



Rental Rehabilitation Deferred Loan Program Guide

March 2023



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Chapter 1 – Program Purpose and Background

The Minnesota Housing Finance Agency's (Minnesota Housing) authority to operate Rental Rehabilitation Deferred Loan (RRDL) Program is found in [Minnesota Statute 462A.05, subdivision 14](#) and [Minnesota Statute 462A.33](#).

The RRDL Program provides financing options for moderate rehabilitation to owners of existing smaller scale, permanent rental housing in Minnesota. The overarching RRDL Program goal is to repair and preserve rental housing stock with federal project-based rent assistance (e.g. Section 8, Rural Development Rental Assistance, etc.) or permanent rental housing that is naturally Affordable to the Local Workforce and convenient to jobs, transportation and essential services.

Therefore, the RRDL Program assists the agency in meeting two of its strategic objectives:

- Preserve and Create Housing Opportunities
- Strengthen Communities

Chapter 2 – Allocation of Funds

2.01 Access to Funds

RRDL Funds are available to owners of rental properties. Refer to Chapter 3 for Eligibility Criteria.

NOTE: Applicants may not apply for funding through Minnesota Housing’s annual Multifamily Consolidated RFP while simultaneously applying for RRDL Funds. In addition, any development that has previously been awarded RRDL Funds or funding via the Multifamily Consolidated RFP may not pursue additional RRDL Funds or Multifamily Consolidated RFP funds for five years from the date of its previous loan closing.

2.02 Application for Funds

Applicants interested in applying for RRDL Funds should consult the RRDL Program webpage for the latest information and instructions. Applicants can apply for RRDL Funds primarily through an RRDL Program RFP when one is offered. If the total awards requested and selected during the application process allow additional RRDL Funds to become available, notice of these available funds will be posted on the RRDL Program webpage. Requests for this funding will be reviewed on a first-come, first-served pipeline basis.

Application materials, documents and forms are located on [Minnesota Housing’s RRDL webpage](#).

Chapter 3 – Eligibility Criteria

3.01 Eligible Applicants

Eligible Applicants include:

- Nonprofit Organization
- A City
- Joint Powers Board established by two or more cities that owns or will own the housing
- A Public Housing Agency that owns or will own the housing
- An Indian tribe or Indian Tribal Government that owns or will own the housing
- A Natural Person who owns or will own the housing
- A private Developer

Borrowers who previously received Minnesota Housing funding and did not successfully meet compliance requirements may not be eligible for RRDL Funds. Minnesota Housing will verify past program performance by consulting with its compliance department.

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

3.02 Eligible Properties

RRDL Funds must be used for the rehabilitation of existing rental housing which:

- Consist of eight units or more
- Conform to all applicable zoning ordinances and possess all appropriate use permits
- Is primarily residential in nature, and each rental housing unit must contain a kitchen and a bathroom
- Is permanent, general occupancy housing for which the term of tenancy may be extended indefinitely beyond the initial lease term

Properties that are under common ownership, management, and financing, and that contain one or more buildings on a site are considered one project.

Scattered properties located in the same City or county with at least eight units having common ownership, management and financing, and all housing units are being rehabilitated as part of a single undertaking may be combined as one project at application. Note that if the project is selected for funding, the awarded RRDL amount may be divided among each property and each property may be considered as an individual loan.

In a mixed income project, 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 the number of RRDL Program eligible units divided by the total number of units, as long as the RRDL unit types (number of bedrooms) are comparable when compared to the total number of units and number of bedrooms in the Project.

3.03 Ineligible Properties

The following properties are ineligible:

- Developments that have received RRDL Funds within the past five years
- Developments that have been awarded funding via the Multifamily Consolidated RFP during the past five years
- Developments that have capital reserves in an amount that is sufficient to cover the cost of the intended rehabilitation, plus an amount sufficient to cover annual routine maintenance and repairs
- 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 facilities)
- Developments that will potentially not be financially feasible, structurally sound and/or suitable for intended occupants' post-rehabilitation and throughout their intended compliance period as described in the RRDL Program Loan documents and at the discretion of Minnesota Housing
- Temporary housing properties such as shelters, transitional housing, or residential hotels
- Single room occupancy housing where bathrooms and kitchens are shared by more than one unit

3.04 Occupancy Requirements

Income Limits. The RRDL Program allows for units assisted with RRDL Funds to be occupied by households with incomes, at the time of initial occupancy, up to 80% of the greater of state or area median income, not adjusted for family size. Refer to Minnesota Housing's Multifamily [Rent and Income Limits webpage](#) for Deferred Loan Income and Rent Limits, Table C.

