

**SMALL CITIES DEVELOPMENT PROGRAM  
COMMERCIAL REHABILITATION APPLICATION**

**Applicant Information**

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Name of Applicant: \_\_\_\_\_

Federal ID Number or

Social Security Number: \_\_\_\_\_

Owner or  Tenant

Home Address: \_\_\_\_\_

Office Phone: \_\_\_\_\_

City, State, Zip: \_\_\_\_\_

Home Phone: \_\_\_\_\_

Contact Person: \_\_\_\_\_

Cell Phone: \_\_\_\_\_

Email: \_\_\_\_\_

**DUN'S # (Required):** \_\_\_\_\_ (Please see attached instructions to obtain a DUNS # if you do not already have one)

**PROPERTY INFORMATION**

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Address of Building to be rehabilitated: \_\_\_\_\_

Estimated Age of Building: \_\_\_\_\_

Number of Stories: \_\_\_\_\_

Estimated Market Value: \$ \_\_\_\_\_

Current Annual Property Taxes: \$ \_\_\_\_\_

(Please provide most recent tax statement and cancelled check or other proof of current taxes)

General Description of Building: \_\_\_\_\_

Current Building Use: \_\_\_\_\_

Current commercial lease rents (if applicable): \_\_\_\_\_

Proposed Building Use: \_\_\_\_\_

Does the current use of the building conform to the City zoning ordinance?  Yes  No

Current Zoning: \_\_\_\_\_

Variances/Conditional Use permits: \_\_\_\_\_

Is the building in a Historic District?  Yes  No      Is it on the National Historic Register?  Yes  No

Is it in a Floodplain?  Yes  No

Full Legal Description (from deed): \_\_\_\_\_

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**OWNERSHIP INFORMATION**

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Ownership interest in property to be improved:

Contract for Deed: Please provide the name and address of C4D Vendor (required):

\_\_\_\_\_  
\_\_\_\_\_

Mortgage: Please provide the name and address of the Mortgagor/Lender (required):

\_\_\_\_\_  
\_\_\_\_\_

Free and Clear

Lease: Specify terms of lease: \_\_\_\_\_

Other: Please specify: \_\_\_\_\_

Name(s) on Title: Please specify ownership interest of each name on the title:

\_\_\_\_\_  
Full Legal Name (include middle initial)

\_\_\_\_\_  
Full Legal Name (include middle initial)

\_\_\_\_\_  
Ownership interest (%)

\_\_\_\_\_  
Ownership interest (%)

Amount of outstanding principal owed on building: \$ \_\_\_\_\_

**NOTES: Please attach a copy of property insurance binder and copy of Warranty Deed or Contract for Deed.**

**Proposed improvements:** Please describe the proposed improvements you would like to do to your property. (SCDP funds may only be used for exterior improvements and to correct code violations)

Exterior: \_\_\_\_\_

Signs: \_\_\_\_\_

Awnings: \_\_\_\_\_

Mechanical Systems: \_\_\_\_\_

Interior (code items): \_\_\_\_\_

**Owner's match requirement:** You will be required to provide match funds to cover the cost of your project. Please mark below your owners match source and provide documentation of this source with bank statements, loan approval letter, etc.

Sources of owner match funds:  Personal Savings  Mortgage  Private Loan  Other: \_\_\_\_\_

I/we certify that all statements on this application are true and correct the best of my/our knowledge. I/we understand that any intentional misstatements will be grounds for disqualification. I authorize program representatives the right to access the property to be improved for the purpose of inspecting or obtaining information for the SCDP rehabilitation loan program.

Applicant: \_\_\_\_\_

Date: \_\_\_\_\_

Applicant: \_\_\_\_\_

Date: \_\_\_\_\_

## Data Privacy Statement

Certain information you provide to the City of Motley and Central Minnesota Housing Partnership, Inc. about you and your business will be considered **private data** as defined by the Minnesota Government Data Practices Act. The information requested in the application for a Small Cities Development Program loan, if your assistance is approved, could be considered public.

We will use the data requested in the application for administration and management of the program. Persons or agencies with whom this information may be shared include:

- The local loan committee members who approve all applications
- Staff who is involved in program administration
- Auditors who perform required audits of our programs
- Authorized personnel from the Minnesota Department of Employment and Economic Development and the U.S. Department of Housing and Urban Development or other State and Federal agencies providing funding assistance to your loan
- Law enforcement personnel in the case of suspected fraud
- Persons requesting public information under the Freedom of Information Act

You may wish to exercise your rights as contained in the Minnesota Government Practices Act. The rights include:

The right to see and obtain copies of the data maintained on you, be told the contents and meaning of the data, and challenge the accuracy and completeness of the data.

To exercise these rights, contact: Jason Krebsbach at (320) 259-0393.

