

Note: All procedural manual references are made in regards to the 09/27/2013 version of the Rehabilitation Loan Program (RLP) Manual and 09/27/2013 version of the Emergency Loan Program (ELP) Manual.

GENERAL PROGRAM

The Rehabilitation and Emergency loan programs are deferred zero percent interest loans available to low-income Minnesota homeowners through participating Lenders. Loans must be for improvements that directly affect the safety, habitability, livability, or energy efficiency of the home. Homeowners requiring assistance of an emergency nature will be referred to the Minnesota Housing Emergency and Accessibility Loan Program.

Reference Materials:

- See Minnesota Housing's website for ongoing available fund balance.

Should Lenders complete the Borrower Application form on-line, and then print it out for the applicant to sign? Or should a blank copy of the form be sent to the applicant for completion?

The form can be completed either way. Remember to ask all persons in the household who are 18 years and older to sign the Borrower Application.

How many loans can be committed at a time?

Rehabilitation Loan Program: While Minnesota Housing reserves the right to limit the number of loans in process at any given time, there are presently no limits in place.

Reference Materials:

- RLP Procedural Manual: Chapter 5

Is there a reference sheet of the Rehabilitation Loan Program process?

A "Process Chart" is located in Minnesota Housing's web site under the resources heading of the Rehabilitation Loan Program's Procedural Manual and Forms section.

At what point does the Lender receive payment of the loan funds and the Lender service fee?

Once a Commitment Approval has been received from Minnesota Housing, the Lender should close the loan with the Borrower. After the loan has closed and the three-day right of rescission period has been met, the Lender uses the Commitment System to retrieve the Commitment, enter the loan closing date and all other required information to gain Purchase Approval. Funds will be paid 2 business days after Purchase Approval.

Reference Materials:

- RLP Procedural Manual: Section 5.06
- RLP Process Chart

Can RLP or ELP loans be made in situations where the loan amount exceeds the insurable value of the property (example – mobile homes)?

Yes. However, documentation must be provided from the insurance company indicating the amount of insurance coverage reflected in the borrower's hazard insurance policy is for the property's maximum insurable value.

Reference Materials:

- *RLP Procedural Manual: Chapter 4.07*
- *ELP Procedural Manual: Section 4.08*

When undertaking a materials-only loan in cases where the homeowner will provide labor, can loan funds be used to reimburse the homeowner for materials they purchase? Or does the Lender have to pay the materials provider directly?

Disbursement of funds by the Borrower and to the Borrower is not permitted under this program. Further, the Work Program Agreement says, "Borrower hereby authorizes the disbursement by Lender of loan funds on Borrower's behalf directly to materialmen and suppliers contributing to the improvements." Thus, loan funds cannot be reimbursed to the homeowner. Borrowers must provide the Lender with a materials list prior to commitment indicating the actual cost of the materials required to complete the necessary improvements. Lender must work with the Borrower to ensure funds are paid directly from Lender to material providers.

Reference Materials:

- *RLP Procedural Manual: Chapter 4.11*
- *RLP Work Program Agreement*

If a homeowner has received an ELP in the past five years, will that ELP loan amount be subtracted from the maximum RLP loan amount?

No. For qualifying homeowners, the maximum RLP loan amount is \$27,000 –regardless of whether or not they have previously received ELP funds.

INCOME CALCULATION/ASSET VERIFICATION

In order to verify a Borrower's income, can Lenders use "The Work Number" or another online employment verification source?

Yes. However, the fees for these services should be paid using the Lender Service Fee and cannot be charged to the Borrower.

Reference Materials:

- *RLP Procedural Manual: Section 2.08*
- *ELP Procedural Manual: Section 2.08*

Is a signed statement from the Borrower sufficient to verify all assets?

No. The value of each asset must be documented through a valid source document. In limited circumstances, a signed statement, upon Minnesota Housing approval, may be used when source documentation is not available for a particular asset.

What documentation is needed to verify checking and savings account balances?

For checking *and* savings accounts, please provide a complete bank statement (including all pages) of the most current six consecutive months.

