reasonable costs, Minnesota Housing requires the Borrower to obtain a minimum of two competitive bids from single prime general contractors. All bidders must provide evidence of a valid Residential Building Contractors License.

Minnesota Housing may permit direct selection (negotiated or comparative selection) for awarding construction contracts if other Minnesota Housing deferred loan assistance is provided in addition to RRDL Funds and work scope is substantial enough to warrant Project oversight by a Minnesota Housing staff architect.

9.08 Eliminating Work Scope Items

Elimination of Scope of Work items is allowable provided the Project will comply and remain in compliance with all applicable state and local codes, standards, and ordinances, rehabilitation standards, and sustainable housing standards through the Term of the Loan.

Minnesota Housing may determine that the eliminated work scope items are necessary and require the Borrower to have the work performed at their expense.

The Borrower is encouraged to request non-essential items as alternate bids when developing the Scope of Work.

9.09 Construction Contracts

A construction contract must be executed between the Borrower and the single prime general contractor for a stipulated sum. Minnesota Housing requires an American Institute of Architects form of Owner Contractor Agreement or other approved contract for Project’s obtaining

\$100,000 or greater in Minnesota Housing funding. Refer to [Minnesota Housing Contractor's Guide](#) for additional information.

9.10 Contractor Surety

Minnesota Housing requires contractor surety when a Borrower will be obtaining a Minnesota Housing construction loan(s) greater than \$300,000.

Refer to [Minnesota Housing's Contractor's Guide](#) for additional information.

9.11 Proceed to Work

For an End Loan, upon execution of RRDL Loan Commitment, the Borrower will be notified that they may issue a "Proceed to Work" order to the selected single prime general contractor. For Construction Loans the RRDL Mortgage must be recorded prior to the start of any work.

9.12 Monitoring Construction Progress

Construction progress shall be monitored by the Borrower, or the Administrator when applicable, with the assistance of an architect, professional engineer or qualified rehabilitation specialist as defined in Section 9.3.

End Loans.

Periodic site inspections shall be conducted during the construction period to ensure work is proceeding according to the Scope of Work.

The designated monitor and the Contractor must certify that lead-safe work practices were observed during site inspection by noting the file, per section 24 CFR Part 35, when applicable.

Construction Loans.

The designated monitor must be present at all draw meetings to ensure that Minnesota Housing's interests and RRDL Program policies are being met.

The designated monitor and Contractor must certify that lead-safe work practices were observed during site inspection by noting the file, per section 24 CFR Part 35, when applicable.

9.13 Change Orders

Requests for Increase/Decrease in Rehabilitation Expenses.

If the expenditure, or anticipated expenditure, is less or greater than the approved RRDL Program construction contract amount, the Borrower must submit the following to Minnesota Housing or the Administrator:

1. Written explanation of any increase and/or decrease, with the new and/or amended bid(s) or invoice(s).
2. Change Order Form (AIA or RRDL form) indicating the increase/decrease in the construction contract amount.

3. Revised Sworn Construction Statement shall be submitted in final closing package.

The executed Change Order form will be returned to the Administrator. The Administrator shall not authorize the commencement of any additional work or the expenditure of any additional funds until receipt of written additional funding source from the Borrower.

The amount of assistance provided to the Borrower at final closing will be adjusted according to the approved increase/decrease.

Requests for Change in Contractor and/or Improvements.

Minnesota Housing must approve a change in contractor or eligible improvements, whether or not there is a change in the cost of the rehabilitation.

9.14 Construction Warranty Period

The Contractor shall be required to warranty work as described within the Minnesota Housing's Contractors Guide.

Chapter 10 – Affirmative Action and Equal Economic Opportunity Policy

10.01 Policy

It is the policy of Minnesota Housing to take affirmative action to provide equal opportunity in all of our projects, programs, and other endeavors. Minnesota Housing’s goal is to achieve a client and recipient mix that is representative of the people who live in our state and our communities, so that all employment and contractual benefits that develop as a result of our programs will be shared by all Minnesotans. This policy applies to all Minnesota Housing employees and everyone with whom we do business.

10.02 Purpose

The purpose of this Plan is to make Minnesota Housing’s commitment to act affirmatively to achieve equal opportunity in all facets of its operation, clear to both internal staff and outside parties with whom we do business.

10.03 Goals

Our goal is to ensure minority and female contractors and subcontractors equal access to business opportunities on Minnesota Housing financed projects and to encourage the presence of minorities and women at all levels, on the staffs of the program participants having contractual agreements with Minnesota Housing. Minnesota Housing’s goal is to ensure that the workforces on the projects and programs we finance reflect demographically the area in which they are located. Our goal is to ensure equal business opportunity to minority and female contractors and subcontractors on the projects we finance and equal employment opportunity in the workforces of the firms with whom we sign contractual agreements, in which a contractor commits to meet Minnesota Housing’s employment and business goals. These goals will apply for the length of the contract or the life of the mortgage. Minnesota Housing, at its discretion, may set numerical or percentage goals dependent on the location and size of a given project. Current goals will be determined by staff based on the location of the Project.