To be qualified for occupancy in an RRDL Program-assisted unit, Applicants must self-certify the household's gross annual income using the Initial Occupancy Statement by Tenant form (unless a more detailed certification form is required by another program (e.g., Section 8, Housing Tax Credits, USDA Rural Development). The certification must be fully completed, signed, and dated prior to a household taking occupancy and the certified gross annual household income cannot

exceed the allowable RRDL Program income limit. If an Applicant certifies their gross annual household income is more than the allowable RRDL Program income limit, the household is not eligible to occupy an RRDL Program-assisted unit. Household income is only certified at initial occupancy. A Minnesota Government Data Practices Act Disclosure Statement is also required and must be signed by each adult household member. This document informs the household of the information that they must supply as a condition of occupancy, the information that they provide voluntarily, and with whom the information may be shared.

All heads-of-household that have been approved for occupancy must complete the Head of Household Demographic Information Form. **NOTE:** If the development satisfies reporting requirements because the same data is collected on other forms used, it is not necessary to also complete this form. Contact your assigned Minnesota Housing underwriter for additional information.

3.05 Rent Requirements

Maximum Gross Rents. The RRDL Program requires units assisted with RRDL Funds to be affordable to the local workforce. “Affordable to the Local Workforce” rent limits are published each year and the updated limits must be used.

Utility Allowances. Tenant-paid utility allowances are included in gross rent and cannot exceed the RRDL Program rent limit of the unit size. Acceptable utility allowances are those provided by public housing agencies (PHAs) on a Section 8 utility allowance schedule. Contact the local PHA annually to obtain an updated utility allowance.

You can review the Multifamily [Rent and Income Limits on Minnesota Housing’s website](#).

3.06 Prevailing Wage

Under certain circumstances, awards of Minnesota Housing funds may trigger state prevailing wage requirements under [Minn. Stat. § 116J.871](#). In broad terms, the statute applies to awards that meet the following conditions: (1) new housing construction (not rehabilitation); and (2) a single entity receives from Minnesota Housing \$200,000 or more of grant proceeds or \$500,000 of loan proceeds. The statute excludes new housing construction in which total financial assistance at a single project site is less than \$100,000.

Please note the following statutory provisions:

- A state agency may provide financial assistance to a person only if the person receiving or benefiting from the financial assistance certifies to the commissioner of labor and industry that laborers and mechanics at the project site during construction, installation, remodeling, and repairs for which the financial assistance was provided will be paid the prevailing wage rate as defined in section [177.42, subdivision 6](#) and [Minn. Stat. § 116J.871, subd. 2](#).

- It is a misdemeanor for a person who has certified that prevailing wages will be paid to laborers and mechanics under subdivision 2 [see above] to subsequently fail to pay the prevailing wage. Each day a violation of this subdivision continues is a separate offense. [Minn. Stat. § 116J.871, subd. 3.](#)

In addition, a separate prevailing wage statute, [Minn. Stat. § 177.41](#), [Minn. Stat. § 177.42](#), and [Stat. § 177.43](#), may apply if funds are used for a building that is publicly owned or leased.

All questions regarding state prevailing wages and compliance requirements should be directed to the Department of Labor and Industry as follows:

Division of Labor Standards and Apprenticeship
Karen Bugar, State Program Administrator
443 Lafayette Road N, St. Paul, MN 55155
651.284.5091 or dli.prevwage@state.mn.us

Chapter 4 –Project Feasibility/Program Selection Criteria

Developments seeking RRDL Funds will be evaluated for overall Project feasibility, Applicant’s organizational capacity, and the extent to which they conform to Minnesota Housing’s threshold requirements, strategic priorities and funding priorities.

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 RRDL Funds available and the distribution of RRDL Funds throughout Minnesota.