Reference Materials:

- *RLP Procedural Manual: Sections 2.09*
- *ELP Procedural Manual: Sections 2.08 and 2.09*

What documentation is needed to verify the current value of other assets, such as stocks, bonds, certificates of deposit, whole life insurance policies, etc.?

Provide a copy of the most recent periodic statement the borrower received on any of these items which shows a current value and income (if any) earned during the period. Term life insurance policies are not considered in the asset calculation, only whole life insurance policies are counted.

Reference Materials:

- *RLP Procedural Manual: Sections 2.09*
- *ELP Procedural Manual: Sections 2.08 and 2.09*
- *Income Eligibility Calculation Worksheet: Page 4 (Dividends)*

What documentation is needed to verify the market value of real estate assets?

If a property appraisal was completed within the six months prior to loan commitment, a copy may be submitted. Otherwise, submit a copy of the most recent property tax statement which shows the assessed value.

Reference Materials:

- *RLP Procedural Manual: Sections 2.09*
- *ELP Procedural Manual: Sections 2.08 and 2.09*

When calculating Borrower income, is income from assets always included in the income calculation?

For income calculation purposes, if a borrower's liquid assets exceed \$5,000, then the actual income earned on those assets must be counted in their overall income calculation. For asset limit purposes, the asset limit is \$25,000.

Reference Materials:

- *RLP Procedural Manual: Sections 2.08 and 2.09*
- *ELP Procedural Manual: Sections 2.08 & 2.089*
- *Income Eligibility Calculation Worksheet: Page 4 (Dividends)*

Why is Borrower asset limit set at \$25,000?

The asset limit is set at \$25,000 per Minnesota Administrative Rule 4900.0010.

How are retirement accounts addressed for purposes of asset calculations and income calculations?

Although retirement accounts are not directly addressed anywhere on the Income Calculation Worksheet, they will be viewed as assets per the interest and dividend section on the Worksheet. Therefore, any payments or draw-downs the borrower takes on these accounts should be regarded as a liquidation of an asset - and should not be counted toward the Income Eligibility calculation. On the other hand, any interest income and dividends the borrower earns from these accounts will be counted toward the income eligibility calculation. As always, retirement accounts will not be counted toward the \$25,000 asset limit.

Reference Materials:

- *Income Calculation Worksheet: Page 4 (Interest/Dividend)*
- *RLP Procedural Manual: Sections 2.08 and 2.09*
- *ELP Procedural Manual: Sections 2.07 and 2.08*

Are foster care payments included when calculating income eligibility?

No. Foster care payments are not counted as income. Rather, the payments will be considered a reimbursement for care provided. Additionally, the foster care child should not be counted as a household member.

The exception: You may consider a foster care child to be a household member if the borrowers are in the process of adopting the child, as there is more of an assumption of permanency with that child.

Reference Materials:

- *Income Eligibility Calculation Worksheet: Page 5 (Exclusions)*

Are payments made to a borrower for the care of other adults who have moved into the borrower's home (Adult Foster Care or other less formal arrangements) counted in the income eligibility calculation?

No. Adult foster care payments to the borrower will be considered a reimbursement for care provided. Additionally, we do not count the adults being cared for as household members.

Reference Materials:

- *Income Eligibility Calculation Worksheet: Page 5 (Exclusions)*

Conversely, is the income of caregivers who move into the home of a borrower for the sole purpose of providing care to the borrower counted in the income eligibility calculation (and do we consider the caregiver to be a household member)?

No. This income is not counted as long as documentation is provided to demonstrate they are living in the home solely to provide care. The caregiver should not be counted as a household member. Specific documentation that is required includes:

- Copy of government payments made to the caregiver.

OR

- Statement from a physician, Social Services Agency or Public Health Agency verifying that the borrower requires the services of the caregiver in order to safely remain in the community.

Are payments made to a borrower for the care of their minor child (such as PCA payments) counted in the income eligibility calculation?