10.04 Requirements

Minnesota Housing is required to comply with all applicable state, federal and local laws. These requirements are passed on to everyone we do business with, either by contractual agreement or as a Minnesota Housing policy.

10.05 Sanctions

Minnesota Housing has the contractual authority to demand full payment of any loan or grant, stop proceeding with any project at any stage, and cease to do business with any entity or individual that fails to follow our affirmative action policies or fails to meet its/his/her contractual equal opportunity obligations.

10.06 Equal Opportunity Laws/Rules

The operations of Minnesota Housing are regulated by, but not limited to, the following Equal Opportunity Laws/Rules:

- Executive Order 11246 (Affirmative Action Requirements, Federal and federally derived Contracts).
- Executive Order 11625 (Minority Business Enterprises).
- The Civil Rights Act of 1964 (Title VII).
- Equal Employment Act of 1972.
- The Americans with Disability Act of 1990.
- Section 504 of the Rehabilitation Act of 1973 as amended.
- Minnesota Human Rights Act.
- Fair Housing Amendments Act of 1988.

Chapter 11 – Fair Housing Policy

Minnesota Housing’s fair housing policy incorporates the affirmative fair housing marketing practices addressed in Title VIII of the Civil Rights Act of 1968 as amended by the Fair Housing Amendment Act of 1988, which state that it is unlawful to discriminate in the sale, rental, and financing of housing based on race, color, religion, sex, handicap, familial status or national origin; as well as the fair housing protections provided by the Minnesota Human Rights Act, which adds creed, marital status, status with regard to public housing, and sexual orientation.

In part, regarding rental housing issues, Title VIII and the Human Rights Act makes it unlawful to: (i) discriminate in the selection/acceptance of applicants in rental of housing units; (ii) discriminate in terms, conditions or privileges of rental of a dwelling unit; (iii) engage in any conduct relating to the provision of housing which otherwise make unavailable or denies rental of a dwelling unit; (iv) make or publish (or have anyone else make or publish) advertisements that indicate preferences or limitations based on race, etc.; (v) tell a person that because of race, etc., a dwelling unit is not available when it is; and (vi) deny access to, or membership or participation in, associations or other services organizations or facilities relating to the business of renting a dwelling or discriminate in the terms or conditions or membership or participation.

Minnesota Housing has a commitment to affirmatively further fair housing for members of the disabled communities by promoting the accessibility requirements set out in the Fair Housing Amendment Act of 1988, which establish design and construction mandates; and provide for the residents’ right to make reasonable accommodations, under certain conditions (applicable to covered multifamily dwellings, buildings consisting of 4 or more units if such buildings have one or more elevators; and ground floor dwelling units in other buildings consisting of 4 or more dwelling units).

All Minnesota Housing programs require owners to market affirmatively, using specific steps geared to the particular program. These steps include:

- Outreach to all groups protected by the Civil Rights Act of 1968, amended in 1988, and those protected by the Minnesota Human Rights Act.
- Affirmative marketing strategy that reaches protected groups.
- Self-analysis to make sure all steps are non-discriminatory.
- Upon request by Minnesota Housing, the submission of reports and documents that confirm the owner’s fair housing efforts.

Participants will be expected to use affirmative fair housing marketing practices in soliciting renters, determining eligibility, and concluding all transactions.

Chapter 12 – Program Contacts

RRDL Program Manager

Susan Haugen

651-296-9848

Susan.haugen@state.mn.us

RRDL Program Administration

Tamara Wilson

651-296-4451

Tamara.Wilson@state.mn.us

RRDL Program Technical Support

Erin Coons

651-296-9836

erin.coons@state.mn.us

Minnesota Housing Architect

Erika Arms

651-296-9850

Erika.arms@state.mn.us

Minnesota Housing Underwriter

Robert Porter

651-297-5142

Robert.porter@state.mn.us

Chapter 13 – Multifamily Disaster Assistance Funds – Revised 9/19/12

Pursuant to 2012 1st Special Session Laws Chapter 1, Article 1, § 7, Subdivision 2 the Minnesota Legislature has made an appropriation to Minnesota Housing to be used for disaster assistance (“Disaster Assistance Funds”) in the area included under Presidential Declaration of Major Disaster DR-4069, as amended (“DR-4069”); and damaged by severe storms and flooding from June 19, 2012, to June 20, 2012 (the “Flood Period”).

Disaster Assistance Funds for multifamily rental developments (“Multifamily Flood Recovery Program”) is intended to restore the development to its pre-disaster conditions when private insurance and federal assistance are not adequate or appropriate.

Multifamily Disaster Assistance Funds are available directly from Minnesota Housing for a Specific Project or through an Administrator Program Model serving the areas included under DR-4069.