4.01 Project Feasibility Criteria

The following factors will be considered when determining the overall feasibility of a proposal:

The Project and Project Site

- Whether the existing housing is needed in the market based upon population trends, job growth and low rental housing vacancy rates
- Whether the Project is economically viable and sustainable
- Whether the nature of the proposed site is subject to environmental impacts or other constraints
- Geographic distribution of Applicants

Rehabilitation

- Scope of work and consequences for not completing this work
- Scope of work in comparison to the development’s overall long-term capital needs for all building systems
- Whether the rehabilitation costs are reasonable
- Whether the Applicant demonstrates cost containment efforts for all stages and aspects of the entire Project without compromising overall quality
- Anticipated operational or utility cost savings

4.02 Organizational Capacity

The following factors will be considered when determining the Applicant’s organizational capacity:

- First time or repeat application
- Overall completeness of the application(s)
- Applicant’s related housing experience, purpose and mission

- Whether the Applicant has successfully completed similar Projects, including managing renovations and the associated coordination of individual sub-contractors
- Whether the Applicant has strong current and expected ongoing capacity to complete the proposed Project
- Whether the Applicant has the capacity to maintain and operate the rental housing on a long-term, sustainable basis

Chapter 5 - Eligible and Ineligible Project Improvements and Expenses

5.01 Eligible Improvements and Expenses

RRDL Funds must be utilized for the rehabilitation of permanent rental housing. 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](#).

The following improvements and expenses are eligible for RRDL Funds:

- Permanent, general improvements that **have not been started** prior to the RRDL Program Loan closing
- Renovations or repairs to an existing structure that materially preserve or improve the basic livability, safety, conservation, or utility of the property
- Replacement of appliances for safety reasons or to improve energy efficiency
- Lead-based paint (LBP) exposure reduction and clearance
- Asbestos abatement
- Radon mitigation

5.02 Ineligible Improvements and 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 borrower or the development
- Installation of fireplaces or wood burning stoves
- Sweat equity for the property owner's labor
- Improvements begun prior to RRDL Program Loan closing or materials purchased prior to RRDL Program Loan closing
- Any improvement that 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 what is 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 Development that will be incomplete (e.g., framing a room addition)
- Repairs to or construction of outbuildings including, but not limited to, sheds, utility buildings, shops, barns, silos, and underground sprinkler systems
- 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
- Community development projects including, but not limited to, parks or community centers
- Improvements for commercial use
- Operating and/or replacement reserves
- Owner equity takeout
- Acquisition
- Administration costs not connected to the rehabilitation of the Project
- Refinancing of an existing loan
- Developer Fees

NOTE: Ineligible improvements and expenses may be completed at the expense of the Borrower.

5.03 Eligible Soft Costs

Eligible soft costs include costs to process and settle the financing for a Project such as:

- Construction loan financing fees, including interest
- Fees associated with title commitment and insurance policy
- Legal document recording fees
- Building permits
- Attorney fees
- Market study, if required by Minnesota Housing
- Appraisal and independent cost estimate fees, if required by Minnesota Housing
- Temporary relocation costs associated with the RRDL project
- Lead-based paint risk assessment and lead clearance fees
- Asbestos survey

- Radon testing
- Energy audits
- Application assembly costs: If the Project is selected for further processing, a RRDL Applicant may be reimbursed for up to \$750 in costs associated with preparing and submitting an application to Minnesota Housing. This cost will not be reimbursed if the Project is not selected for further processing.
- Project Management Fee: Up to 3% of the total RRDL Program Loan amount may be utilized to assist in the scope of work development, loan processing and construction oversight phases of the Project.

Chapter 6 – Rehabilitation Standards

Developments seeking RRDL Funds are not required to obtain a third party, 10 year or 20 year capital needs assessment, but if an Applicant has either of these two documents readily available at the time of application, they should submit the document with their application.

In lieu of a capital needs assessment, applicants should complete the Life Expectancy – Major Element/Assemblies Summary table found in the Narratives and Certifications form to the best of their ability. The property building maintenance staff person will be helpful in completing this form. Additionally, applicants are required to complete the [Applicant Certification of Known Environmental Conditions](#) and submit photographs of the overall property, existing conditions and all proposed improvement areas. Refer to the Application Checklist on [Minnesota Housing’s RRDL webpage](#) for the full list of required submittals.