Yes. Since the minor child is already a household member, and would have received care from the borrower even without PCA payments being made to the borrower, the PCA payments should be calculated in the household income calculation.

Reference Materials:

- *Income Eligibility Calculation Worksheet: Page 5 (Exclusions)*

Is social security income paid to adults on behalf of children under the age of 18 years old (SSDI and Survivor Benefits) counted in the income eligibility calculation?

Yes. This income is considered a transfer payment and should be counted toward the income limit in the income eligibility calculation.

Reference Materials:

- *Income Eligibility Calculation Worksheet: Page 4 (Transfer Payment Income)*

How should income for high school and full-time college students who are living in the home, and are 18 years or older, be treated?

Ignore their income **IF** they are still counted as a dependent on the borrower's tax return; they are living in the household; and, they are still enrolled full time in school.

Specific documentation required:

- Copy of Tax Statements showing the person is a dependent.
- School enrollment verification (for college students).
- Copy of a tuition bill for current semester.

Are college grants paid directly to students included in the income eligibility calculation?

No, unless they provide the up-front documentation verification demonstrating the grants are being directly paid to them.

For child support income, should the court-ordered amount or the actual amount received be used in calculating the borrower's income?

Use verification of the last year of child support payments that the borrower actually received to project the child support income to be received in the coming year.

Reference Materials:

- *Income Eligibility Calculation Worksheet: Page 3 (Other Income)*

Are child support payments for arrearages for past, unpaid child support included in the income eligibility calculation?

Based on the fact the child support is for arrearages, it should not be counted as income. Arrearages are past income being realized now.

Reference Materials:

- *Income Eligibility Calculation Worksheet: Page 5 (Exclusions)*

How should unemployment income be calculated?

The most a borrower can receive of Unemployment Benefits (Regular State Unemployment Benefits) is 26 weeks. The borrower's annual income should be projected by multiplying their weekly benefit times 26 weeks.

Reference Materials:

- *Minnesota Unemployment Insurance (UI) Program web site*
- *Income Eligibility Calculation Worksheet: Page 4, "Transfer Payment Income"*

Is an employer's pre-tax withholding of borrower income - to be placed in a flexible medical spending account - Considered an ongoing medical expense?

If the borrower is able to roll the account over into a subsequent year, contributions into the account are not considered to be an actual medical expense and may not be used as a deduction to reduce the borrower's income.

However, if the account is set up as a "use it or lose it" account, where any unspent balance is lost at the end of each year, the full amount may be counted toward the medical expense deduction. Under this scenario, do not also individually count outstanding medical bills that can be paid for with account funds (unless there are insufficient funds in the account to fully cover the bill).

Reference Materials:

- *Income Eligibility Calculation Worksheet: Pages 6 and 7 (Deductions from Income)*

OWNERSHIP/TITLE ISSUES/LIENS/JUDGMENTS

What is required to verify title for Real Property?

In order to confirm that an Applicant possesses the necessary qualifying interest in the property to be rehabilitated, the Administrator must obtain the following information through documented contact with the County Recorder's Office/Registrar of Titles; or via an Owner's and Encumbrance Report:

- Legal Description of the Subject Property (and also information on whether the property is abstract or torrens);
- Borrower's ownership interest
 - Copy of the most recent Deed of Record;
 - Conduct a title investigation to obtain the full names and marital status of all owners (and accommodation parties, if applicable) of record and any additional names (a.k.a. or maiden) that may appear in the records;
 - Verification that property tax payments are current.
 - Listing of all unsatisfied mortgages recorded on the Property.
 - Credit is not a consideration in the Program beyond the Borrower being current on their mortgage(s) and property taxes, as such, a judgment search is not necessary, and any judgments or any delinquencies on state income taxes are not considered.
 - (Also required – but not as part of the actual O & E or Title Search: verification that borrower is current on mortgage payments. Documentation such as a mortgage statement must be the most current).

Reference Materials:

- *RLP Procedural Manual: Chapter 4.06*

Are trusts an eligible forms of ownership?

No. Trusts are not an eligible form of ownership under RLP or ELP.