Applicant's Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Applicant's Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**MINNESOTA GOVERNMENT DATA PRACTICES ACT  
DISCLOSURE STATEMENT AND  
AUTHORIZATION TO OBTAIN / RELEASE INFORMATION**

**PURPOSE.** This is to advise you that the Department of Employment and Economic Development (DEED) as a lender or grantor to the owner of the residential property for which you are an owner or resident will be collecting information regarding your program eligibility. The Central Minnesota Housing Partnership (CMHP) will be requesting information from you or other entities that include, but are not limited to: employment, income, bank statements, mortgages and assets and credit references. The groups or individuals that may be asked to release this information include, but are not limited to: previous landlords, past and present employers, banks and other financial institutions, credit providers and credit bureaus and utility companies. The portion of the data requested which constitutes financial information, including, but not limited to credit reports, financial statements, and net worth calculation are classified as "private data on individuals" under Minnesota Stat.462A.065, federal subsidies, you may be asked to supply your Social Security Number. This instrument also serves as your consent to obtain the information from you and the other entities mentioned herein to establish and verify your entitlement to the benefits of the applicable DEED program.

**USE AND DISCLOSURE.** Use of data obtained which is defined in Minnesota law as private is limited to that necessary for the administration and management of the program by DEED personnel or those under contract with DEED, and, in instances where access to private data is authorized by state statute or federal law, it may be made available to other government entities, such as the Internal Revenue Code of 1986, as amended (the federal "Low Income Housing Credit Law"), and the Department of Housing and Urban Development "HUD". In the absence of a law specifically authorizing the release of private data concerning you to third parties, dissemination of such information requires your specific informed consent, in writing.

**PENALTY.** You must provide all of the information requested, including, if applicable, your Social Security Number. Failure to provide the requested information may result in denial of eligibility, eviction, or the withdrawal of housing assistance, where applicable.

**AUTHORITY.** The Minnesota Government Data Practices Act governing the collection, storage, and dissemination of data in Chapter 13 of Minnesota Statutes. If your housing is subject to federal subsidies, HUD or DEED are authorized to collect information, except your Social Security Number, by the U.S. Housing Act of 1937, as amended, 42 U.S.C., 1437 et. seq., and the Housing and Community Development Act of 1981, P.L. 97-35, 85 Stat. 348, 408. HUD or DEED are additionally authorized, for certain federally subsidized housing to collect your Social Security Number by Section 165(a) of the Housing and Community Development Act of 1987, P.L. 100-242, 100-625. In addition to the above, the above referenced Low-Income Housing Credit Law and regulation pertaining thereto, contain reporting requirements to the Internal Revenue Service to assure the owner's compliance with such laws and regulations.

**SIGNATURE.** I (we) have read and signed the Minnesota Government Data Practices Act Disclosure Statement and authorization may be supplied to third parties for the purpose of obtaining the information identified above.

\_\_\_\_\_  
Applicant Signature

\_\_\_\_\_  
Applicant Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

# SMALL CITIES DEVELOPMENT PROGRAM

## APPLICANT CONFLICT OF INTEREST DETERMINATION

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You have applied for Small Cities Development Program funding. The program has policies and procedures in place to address any conflict of interest of an applicant. Please fill out the following information:

Have you or your company, in the last 12 months, been an:

- Employee \_\_\_\_\_
- Consultant \_\_\_\_\_
- Officer \_\_\_\_\_
- Elected Official \_\_\_\_\_
- Appointed Official \_\_\_\_\_

Of the...

- State of Minnesota \_\_\_\_\_ Name Agency: \_\_\_\_\_
- Local Government \_\_\_\_\_ Name Position: \_\_\_\_\_

*Note: If a conflict exists, it may be possible for the grantee and program administrator's to request an exception to the conflict from the funding agency.*

I/we certify that the information is true and correct to the best of my/our knowledge.

Signature of Applicant: \_\_\_\_\_ Date: \_\_\_\_\_

Signature of Applicant: \_\_\_\_\_ Date: \_\_\_\_\_

**SMALL CITIES DEVELOPMENT PROGRAM  
COMMERCIAL REHABILITATION POLICIES & PROCEDURES**

**Certification of Receipt**

I hereby certify that I have received the SCDP Commercial Rehabilitation Policies and Procedures Handbook and that I have read and understood the information.

Signature of Owner: \_\_\_\_\_

Date: \_\_\_\_\_

Signature of Owner: \_\_\_\_\_

Date: \_\_\_\_\_

## **Obtaining a DUNS Number**

### **A Guide for Federal Grant and Cooperative Agreement Applicants**

The Federal government requires that all applicants for Federal grants and cooperative agreements with the exception of individuals other than sole proprietors, have a DUNS number. (See policy at: [http://www.omb.gov/grants/grants\\_docs](http://www.omb.gov/grants/grants_docs)). The Federal government will use the DUNS number to better identify related organizations that are receiving funding under grants and cooperative agreements, and to provide consistent name and address data for electronic grant application systems.