Reference materials and guides related to both architecture and contractors may be found on Minnesota Housing’s website on the [Building Standards webpage](#).

For selected RRDL Applicants, the following two forms will be required as part of their due diligence:

- [Limited Scope Project Sustainability Requirements](#)
- [Limited Scope Project Abbreviated Design Standards](#)

Additionally, if questions still remain after the above materials have been submitted, a Minnesota Housing staff architect may require the following template to be completed prior to a final funding recommendation:

- Physical Needs Assessment Template (Multifamily Buildings) – View on the [Minnesota Housing website](#).

Minnesota Housing maintains the right to request, at its sole discretion, a Capital Needs Assessment.

Chapter 7 – Underwriting Standards

All RRDL Program Loans will be evaluated and underwritten in concurrence with the [RRDL Underwriting Standards](#).

Chapter 8 – Loan Limits and Terms

8.01 Loan Minimums and Maximums

- The minimum total loan amount is \$100,000
- The maximum amount per unit is \$50,000
- The maximum loan is \$700,000 per Project

Funding increase requests for selected Projects may be considered on a case by case basis, at the sole discretion of Minnesota Housing, if needed to address the critical physical needs validated by Minnesota Housing in the scope of work. Funding increase requests may require Minnesota Housing board approval and will be evaluated based upon the following:

- Amount of the proposed increase
- Amount of development reserves
- Availability of other funding
- Ability to value engineer the scope of work without eliminating critical needs
- Ability to re-bid the project

In the situation that costs exceed the estimated amounts, these awarded Applicants should plan on prioritizing the scope of work as it relates to critical needs, conducting value engineering, or providing additional funding other than from Minnesota Housing to complete the Project.

8.02 Loan Terms

- The loan will typically be structured as a Deferred Loan with a 20-year term at 0% interest, and payment of principal will be due on the date of loan maturity.
- The loan may be structured as a Cash Flow Note or other payment structure based on the development's ability to support additional debt service, or at the discretion of Minnesota Housing.
- The owner must agree to maintain the rent and income restrictions and report annually for the later of the date the RRDL Program Loan is paid in full, or the Minimum Affordability Period as described below.
- The loan may be structured as a construction loan or an end loan.
- Upon the successful completion of the loan term and maintaining the RRDL rent and income requirements throughout the term of the loan, 10% of the original principal loan amount will be forgiven.
- The loan will be non-recourse.

- The loan will be secured by a pledge of collateral through the recording of a mortgage on the Project.
- Minnesota Housing may, at its sole discretion, require 20% of cash flow in excess of \$50,000 to be repaid annually, and/or other payments toward the loan amount.
- The loan term may be adjusted based on requirements and conditions of the federal assistance or other funding sources.
- Minnesota Housing reserves the authority to adjust the loan terms, at its sole discretion.

8.03 Monitoring and Reporting Requirements

Minnesota Housing actively monitors each development it finances. This includes resident incomes, rents, affirmative action and equal opportunity requirements, and year-end operating reports.

Assisted units must be leased to qualified households who must disclose their annual household income at initial occupancy on an Initial Occupancy Statement by Tenant form (other, more detailed income certification forms may be acceptable). This form is used to ensure households are qualified to occupy an assisted unit. Owners must also request (but cannot require) that qualified households complete a Head of Household Demographic Information form, which will provide additional information for program evaluation.

Additionally, each adult member of a household occupying an assisted unit must sign and date a Minnesota Government Data Practices Act Disclosure Statement. This information informs the resident that their annual household income and other information will be reported to Minnesota Housing and may be reviewed by other governmental agencies. This is required for the administration and management of state or federal programs that provide housing for low- and moderate-income families.

Occupancy information on all units must be reported annually in a form and manner requested by Minnesota Housing. For additional guidance on compliance requirements, links to forms, and reporting information refer to the [RRDL Program Compliance Reporting and Monitoring document](#).