Reference Materials:

- *RLP Procedural Manual: Chapter 2.04*
- *ELP Procedural Manual: Section 2.04*

Can a mobile home have a lien on the title?

Yes. Documentation must be provided to indicate the outstanding balance of the associated loan and whether the borrower is current on that loan.

Reference Materials:

- *RLP Procedural Manual: Chapter 2.10*
- *ELP Procedural Manual: Section 2.10*

Are contracts for deed only eligible if the balloon payment date is after the RLP loan's forgiveness period?

The contract for deed balloon payment date does not impact the borrower's eligibility for the RLP. However, please note that the vendor (seller) does have to sign the RLP mortgage as an accommodation party for all homes purchased on a contract for deed. It is possible the vendor might not want to consent to a lien on the property. Thus, it is more important to get the vendor's approval when dealing with properties where the owner is on a contract for deed.

Is an Affidavit of Survivorship required when verifying the Borrower's title to the property?

Yes. If the owners are listed on the property's deed as joint tenants, and one or more of those owners dies, then an Affidavit of Survivorship is required. The Affidavit of Survivorship should be filed against the property prior to loan commitment. If not, it will be required prior to filing the RLP Mortgage.

If owners are listed on the property's deed as tenants in common, and one or more of those owners dies, then the case would have to go to probate to determine who gets the deceased owner's share. The court order will dictate what documentation is necessary to ensure transfer of ownership.

Are mobile homes in cooperatively-owned mobile home park considered eligible properties under the RLP and the ELP?

Yes, to the extent the Borrower continues to own the mobile home unit to be rehabilitated as personal property. In this situation, the cooperative replaces the traditional mobile home park owner, so the mobile home owner would pay lot rent to the cooperative. As such, the mobile home owner would own their mobile home as personal property allowing a lien to be placed.

On the other hand, if the cooperative owns the land and all mobile home units and the Borrower would own a share in the unit they live in, then, no, under this situation the mobile home would not be an eligible property.

Reference Materials:

- *RLP Procedural Manual: Section 2.04 - Ownership Interest*
- *RLP Procedural Manual: Section 2.04 – Ownership Interest*

What documentation is required to demonstrate the borrower is current on mortgage loan payments?

Verification must be documented within one month of loan commitment using one of the following:

- A Verification of Mortgage from loan servicer;
- Mortgage statement demonstrating the loans servicer's name and address, the previous payment being made, the next payment due amount, any past due amounts, and any unpaid or late fees; or
- Another documentation method pre-approved by Minnesota Housing.

Reference Materials:

- *RLP Procedural Manual: Section 2.10.*
- *ELP Procedural manual: Section 2.10*

If a borrower's mortgage statement shows late fees, should they be considered delinquent on their mortgage payments?

If the mortgage statement shows a payment history that demonstrates the borrower's most recent payment as applied (even with late charges), then the borrower should be considered current on their mortgage payment.

On the other hand, if the mortgage statement does not show that the borrower's most recent payment was applied, then further information should be obtained to demonstrate that the servicer is still accepting the borrower's mortgage payments.

Reference Materials:

- *RLP Procedural Manual: Section 2.10*

REHABILITATION STANDARD

Do deficiencies identified in outbuildings have to be addressed if no lead-based paint hazards exist?

No. Actually, repairs to deficiencies identified in outbuildings with no lead-based paint hazards cannot be undertaken. Demolition of outbuildings may be undertaken only with advanced approval by Minnesota Housing, and only when such clearance is required by the local building code and evidence of the code violation is present.

Reference Materials:

- *RLP Procedural Manual: Section 4.12*

Does the Rehabilitation Loan Program require that all knob and tube wiring be removed?

The Minnesota Housing Rehabilitation Standards requires that all readily accessible knob and tube wiring be removed and replaced if the inspector determines that its current condition poses a safety risk.

Reference Materials:

- *Minnesota Housing Rehabilitation Standard: Page 5*

Do bath fans need to be installed in every bath space (without tub or shower) even if a window exists as allowed per code?