This chapter is intended to add, clarify or exempt certain portions of this Program Guide to meet the special provisions for the making of loans which are funded by Multifamily Disaster Assistance Funds.

13.01 General

The following provisions of this Chapter 13 clarify whether Multifamily Disaster Assistance Funds must comply with, is exempt from, or must comply with revised provisions of a given chapter of this Program Guide.

Each chapter or section is labeled as follows:

- **UNCHANGED:** The chapters or sections remain unchanged and the provision of Multifamily Disaster Assistance Funds shall comply fully with such chapters or sections.
- **NOT APPLICABLE:** Multifamily Disaster Assistance Funds are fully exempt from compliance with the chapters or sections.
- **REVISED:** The chapters or sections are revised and the provision of Multifamily Disaster Assistance Funds shall comply with the revised chapters or sections.

In the event of a conflict between the provisions in other chapters or sections of this Program Guide and the provisions of this Chapter 13, with respect to Multifamily Disaster Assistance Funds, the provisions of this Chapter 13 shall control. Unless otherwise stated in this Chapter 13, provisions not in conflict shall remain in effect.

13.02 Specific Provisions

Introduction: UNCHANGED

Chapter 1 – Program Purpose and Background: REVISED

The following is the only change: There is no income limit for rental households served through the provision of Multifamily Disaster Assistance Funds.

Chapter 2 – Application Process for Administrators and Specific Projects and Common Selection Standards

Section 2.01 Access to Funds: NOT APPLICABLE

Section 2.02 Funding Activities: REVISED

The following is the only change: An Administrator’s Program Model may accept eligible Applicants and loans under this Chapter 13, notwithstanding the fact that such Applicants and loans may be beyond the scope of Administrator’s original Program Model concept presented to Minnesota Housing.

Section 2.03 Eligible Administrator Applicants: UNCHANGED

Section 2.04 Loan Limits and Terms: REVISED

The provisions of Section 2.4 are not applicable, except for the following revised provisions relating to Multifamily Disaster Assistance Funds: Minnesota Housing will provide Multifamily Disaster Assistance Funds as a 0% interest deferred loan, forgivable after 10 years. Loans under the Program Model must not exceed \$300,000, without prior written approval by Minnesota Housing. Loans may be structured as either an end loan or a construction loan. The maximum loan amount must not exceed \$15,000 per unit without prior written approval by Minnesota Housing.

Section 2.05 Application for Funds: NOT APPLICABLE

Section 2.06 Selection Standards: NOT APPLICABLE

Section 2.07 Threshold Requirements: NOT APPLICABLE

Section 2.08 Strategic Priorities: NOT APPLICABLE

Section 2.09: Funding Priorities: NOT APPLICABLE

Chapter 3 – Processes and Responsibilities

Section 3.01 Procedures and Responsibilities for Program Models Only: REVISED

The following revisions and additional provision are added:

- The Administrator shall accept applications for funds on a first-come first-served basis until December 15, 2012, unless this deadline is extended by Minnesota Housing. The flood related rehabilitation made with the proceeds of Multifamily Disaster Assistance Funds must be completed by June 30, 2013.
- In order to obtain a commitment for a loan made with proceeds of Multifamily Disaster Assistance Funds, the Administrator must submit a complete RRDL 2012 Multifamily Flood Recovery Loan Commitment/Closing Checklist and Certification and the required documentation as requested.
- All Administrators making loans with the proceeds of Multifamily Disaster Assistance Funds must submit an RRDL 2012 Multifamily Flood Recovery Monthly Report to Minnesota Housing. Minnesota Housing will provide Administrator with a monthly report form and instructions.

Section 3.02 Evidence of Misconduct Referred to Attorney General: UNCHANGED.

Section 3.03 Compliance with Privacy Statutes: UNCHANGED.

Section 3.04 Unauthorized Compensation: UNCHANGED.

Section 3.05 Representations and Warranties: UNCHANGED.

Chapter 4 – Eligibility Criteria

Section 4.1 Eligible Borrowers: UNCHANGED

Section 4.2 Eligible Properties: REVISED

The following revision and additional provisions are added:

- Multifamily Disaster Assistance Funds must be utilized for the rehabilitation of permanent rental housing with a minimum of five units.
- Scattered site properties must have five or more units, be under common ownership and be processed as a single loan.
- Multifamily Disaster Assistance Funds must be utilized for properties damaged as a direct result of the severe storms and flooding during the Flood Period in those counties designated under DR- 4069.
- The Borrower must demonstrate that private property insurance and/or federal assistance were denied or were not adequate to return the permanent rental housing property back to its pre-disaster condition.