Minnesota Housing has revised [Tenant Selection Plan \(TSP\) Guidelines](#) that apply to certain funding sources for applications submitted for funding after March 31, 2021. While the TSP guidelines are not a requirement for RRDL, we encourage providers to follow the guidelines when developing a TSP for a property. A TSP checklist and help text tools are available on Minnesota Housing's [Tenant Selection Plan webpage](#), which will assist housing providers in developing a TSP.

8.04 Transfer of Ownership

Sale of the property to another eligible Borrower and assumption of the loan must be pre-approved in writing by Minnesota Housing. Approval must be requested through Minnesota Housing's [request for action \(RFA\) process](#).

Approval of the transfer request is at Minnesota Housing's sole discretion and will only be considered (but not guaranteed to be approved) based on:

- Whether the mortgagor is or has been out of compliance or in default of any of its agreements with Minnesota Housing
- Minnesota Housing's review and approval of the proposed ownership entity, including creditworthiness
- Assumption of all contractual obligations with Minnesota Housing

When a transfer request is approved, applicable fees may be charged.

- Refer to the nonrefundable RFA Processing Fees to determine the associated fee with a [change in ownership request](#).
- Refer to the loan documents to determine the prepayment penalty if prepayment on the loan is being considered.

8.05 Minimum Affordability Period and Prepayment

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

The income and rent restrictions for the assisted units are in effect for the RRDL Program Loan term.

The mortgage may be prepaid in full at any time; however, income and rent restrictions will remain in place for a minimum of 15 years starting at the date of the RRDL Program Loan closing, to meet the RRDL Program Minimum Affordability Period. Minnesota Housing may charge a prepayment fee equal to the greater of 1/2 of 1% of the outstanding RRDL Program Loan amount or \$1,500.

Chapter 9 – Program Contacts

If you have questions, contact mhfa.rrdl@state.mn.us. Applicants are required to schedule a technical assistance meeting either in person or via conference call with RRDL Program staff prior to submitting an application.

Chapter 10 – Fair Housing Policy

It is the policy of Minnesota Housing to affirmatively further fair housing in all its programs so that individuals of similar income levels have equal access to Minnesota Housing programs, regardless of race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, disability, familial status, gender identity or sexual orientation.

Minnesota Housing's fair housing policy incorporates the requirements of Title VI of the Civil Rights Act of 1968; the Fair Housing Act, Title VIII of the Civil Rights Act of 1968, as amended by the Fair Housing Amendment Act of 1988; and the Minnesota Human Rights Act. Housing providers and other entities involved in real-estate related transactions are expected to comply with the applicable statutes, regulations, and related policy guidance. Housing providers should ensure that admissions, occupancy, marketing and operating procedures comply with non-discrimination requirements. Housing providers and other entities involved in real-estate related transactions must comply with all non-discrimination requirements related to the provision of credit, as well as access to services.

In part, the Fair Housing Act and the Minnesota Human Rights Act make it unlawful, because of protected class status, to:

- Discriminate in the selection/acceptance of applicants in the rental of housing units;
- Discriminate in the making or purchasing of loans for purchasing, constructing or improving a dwelling, or in the terms and conditions of real-estate related transactions;
- Discriminate in the brokering or appraisal of residential property;
- Discriminate in terms, conditions or privileges of the rental of a dwelling unit or services or facilities;
- Discriminate in the extension of personal or commercial credit or in the requirements for obtaining credit;
- Engage in any conduct relating to the provision of housing that otherwise make unavailable or denies the rental of a dwelling unit;
- Make, print or publish (or cause to make, print or publish) notices, statements or advertisements that indicate preferences or limitations based on protected class status; Represent a dwelling is not available when it is in fact available;
- Refuse to grant a reasonable accommodation or a reasonable modification to a person with a disability;
- 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 of membership or participation; or

- Engage in harassment or quid pro quo negotiations related to the rental of a dwelling unit.

Minnesota Housing has a commitment to affirmatively further fair housing for individuals with disabilities by promoting the accessibility requirements set out in the Fair Housing Act, which establish design and construction mandates for covered multifamily dwellings and requires housing providers to make reasonable accommodations and to allow persons with disabilities to make reasonable modifications.

Applicants will be required to submit an Affirmative Fair Housing Marketing Plan at the time of application, to update the plan regularly and to use affirmative fair housing marketing practices in soliciting renters, determining eligibility and concluding all transactions.