Minnesota Housing's Rehabilitation Standards recommends that each bathroom have at least one operable window or a working mechanical fan. RLP allows the borrower to decide whether, if funds allow, they will incorporate these items into the project's Scope of Work.

Reference Materials:

- *Minnesota Housing Rehabilitation Standard: Page 25*

Are repairs on attached and detached garages eligible under the RLP?

RLP requires all lead-based paint hazards to be addressed on attached and detached garages. However, with the exception of lead-based paint hazards, repairs to deficiencies identified in existing detached garages may be undertaken only with advanced approval by Minnesota Housing and only if the existing condition presents a clear and imminent safety hazard.

Reference Materials:

- *RLP Procedural Manual: Section 4.12*
- *ELP Procedural Manual: Section 4.12*

Are walk-in bathtubs eligible under the RLP?

Walk-in tubs are an eligible use if they are documented as medically necessary or are the most cost efficient way to meet the need. People needing walk-in tubs would have mobility challenges. Examples include, but are not limited to: arthritis, limb amputation, stroke, brain injury, Parkinson's disease, bariatric, or any disease that caused unsteadiness or gait challenges that put people at risk of falling if they were unable to get their legs over the bathtub edge or standing/sitting in a shower is risky or undoable.

There should be an assessment where other adaptations were taken into account as alternatives. A common alternative is a chair in a shower with a removable/portable shower handle.

You can find a list of walk-in tub providers at

http://www.minnesotahelp.info/Public/pui_results.aspx?SearchID=6A34308B-F41C-46F8-A920-7DB119BC710C.

Reference Materials:

- *RLP Procedural Manual: Section 4.12*
- *RLP Procedural Manual: Section 4.12*

BUILDING CODE

Are third party State Building Code inspections still required under the Rehabilitation Loan Program?

In municipalities where the State Building Code has been adopted and is enforced by building officials, inspections are required in accordance with local requirements. In areas of the state where the State Building Code has not been adopted, a third party State Building Code inspection is not required. In both cases, the Lender should complete a post-rehab inspection to ensure conformance to the Single Family Rehabilitation Standard.

Reference Materials:

- *RLP Procedural Manual: Section 4.14*
- *ELP Procedural Manual: Section 4.09*

When working in a jurisdiction where the State Building Code is enforced, what file documentation is required to verify the home was inspected following completion of rehabilitation activities?

A copy of the final inspection sign off must be provided by the Building Official. It is understood that the format of the final inspection sign off tends to vary widely from one jurisdiction to another.

LEAD-BASED PAINT

What are the lead-based paint requirements for contractors?

Lead-based paint requirements vary depending on the amount and type of funding in the project and are usually triggered whenever paint is being disturbed above de minimis levels. Please refer to the lead-based paint requirements of the most stringent lead-based paint rule of the different funding sources in your project. There are three interacting lead-based paint rules in Minnesota: HUD's, EPA's and MN Department of Health. For projects solely funded with Minnesota Housing funds, please refer to the Minnesota Housing Lead Based Paint Guidebook.

Reference Materials:

- *Minnesota Housing Lead Based Paint Guidebook –April 22, 2008*

Are lead inspection costs an eligible soft cost under the Rehabilitation Loan Program?

Costs incurred for the Lead Risk Assessment Inspection and Lead Clearance Report can be included in the loan amount as soft costs. Or, you may use your Lender fee to pay for these costs. Remember that when soft costs are incorporated into the loan amount, less rehabilitation can be done to the Borrower's home.

Reference Materials:

- *RLP Procedural Manual: Section 4.03*

How long are lead risk assessments and radon tests valid before having to be updated in order to be accepted for RLP?

Lead risk assessments are usually valid for one year. A standard does not exist for radon test results, but the Minnesota Department of Health recommends that radon tests be completed every 2 -5 years. Ideally, radon testing should be done as part of the pre-rehab inspection process.

Do bare soil conditions have to be addressed if the Lead Risk Assessment reports no related lead hazards?