Section 4.3 - Ineligible Properties: UNCHANGED

Section 4.4 - Income Limits: NOT APPLICABLE

Section 4.5 - Economic Integration: NOT APPLICABLE

Section 4.6 - Rent Limits: UNCHANGED

Section 4.7- Utility Allowances: UNCHANGED

Chapter 5 – Eligible Improvements and Expenses

Section 5.01 Eligible Improvements/Expenses: REVISED

The following additional provisions are added:

- Multifamily Disaster Assistance Funds must be for costs not fully covered by hazard/flood insurance proceeds, and/or assistance from the Federal Emergency Management Agency and/or the Small Business Administration in accordance with the rehabilitation standards set forth in Chapter 9.
- Any governmental funds or private insurance funds received subsequent to receipt of Multifamily Disaster Assistance Funds relating to the same disaster shall result in a corresponding reduction/repayment of Multifamily Disaster Assistance Funds.

Section 5.02 – Ineligible Improvements/Expenses: UNCHANGED

Section 5.03 – Eligible Soft Costs: REVISED

The following revision is added: Project Management Fees are not applicable to loans made with proceeds of Multifamily Disaster Assistance Funds. Multifamily Disaster Assistance fees in accordance with Chapter 6 below are eligible soft costs under the RRDL Program.

Section 5.04 – Ineligible Soft Cost: REVISED

The following revision is added: Application Fees are not applicable for loans made with proceeds of Multifamily Disaster Assistance Funds.

Section 5.05 Borrower’s Contribution: NOT APPLICABLE

Chapter 6 – Administration Fees: REVISED

The provisions of Chapter 6 are not applicable, except for the following revised provisions relating to Multifamily Disaster Assistance Funds:

- An Administrator may receive the following Multifamily Disaster Assistance fees payable from RRDL loan proceeds for processing a RRDL loan made with the proceeds of Multifamily Disaster Assistance Funds:
- Properties with 5-20 units: \$1,500 total - \$1,000 paid at commitment and \$500 paid when completed
- Properties with more than 20 units: \$2,500 total - \$1500 paid at commitment and \$1000 paid when completed.

Chapter 7 – Loan Review and Underwriting

Section 7.01 Evidence of Site Control: UNCHANGED

Section 7.02 Organizational Documentation: UNCHANGED

Section 7.03 Title Examination Requirement: UNCHANGED

Section 7.04 Underwriting Standards and Financial Analysis: REVISED

The provisions of Section 7.4 are not applicable, except for the following revised provisions relating to Multifamily Disaster Assistance Funds: The Administrator must have and utilize normal and prudent underwriting standards to underwrite a loan for a Borrower. The Administrator must document the evaluation and determination of the Project feasibility and the Borrower's credit history. The Administrator shall maintain trained personnel who are sufficiently knowledgeable to adequately service Minnesota Housing loans in accordance with industry accepted standards as determined at Minnesota Housing's sole discretion. Minnesota Housing will not issue a Loan Commitment without sufficient evidence of underwriting analysis. The following are the required documents which must be reviewed and used to make a funding decision:

- Two years of operating budgets;
- Evidence of current mortgage payments;
- Evidence of current payment of real estate taxes;
- Evidence of current property and liability insurance; and
- Current rent rolls.

Section 7.05 Program Model Loan Processing Phases and Due Diligence Requirements:
REVISED

The provisions of Section 7.5 are not applicable, except for the following revised provisions relating to Multifamily Disaster Assistance Funds:

The rehabilitation outlined in the approved RRDL Program Scope of Work must be completed before June 30, 2013. Delays in submission or revision of any items could result in delays in loan closing.

A complete list of the required due diligence items for processing a loan receiving Multifamily Disaster Assistance Funds is available on the [RRDL website](#)

The phases of the Program Model loan completion process are listed below:

Project Selection Requirements

The Administrator shall collect, evaluate, approve, and maintain a complete file containing all required due diligence for each Project selected for a loan funded with the proceeds of Multifamily Disaster Assistance Funds in compliance with the Owners RRDL 2012 Multifamily Flood Recovery Loan Application File Checklist provided by Minnesota Housing and the terms of the Administrative Agreement.

Commitment and Closing Requirements

The Administrator will complete the RRDL 2012 Multifamily Flood Recovery Loan Commitment / Closing Checklist and Certification, which details specific documentation/delivery requirements, and provide the information to Minnesota Housing for review. In addition, Administrators must specifically warrant that all applicable documentation has been obtained and reviewed to determine compliance with all RRDL Program requirements.

Minnesota Housing will prepare the loan documents and provide them to the Administrator to close the loan with the Borrower. The fully executed documents must be delivered to Minnesota Housing within 15 business days.

A RRDL 2012 Multifamily Flood Recovery Loan Commitment will be issued for both End Loans and Construction Loans. At that time, Multifamily Disaster Assistance Funds will be set aside for the approved Project.