As a condition of funding through Minnesota Housing, housing providers are not permitted to refuse to lease a unit to, or discriminate against, a prospective resident solely because the prospective resident has a Housing Choice Voucher or other form of tenant-based rental assistance.

Chapter 11 – Fraud, Misuse of Funds, Conflict of Interest, Suspension, Disclosure and Reporting, and Electronic Signatures

11.01 Fraud

Fraud is any intentionally deceptive action or omission made for personal gain or to damage another.

Any person or entity (including its employees and affiliates) that enters into an agreement with Minnesota Housing and witnesses, discovers evidence of, receives a report from another source, or has other reasonable basis to suspect that fraud or embezzlement has occurred must immediately make a report through one of the communication channels described in Section 11.05.

11.02 Misuse of Funds

A contracting party that receives funding from Minnesota Housing promises to use the funds to engage in certain activities or procure certain goods or services while Minnesota Housing agrees to provide funds to the recipient to pay for those activities, goods or services. Regardless of the Minnesota Housing program or funding source, the recipient must use Minnesota Housing funds as agreed and the recipient must maintain appropriate documentation to prove that funds were used for the intended purpose(s).

A misuse of funds shall be deemed to have occurred when: (1) Minnesota Housing funds are not used as agreed by a recipient; or (2) A recipient cannot provide adequate documentation to establish that Minnesota Housing funds were used in accordance with the terms and conditions of the contract.

Any recipient (including its employees and affiliates) of Minnesota Housing funds that discovers evidence, receives a report from another source, or has other reasonable basis to suspect that a misuse of funds has occurred must immediately make a report through one of the communication channels described in Section 11.05.

11.03 Conflict of Interest

A conflict of interest, actual or potential, occurs when a person has an actual or apparent duty or loyalty to more than one organization and the competing duties or loyalties may result in actions which are adverse to one or both parties. A conflict of interest exists even if no unethical, improper or illegal act results from it.

An individual conflict of interest is any situation in which one's judgment, actions or non-action could be interpreted to be influenced by something that would benefit them directly or through indirect gain to a friend, relative, acquaintance or business or organization with which they are involved.

Organizational conflicts of interest occur when:

- A contracting party is unable or potentially unable to render impartial assistance or advice to Minnesota Housing due to competing duties or loyalties
- A contracting party's objectivity in carrying out their responsibilities might be otherwise impaired due to competing duties or loyalties
- A contracting party has an unfair competitive advantage through being furnished unauthorized proprietary information or source selection information that is not available to all competitors

Once made aware of a conflict of interest, Minnesota Housing will make a determination before disbursing any further funds or processing an award. Determinations could include:

- Revising the contracting party's responsibilities to mitigate the conflict
- Allowing the contracting party to create firewalls that mitigate the conflict
- Asking the contracting party to submit an organizational conflict of interest mitigation plan
- Terminating the contracting party's participation

Any person or entity (including its employees and affiliates) that enters into an agreement with Minnesota Housing must avoid and immediately disclose to Minnesota Housing any and all actual or potential conflicts of interest through one of the communication channels described in Section 11.05.

A contracting party should review its contract agreement and Request for Proposals (RFP) material, if applicable, for further requirements.

11.04 Suspension

By entering into any contract with Minnesota Housing, a contracting party represents that the contracting party (including its employees or affiliates that will have direct control over the subject of the contract) has not been suspended from doing business with Minnesota Housing. Refer to Minnesota Housing's website for a list of [suspended individuals and organizations](#).

11.05 Disclosure and Reporting

Minnesota Housing promotes a "speak-up, see something, say something" culture whereby internal staff, external business partners (e.g., grantees, borrowers) and the general public are encouraged to report instances of fraud, misuse of funds, conflicts of interest, or other concerns without fear of retaliation. You may report wrongdoing or other concerns by contacting:

- Minnesota Housing's Chief Risk Officer at 651.296.7608 or 800.657.3769

- Any member of Minnesota Housing’s [Servant Leadership Team](#) (visit mnhousing.gov and enter **SLT** in the Search box)
- [Report Wrongdoing or Concerns](#) (visit mnhousing.gov and enter **Wrongdoing** in the Search box)

11.06 Electronic Signatures

Minnesota Housing accepts electronic signatures (eSignatures) on certain documents to the extent the person signing complies with all applicable state and federal electronic signature laws, as well as any counterparty requirements. Questions regarding which documents Minnesota Housing permits to be signed electronically should be directed to Minnesota Housing staff. However, note that Minnesota Housing does not permit eSignatures on any document that needs to be recorded with the county. In addition, a contracting party cannot be required to use electronic signatures.