All bare soil must be sampled as part of the lead risk assessment. If the lead content of the soil is less than the threshold, then that bare soil condition does not need to be addressed. Absent the lead testing for the soil, it must be assumed to be a lead hazard and must be addressed.

Reference Materials:

- *Minnesota Housing Lead Based Paint Guidebook –April 22, 2008*

WEATHERIZATION AND GREEN REQUIREMENTS

What is the specific requirement related to the Weatherization Program?

As a prerequisite to application, Borrowers must have applied to and documented their eligibility for the Weatherization Program through the Minnesota Department of Commerce. Borrowers usually apply for Energy Assistance Program benefits as the entry portal to the Weatherization Program.

If Weatherization Services have previously been provided on the Borrower's home, documentation of this must be provided when the Loan Commitment package is submitted to Minnesota Housing.

If the Weatherization Program provider verifies that the borrower does not meet the priority threshold for receiving Weatherization services, then the lender should have an energy audit completed, incorporate the recommendations from the energy audit into the Scope of Work, and coordinate the completion of post-rehabilitation testing. The energy audit and post-rehabilitation testing may be included as soft costs in the loan amount.

Reference Materials:

- *RLP Procedural Manual: Section 2.06*
- *RLP Procedural Manual: Section 4.03*

Is radon testing required for mobile / manufactured homes? Even mobile homes located in mobile home parks?

Yes.

Reference Materials:

- [Green Communities Criteria](#)
- [RLP Procedural Manual: Process Guide-Initial Inspections](#)

Is post-rehab radon testing required on homes where no mitigation was needed?

No.

Is the \$500 radon demonstration funding still available?

No.

Will the MN Department of Health provide additional free radon test kits?

Contact Dan Tranter at the Minnesota Department of Health's Indoor Unit at (651) 201-4618 or daniel.tranter@state.mn.us. The Minnesota Department of Health's website also provides information about the availability of Radon Test Kits at the state and local levels.

Is it considered a conflict of interest under the Rehabilitation Loan Program if a contractor who has installed a radon mitigation system also completes the post-rehabilitation radon test?

No. It is standard practice for radon mitigation contractors to test after completion of radon mitigation. Further, most of the test results are provided by third party laboratories, so a potential conflict of interest is not a concern.

CONTRACTORS/BIDDING/CHANGE ORDERS

How many bids should be solicited for ELP?

There is not a requirement for the number of bids needed in ELP. In many emergency cases the Borrower may have obtained one or more bids prior to loan application. The Borrower does not need to secure new bids if an existing bid exists. Given the nature of ELP, emergencies need to be addressed quickly so a lengthy bidding process is not required. The Lender should feel comfortable that the bid is reasonable before making the loan. If the Lender feels the cost of a project is unreasonable based on one bid, additional bids are necessary.

Can the contractor's license verification retained in the file be a printout from the MN Department of Labor and Industry Website?

Yes, you can get this information at: <https://secure.doli.state.mn.us/lookup/licensing.aspx>

What happened to the Contractor Warranty form, which has been traditionally provided as part of the RLP and ELP?

Minnesota Housing will rely on the statutory warranty of Minnesota Statute (Chapter 372A) as the agency-approved warranty of construction and materials. All contractors are statutorily required to follow the requirements of the Statute. Thus, a separate Contractor Warranty is not needed. The Homeowner Agreement outlines this for the homeowner.

Does a General Contractor have to be used under the Rehabilitation Loan Program?

No. However, if you are breaking up the Scope of Work, you need to solicit three bids for each part of the project (i.e. electrical, plumbing, carpentry, etc.).

Reference Materials:

- *RLP Procedural Manual: Section 4.08*

Can contingency funds be included in the loan amount?

No. We do not allow the budgeting of contingency funds in the loan amount. RLP has a change order process in the event additional funds are needed.

Reference Materials:

- *RLP Procedural Manual: Chapter 4.09*

What is the change order process when the loan amount changes?