1. For End Loans construction may begin upon execution of the RRDL 2012 Multifamily Flood Recovery Loan Commitment and in accordance with the terms of any interim financing, if applicable. After completion of construction, the Administrator shall submit to Minnesota Housing, the required due diligence necessary to request preparation and delivery of the RRDL Multifamily Flood Recovery Loan package, and arrange for a closing with the Borrower.
2. For Construction Loans, the RRDL Multifamily Flood Recovery loan documents must be executed and recorded prior to the start of construction.

Documentation not delivered to Minnesota Housing within the time frames specified in this section may result in the refusal to issue a loan commitment, repayment of an RRDL loan, or any such remedy as identified in this Program Guide or allowed by law. Minnesota Housing, at its sole discretion, may also extend the specified timeframes.

Construction Requirements

Construction will be undertaken and inspected in compliance with all applicable requirements of Minnesota Housing Multifamily Rehabilitation Emergency Accelerated Process (REAP) (see Chapter 9), the Building Loan Agreement, and the Administrative Agreement.

Project Completion Requirements

The Administrator will prepare the RRDL 2012 Multifamily Flood Recovery Completion Certification, which details specific documentation/delivery requirements, and provide the recorded legal documents to Minnesota Housing. In accordance with the requirements of the RRDL 2012 Multifamily Flood Recovery Completion Certification, Administrators must (i) provide the completed and signed Administrator RRDL 2012 Multifamily Flood Recovery Application File Checklist and the required documents and (ii) specifically warrant that the work was completed as detailed in the approved Scope of Work and that all applicable

documentation has been obtained and reviewed to determine compliance with all RRDL Program requirements.

Section 7.06 Project Management and Operation: UNCHANGED

Chapter 8 – Loan Servicing and Monitoring:

Section 8.01 Minimum Affordability Period: NOT APPLICABLE

Section 8.02 Transfer of Ownership: NOT APPLICABLE

Section 8.03 Affordability and Loan Term Extension

Section 8.04 Loan Repayment: NOT APPLICABLE

Section 8.05 Partial Debt Reduction: NOT APPLICABLE

Section 8.06 Loss of Affordability Premium: NOT APPLICABLE

Section 8.07 Rent and Income Monitoring: REVISED

The provisions of Section 8.6 are not applicable, except for the following revised provisions relating to Multifamily Disaster Assistance Funds:

A Data Practices Act Disclosure Statement will be required for each household that occupies a RRDL Program loan assisted unit. This information is necessary for the administration and management of State or Federal programs that provide housing for Low and Moderate Income Households.

Chapter 9 – Rehabilitation Standards

Section 9.01 through 9.16: REVISED

This entire chapter shall be omitted and replaced with the Multifamily Rehabilitation Emergency Accelerated Process (REAP) noted below. REAP describes the minimum rehabilitation standards required for properties receiving Disaster Assistance Funds.

Properties and construction activities which do not meet the qualifications outlined in this policy shall not be considered “Disaster Assistance” and shall follow Minnesota Housing’s standard design and construction process.

MINNESOTA HOUSING’S REHABILITATION EMERGENCY ACCELERATED PROCESS (REAP)

Overview

The purpose of this policy to provide an accelerated process for the immediate repair/ replacement of damaged elements to buildings due to a natural disaster. Understanding that time is critical to recovery from a natural disaster, Minnesota Housing has established a streamlined process for building design, architect requirements, and contractor requirements. The borrower and his/her team is encouraged to use and follow our standard procedures, however, only the requirements noted herein will be enforced by Minnesota Housing.

This accelerated process, in no way releases the owner, borrower, architect, contractor, or any other team member from their obligation to meet all applicable codes, standards, ordinances and/ or statutes.

Policy

Projects receiving Multifamily Disaster Assistance Funds from Minnesota Housing must comply with the requirements noted herein. Minnesota Housing reserves the right to enforce all or portions of our typical, non-disaster assisted standards and guides if the proposed scope of work/ construction costs warrant a more detailed design and construction process.

Requirements

Eligible Disaster Assistance Funds Use of REAP

To be eligible for the use of REAP for design and construction; projects must meet the following requirements:

- Funds must be used for the repair and/or replacement of damaged multifamily housing building systems, assemblies, and components which are not fully covered by insurance of said property or by the Small Business Administration disaster funding.
- Funds shall be limited to the following uses:
 - To rehabilitate and return buildings to their pre-disaster condition (unless allowed otherwise as noted herein)
 - To remedy pre-disaster building code/ health & life safety issues
 - Post-disaster permanent construction to meet building code/ health & life safety items.
 - Replacement of appliances
 - Replacement (or partial replacement) of roof
 - Minor exterior envelope replacement (masonry, siding, wall structure/ studs, sheathing, gypsum board/ plaster, vapor/ weather barriers, etc.)
 - Environmental remediation (Lead Based Paint/ Asbestos Containing Material/ Mold)
 - Interior finishes with real life safety deficiencies such as tripping hazards at flooring, mold on surfaces, broken glass/ window panes, etc.
 - Adding GFCI Receptacles & Smoke/ CO Detectors in locations as required by code for new construction
 - Installing ducted kitchen Range Hoods if the hood(s) is/are being replaced
 - Installing properly ducted bathroom exhaust fans if non-existent
 - Addressing code violations to the maximum extent possible
 - Clean-up and debris removal (performed by a contractor or vendor)
- Funds must be used towards buildings which are occupied by residents, or will be occupied by residents within (90) days.
- Funds must be used for buildings which have received by the Building Official, Fire Marshall/ Chief, or other Official with jurisdiction:
 - an Order of Condemnation, or
 - a revoked Certificate of Occupancy, or
 - a notice that the dwelling (or building) is deemed unfit for human habitation, or
 - other Notice(s) or Order(s) which pose an immediate threat to health, welfare and life safety for residents, staff, visitors and the general public