Appendix A – Terms

The following definitions apply unless an exception is clearly made in another section of this RRDL Program Guide.

Term	Definition
Affordable to Local Workforce	Rents are considered Affordable to the Local Workforce when they do not exceed the lesser of 30% of average monthly wages paid in the local area or are affordable at 80% of the United States Housing and Urban Development (HUD) area median income (AMI). Minnesota Housing calculates Affordable to Local Workforce rents for each county based on data from the Minnesota Department of Employment and Economic Development (DEED) and data from HUD.
Applicant	An eligible entity as specified in Minnesota Rule 4900.3640 that is submitting an application for RRDL Funds.
Borrower	An applicant who has applied for and received RRDL Funds in conformance with the requirements of the RRDL Program Guide and all applicable regulations, statutes, and rules.
Cash Flow Note	Some Borrowers may be required to make annual payments on a Minnesota Housing Deferred Loan. A Cash Flow Note explains how the payments are calculated.
City	Defined in Minnesota Statute 462C.02, subdivision 6
Deferred Loan	A non-amortizing loan, typically with a term of 20-30 years or coterminous with the first mortgage (if applicable). Minnesota Housing Deferred Loans typically bear interest of 0-1% and are repayable upon loan maturity. Some developments may be required to make annual payments pursuant to a Cash Flow Note.
Developer	Typically, a separate legal entity from the owner, Borrower or guarantor(s) who may complete the financing and development of a Project for a fee.
Developer Fee	A fee paid to the Developer as part of the Project soft costs to cover overhead, labor, and other Project related operational expenses born by the Developer during the project.
Joint Powers Board	Two or more cities that owns or will own the housing

Term	Definition
Minimum Affordability Period	The minimum period of time, established by Minnesota Housing, that the Borrower agrees to comply with rent, income and compliance reporting and monitoring requirements for the Project as outlined in Chapter 8.05 of this RRDL Program Guide. For the RRDL Program the Minimum Affordability Period is 15 years.
Minnesota Housing	Minnesota Housing Finance Agency
Multifamily Consolidated RFP	Minnesota Housing’s annual Multifamily Consolidated Request for Proposals
Natural Person	A real human being, as opposed to a legal entity, such as a corporation or limited partnership.
Nonprofit Organization	Defined in Minnesota Statute 462A.03, subdivision 22 .
Project	The real estate and improvements thereon for which the owner has applied for RRDL Funds.
Project Management Fee	An eligible soft cost that can be used to assist with the scope of work development, loan processing and/or the construction oversight phases of a Project.
Public Housing Agency	A local political subdivision created by a City or county that is authorized to engage or assist in the development or operation of low-income housing.
Public Housing Development	A development owned by a local political subdivision that is federally subsidized via an annual contributions contract and is restricted by a HUD declaration of trust.
Rental Assistance	A revenue source used to pay a portion of the tenant’s monthly rent. Rental Assistance may be either project-based or tenant-based.
Request for Proposals (RFP)	The process by which Minnesota Housing solicits an Applicant to apply for RRDL Funds under the RRDL Program.
RRDL Funds	The cumulative funds made available through the RRDL Program.
RRDL Program	Rental Rehabilitation Deferred Loan Program

Term	Definition
RRDL Program Guide	This Rental Rehabilitation Deferred Loan Program Guide.
RRDL Program Loan	RRDL Funds received by the Borrower.
Rural Development (RD)	The housing division of the United States Department of Agriculture.
Indian Tribal Government	Pursuant to 25 USC § 3902 (5): “the governing body of any Indian tribe, band, nation, 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”
U.S. Housing and Urban Development (HUD)	United States Housing and Urban Development. A cabinet department that administers programs that provide housing and community development assistance.