Changes to the scope of work and loan amount are allowed only when deficiencies are found during the rehabilitation which, if not addressed, will cause further damage to the home. Changes in the scope of work must be approved in advance by Minnesota Housing. Use the Change Order form, which can be found on Minnesota Housing's Website, to document the project changes. Make sure the Borrower, Lender and the Contractor sign and date the Change Order form. Send a copy via *Single Family Secure File Exchange* to Minnesota Housing for preliminary approval. Mail the original to Minnesota housing for signature. (The original will be mailed back to lender upon signing by Minnesota Housing.)

If the loan amount has changed, complete the appropriate loan modification document after the rehabilitation is complete. For homes taxed as real property, complete the Modification of Note and Mortgage Agreement. For mobile homes taxed as personal property, complete the Modification of Mobile Home Note and Security Agreement. Both documents can found on Minnesota Housing's website.

Send the following items to Minnesota Housing for processing:

- Copy of the completed, fully executed change order.
- The original loan modification document to be executed by Minnesota Housing.
- A copy of the original Note or Mortgage.

Upon receipt of the information, Minnesota Housing will execute the loan modification document and return it to the lender. If the loan amount changes, Minnesota Housing will either disburse the additional funds, or will request a return of non-used funds.

Reference Materials:

- *RLP Procedural Manual: Section 4.09*
- *ELP Procedural Manual: Section 4.09*
- *RLP Procedural Manual: Section 6.02*
- *ELP Procedural Manual: Section 6.02*
- *RLP Change Order Form*

What qualifications are required of Radon Contractors under the RLP?

Whenever possible, a radon contractor must be licensed by the MN Department of Labor and Industry as a contractor or plumber. The spirit of the licensed contractor rule is to ensure that building code requirements are met in the installation of the system. *(Note: MN Department of Health provides a list of "Radon Contractors". Unfortunately, these radon contractors are not necessarily licensed by the MN Department of Labor and Industry (DOLI) as a contractor or plumber, and may know nothing about the building code requirements. Therefore, we do not allow contractors off of that list to be used UNLESS they are also licensed by MN DOLI.)*

If all options to use a contractor or plumber licensed by the MN DOLI are exhausted, then:

- a. Check to see if the main project contractor will oversee the radon work –with the radon contractor as a sub-contractor to this main project contractor.

OR, if this is not an option:

- b. After the installation of the radon mitigation system, have an inspection completed by a licensed building official/inspector to ensure compliance with Building Code.

OR, if this is not possible:

- c. Allow the contractor to have other credentials –such as being listed as an approved radon contractor on MN Department of Health's website.

After the system is installed, you should ask the radon contractor to do a post-radon test to ensure the results are at 4 or below. A copy of the post-test results should be retained in the borrower's file.

LOAN CLOSING

Does the Three-Day Right of Rescission law apply to the RLP Program?

Yes. The Right of Rescission, which comes from the federal consumer protection regulations, provides consumers with the right to rescind a credit transaction in which a security interest will be acquired in their principal dwelling. Specific requirements are found at the following link in §226.2 of the Consumer Protection Act: <http://www.fdic.gov/regulations/laws/rules/6500-2380.html>

How does the Three-Day Right of Rescission law impact the RLP Program process?

Each lender should develop and implement a process to ensure that the requirements found within the Three-Day Right of Rescission Law are met, and that the RLP Mortgage is recorded, before issuing the Proceed to Work.

How quickly after loan closing does the Lender have to record Emergency Loan Program documents? (Because the project completion timeframe is typically so short, is it feasible to wait to record until the project is completed in case the loan amount changes?)

As is required with the RLP, ELP mortgages must be recorded as soon as possible after the date of closing. Lender may not wait to record the mortgage until after the rehabilitation is completed to accommodate changes in the loan amount. In the event there are changes in the loan amount, the Lender must use the Loan Modification Agreement.

When a Lender escrows Borrower funds, how will payment with those funds be made? (Will Borrower funds go directly to the contractor or would we hold the funds until the work is complete?)

Lenders collect the Borrower funds at the time of loan closing. These funds are used in conjunction with loan and other leverage funds to pay the contractor.