Ineligible Disaster Assistance Funds Use of REAP

The following uses are ineligible to use REAP for design and construction.

- New building(s) and or new addition construction
- Gut rehabilitation
- Adaptive reuse
- Cosmetic, non-damaged, and non-life safety upgrades
- Luxury upgrades
- Landscaping improvement or repair

Compliance with the following Minnesota Housing documents as amended is required for properties receiving Disaster Assistance Funds:

- (1) [Rental Housing Design/Construction Standards \(RHD/CS\)](#);
- (2) [Architect's Guide](#); and
- (3) [Contractor's Guide](#)

1. Rental Housing Design/ Construction Standards (RHD/CS)

Chapter 2 – General Occupancy Rental Housing Minimum New Construction Standards

- The requirements of this chapter only apply to new construction.
- Any improvements included in the “Multifamily Disaster Assistance Funds” Scope of Work including new finishes, replacement of equipment, systems, building components, or assembly of components are required to comply with this chapter.

Chapter 3 – General Occupancy Rental Housing Minimum Rehabilitation Standards

- All requirements to of this chapter are waived and not required;
- However Minnesota Housing strongly encourages the following:
 - Item A. A Physical Needs Assessment (PNA) using Minnesota Housing’s *Property Inspection Template*
 - Item B. Environmental - Contractors & building owners are required to comply with all applicable environmental codes and regulations:
 - Lead Base Paint evaluation and reduction
 - Asbestos Containing Material inspection/ assessments
 - Mold investigation and mitigation
 - Other applicable environmental concerns

Chapter 8 – Sustainable Housing

- The Enterprise Green Communities Criteria (EGCC) and Minnesota Overlay current at the time of Disaster Assistance Funds award shall be applicable to any improvements enacted upon at the time of “Emergency” rehabilitation (repairs, replacement, etc). Improvements such as new finishes, replacement of equipment, systems, building components, or assembly of components are required to comply with the corresponding “Mandatory” criteria, except when the criteria specifically denotes “New Construction Only.”

- Disaster Assistance Funds Required Criteria - 2011 EGCC and Minnesota Overlay Amendments
 - Criteria 5.1c Building Performance Standard – Three Stories or Less – Moderate Rehab
 - If existing equipment is replaced, it shall meet minimum efficiencies noted in item 2.c. of the Minnesota Overlay (5.1 addendum or ENERGYSTAR Builder Option Package).
 - Criteria 5.1d Building Performance Standard – Four Stories or more – Moderate Rehab
 - If existing equipment is replaced, it shall meet the minimum efficiencies noted in item 2.d. of the Minnesota Overlay (ENERGYSTAR Builder Option Package).
 - Minnesota Overlay
 - Submittals are not required. Although, Minnesota Housing strongly encourages an Intended Methods Worksheet be completed and kept on file with the project team.
 - Waivers requests and other documents are not required unless requested by Minnesota Housing.

Chapter 9 – Design/ Construction Standards Supplement for Federally Funded Projects
Only applicable if required by funding source statute or regulatory requirements.

2. Architect’s Guide

All requirements of this guide are waived and not required with exception to the following which are required:

Chapter 2 – Architecture Services

- Requirements, Item 1. – An Architect and/ or Engineer shall be provided if any of the conditions noted for said professionals apply.

Chapter 3 – Architecture Compensation

- If an Architect is provided, compensation shall be a lump sum, fixed fee negotiated between the Owner and Architect subject to Minnesota Housing’s approval.

Chapter 4 – Insurance Requirements

- If an Architect is provided, the insurance requirements shall be included.

Chapter 5 – Owner/ Architect Agreement

- If an architect is provided, a written agreement shall be included. Minnesota Housing strongly encourages AIA documents, but will allow limited scope letter/ proposal agreements subject to Minnesota Housing’s approval.

Chapter 6 – 11

- Are not required unless requested by Minnesota Housing.

Chapter 12 – Construction Phase

- If an architect is provided, a limited scope of work for construction administration shall be included to meet applicable licensing and code requirements.

Chapter 13 – End of Construction

- Minnesota Housing reserves the right to receive close-out documents upon request.

3. Contractors Guide

All requirements of this guide are waived and not required with exception to the following which are required:

Chapter 2 – Contractor Selection/ Bidding Requirements/ Compensation

- A general contractor is required, however if approved by Minnesota Housing direct bidding to subcontractor trade types (i.e. roofing contractor, electrician, painting, etc...) may be allowed.
- All sub contractor work, whether directly bid to the Owner or through a general contractor must be competitively bid to at least (2) qualified subcontractors.

Chapter 3 – Insurance

- The building owner shall provide an “All Risk” Builders Risk Policy
- If a general contractor is used, insurance shall be per this chapter
- If no general contractor involved, each subcontractor must provide Comprehensive General Liability Insurance for their work.

Chapter 4 – Owner/ Contractor Agreement

- Minnesota Housing strongly encourages AIA documents; however a written proposal may be used subject to Minnesota Housing approval.
- No up-front/ pre –construction, down payments (earnest money) are/is allowed.
- Progress payments will be paid on a monthly basis with 10% retainage being held until final completion and close-out approved by Minnesota Housing.

Chapter 5 – Contractor’s Surety

- Performance Bonds and Payment Bonds are required; however Minnesota Housing waives this requirement for projects with a construction cost of \$300,000 or less.

Chapter 14 – Warranty Period

- All work including general contractor and (single direct bid) subcontractor work shall be warranted for one year per this chapter.

Where two standards govern the same condition, conformance to the most restrictive standard is required.

Definitions

The following terms shall have the meanings set forth unless an exception is clearly made in another section of this Program Guide to indicate otherwise.

Term	Definition
Administrative Agreement	An agreement outlining the legal relationship and responsibilities of a Program Model Administrator who was allocated funds by Minnesota Housing to implement and process applications for the RRDL Program.
Administrator	An applicant selected to participate in either a Program Model or Specific Project through the RRDL Program.
Affordable to the Local Workforce	The amount of housing payments made by the occupants of housing based on the wages of jobs being created or retained in the local area. Affordable rent limits for each county are listed on the Minnesota Housing website. Affordable rents are based on local county calculations and determined by Minnesota Housing, unless another method is approved in writing by Minnesota Housing.
Applicant	Housing & Redevelopment Authorities (HRAs), Community Action Programs (CAPs), local non-profit housing providers, units of local and tribal governments, and joint powers boards of two or more of the aforementioned entities, submitting an Application for Funds to rehabilitate a Specific Property or a Program Model designed to provide rehabilitation in specific geographic areas of Minnesota.
Application Fee	Fee paid by the Borrower to an Administrator for preparing and/or reviewing a Borrower Application.
Application for Funds	Application materials developed by Minnesota Housing for the purposes of soliciting applications and allocating funds for the RRDL Program in response to a Request for Proposal.
Borrower	A Borrower is one or more owners who are eligible to apply for and receive RRDL Funds in conformance with the requirements of the Program Guide, and all applicable statutes and rules.
Borrower Application	Application materials developed by Minnesota Housing for the purposes of soliciting applications and releasing funds for the RRDL Program to rehabilitate an eligible residential rental property.
City	Defined in Section 462A.03, subdivision 21 of Minnesota Statutes.
Consolidated RFP	Minnesota Housing Multifamily Consolidated Request for Proposals.
Construction Loan	A permanent loan for a rehabilitation project requiring disbursement of Minnesota Housing loan proceeds during the construction phase.
Deferred Loan	A non- or low-interest-bearing loan made without periodic payments and repaid in full at the end of the loan term or upon the occurrence of specified events.
Term of the Loan	The period of time between the beginning loan date on the legal documents and the date the legal documents state the loan matures and the balance of the loan is due and payable. During this time, the Borrower will comply with all requirements of Loan Servicing and Monitoring in accordance with this Program Guide.

MINNESOTA HOUSING – RENTAL REHABILITATION DEFERRED LOAN PILOT (RRDL) PROGRAM GUIDE

End Loan	A permanent long term loan used to pay off a short term construction loan with entire Minnesota Housing loan withheld until end of construction.
Funds Availability Term	The term in which Administrator has to use RRDL Funds as outlined in the Administrative Agreement.
Greater Minnesota	The area of the state of Minnesota which is outside the seven counties of: Anoka, Dakota, Carver, Hennepin, Ramsey, Scott, Washington.
HOME Program	HUD establishes HOME Investment Trust Funds and awards funds to participating jurisdictions to fund a wide range of activities that build, buy, and/or rehabilitate affordable housing for rent or homeownership or provide direct rental assistance to low-income people.
Lien Waiver	A legal document that is executed by a contractor, subcontractors and material suppliers under which they relinquish any right they may have to place a lien on the property for work performed or materials supplied.
LIRC	Low Income Rental Classification . The tax bill adopted by the Minnesota Legislature in the 2005 legislative session and signed by the Governor on Wednesday, July 13, 2005 made significant changes to the property tax classification rate for qualifying low-income rental properties. This results in a class rate reduction of up to 40% for qualifying units in some rent and income-restricted properties.
Local Unit of Government	A local unit of government, such as a city, county or housing redevelopment authority as defined in Minnesota Statutes Section 462C.02, subdivision 6.
Low and Moderate Income Households	Households whose incomes are equal to or less than 80% of the greater of state or area median income not adjusted for family size. Tenants will disclose their income on a tenant certification form. Income limits and forms are available on Minnesota Housing’s website.
Minnesota Housing	Minnesota Housing Finance Agency.
Minimum Affordability Period	The minimum period of time within which the Borrower will comply with all requirements of Loan Servicing and Monitoring in accordance with this Program Guide, when the loan is paid in full before the end of the full Term of the Loan. Typically this is the period of time between the beginning loan date and ending on a date which is at least half of the full Term of the Loan, as defined in the legal documents.
Nonprofit Organization	Defined in Section 462A.03, subdivision 22 of Minnesota Statutes.
Permanent Supportive Housing	Permanent rental housing affordable to the population served where support services are available to residents. Permanent supportive housing is available to individuals and families with multiple barriers to obtaining and maintaining housing.
PILOT	Payment in lieu of taxes.
Plans and Specifications	Documents including drawings, diagrams or sketches that describe the work to be done, as well as all measurements and construction details and a detailed list of the products and materials.
Private Developer	An individual or a for-profit, non-governmental entity, including, but not limited to, a cooperative housing corporation as defined in part 4900.0010, subpart 8, and a limited dividend entity as defined in part 4900.0010 (Subpart 14).

MINNESOTA HOUSING – RENTAL REHABILITATION DEFERRED LOAN PILOT (RRDL) PROGRAM GUIDE

Program Guide	This Rental Rehabilitation Deferred Loan Pilot Program Guide.
Program Model	A RRDL Program designed to provide rehabilitation in specific geographic areas of Minnesota that may offer variations on the RRDL Program, subject to the written approval of Minnesota Housing.
Project	The Real Estate and improvements thereon, for which the owner has applied for RRDL Funds.
Project Management Fee	A fee awarded to an Administrator for specific administration tasks that are necessary, reasonable, and customary in the industry, to process a RRDL Loan to closing in accordance with the Program Guide.
Public Housing Agency (PHA)	Any state, county, municipality or other governmental entity or public body (or agency or instrumentality thereof) that is authorized to engage or assist in the development or operation of low-income housing.
Public Housing Development	A development owned by a state agency or local political subdivision, and requires that a public housing program be provided in the development.
Real Estate	Property consisting of land and the buildings on it, along with its natural resources.
Request For Proposal (RFP)	The process by which Minnesota Housing solicits an Applicant to apply for funds under the RRDL Program.
RRDL Agreement ID Number	The unique identifier listed on the Administrative Agreement, which must be used on all forms and correspondence with Minnesota Housing.
RRDL Funds	The cumulative funds made available to the Administrator or Borrower.
RRDL Mortgage	The legal document used to secure a lien on Real Estate. The RRDL Mortgage must be in a form provided by Minnesota Housing.
RRDL Mortgage Note	The legal document outlining the terms and conditions under which the RRDL Loan is repaid. The RRDL Mortgage Note must be in a form provided by Minnesota Housing.
RRDL Program	Rental Rehabilitation Deferred Loan Pilot Program.
RRDL Rent Limits	Minnesota Housing has established maximum RRDL Rent Limits based upon data on wages from the Minnesota Department of Employment and Economic Development. The RRDL Rent Limits are available on the RRDL Web Page.
Scope of Work	A detailed outline of the necessary rehabilitation work to be completed on the property.
Specific Project	A RRDL Program to assist a single Project to be rehabilitated which an Administrator owns or will act as the Processing Agent for the Borrower.
Sworn Construction Statement	A sworn statement of fact made by a general contractor that lists all of the work to be performed on a Project, the subcontractors who will perform the listed work, material suppliers who will supply materials for the listed work, and the cost of each individual item of work and item of material that will be supplied.
Title Company	An organization that provides property title examination and title insurance coverage, closing services and disbursements of construction funds.
Tribal Land	Any land owned or governed by a federally recognized tribe.
Tribal	Pursuant to 25 USC § 3902 (5) means “the governing body of any Indian tribe, band, nation,

MINNESOTA HOUSING – RENTAL REHABILITATION DEFERRED LOAN PILOT (RRDL) PROGRAM GUIDE

Government	pueblo, or other organized group or community which is recognized as eligible for the special programs and services provided by the United States to Indians because of their status as Indians.
Underserved Populations	Households of color; single, female heads of Households with minor children; and disabled households.
UPCS	HUD Uniform Physical Conditions Standards