#### **Data Universal Number System (DUNS) Number**

- The Data Universal Numbering System (DUNS) number is a unique nine-digit identification number provided by Dun & Bradstreet (D&B).
- The DUNS Number is site-specific. Therefore, each distinct physical location of an entity (such as branches, divisions, and headquarters) may be assigned a DUNS number. Organizations should try and keep DUNS numbers to a minimum. In many instances, a central DUNS number with a DUNS number for each major division/department/agency that applies for a grant may be sufficient.
- In order to provide on-the-spot DUNS number assignment, the requestor should do this by telephone. (See telephone number below.)

#### **Obtaining a DUNS Number**

- You should verify that you have a DUNS number or take the steps needed to obtain one as soon as possible, if there is a possibility you will be applying for future Federal grants or cooperative agreements. There is no need to wait until you are submitting a particular application.
- *If you already have a DUNS number.* If you, as the entity applying for a Federal grant or cooperative agreement, previously obtained a DUNS number in connection with the Federal acquisition process or requested or had one assigned to you for another purpose, you should use that number on all of your applications. It is not necessary to request another DUNS number from D&B. You may request D&B to supply a family-tree report of the DUNS numbers associated with your organization. Organizations should work with D&B to ensure the right information is on the report. Organizations should not establish new numbers, but use existing numbers and update/validate the information associated with the number.
- *If you are not sure if you have a DUNS number.* Call D&B using the toll-free number, **1-866-705-5711** and indicate that you are a Federal grant applicant/prospective applicant. D&B will tell you if you already have a number. If you do not have a DUNS number, D&B will ask you to provide the information listed below and will immediately assign you a number, free of charge.
- *If you know you do not have a DUNS number.* Call D&B using the toll-free number, **1-866-705-5711** and indicate that you are a Federal grant applicant/prospective applicant. D&B will ask you to provide the information listed below and will immediately assign you a number, free of charge.

### **Managing Your DUNS Number**

- D&B periodically contacts organizations with DUNS numbers to verify that their information is current. Organizations with multiple DUNS numbers may request a free family tree listing from D&B to help determine what branches/divisions have numbers and whether the information is current. Please call the dedicated toll-free DUNS Number request line at **1-866-705-5711** to request your family tree.
- D&B recommends that organizations with multiple DUNS numbers have a single point of contact for controlling DUNS number requests to ensure that the appropriate branches/divisions have DUNS numbers for Federal purposes.
- As a result of obtaining a DUNS number you have the option to be included on D&B's marketing list that is sold to other companies. If you do not want your name/organization included on this marketing list, request to be de-listed from D&B's marketing file when you are speaking with a D&B representative during your DUNS number telephone application.

Obtaining a DUNS number is absolutely **Free** for all entities doing business with the Federal government. This includes grant and cooperative agreement applicants/prospective applicants and Federal contractors. Be certain that you identify yourself as a Federal grant applicant/prospective applicant.

### **To Obtain Your DUNS Number**

- Please call the dedicated toll-free DUNS Number request line for Federal grant and cooperative agreement applicants or prospective grant applicants at:

**1-866-705-5711**

The number is staffed from 8 a.m. to 6 p.m. (local time of the caller when calling from within the continental United States) Calls placed to the above number outside of those hours will receive a recorded messages requesting the caller to call back between the operating hours.

- The process to request number takes about 5-10 minutes.
- A DUNS number will be assigned at the conclusion of the call.
- You will need to provide the following information:
  - Legal Name
  - Headquarters name and address for your organization
  - Doing business as (DBA) or other name by which your organization is commonly known or recognized
  - Physical Address, City, State and Zip Code
  - Mailing Address(is separate from Headquarters and/or physical address)
  - Telephone Number
  - Contact Name and Title
  - Number of Employees at your physical location

***SMALL CITIES  
DEVELOPMENT PROGRAM  
(SCDP)  
COMMERCIAL REHABILITATION  
  
POLICIES AND PROCEDURES  
FOR THE CITIES OF:  
  
MOTLEY  
RANDALL  
SWANVILLE***

***2011***

# **TABLE OF CONTENTS**

<b>PROGRAM OBJECTIVES</b>	<b>3</b>
<b>PROGRAM ADMINISTRATION</b>	<b>3</b>
<b>EQUAL OPPORTUNITY/AFFIRMATIVE ACTION</b>	<b>3</b>
<b>PROGRAM MARKETING</b>	<b>4</b>
<b>LOANS TO RELATED PARTIES</b>	<b>4</b>
<b>APPLICATION PROCESS</b>	<b>4</b>
<b>ELIGIBILITY REQUIREMENTS/PROPERTY REQUIREMENTS</b>	<b>5</b>
<b>SCDP FINANCING TERMS</b>	<b>6</b>
<b>ELIGIBLE/INELIGIBLE REHAB ITEMS</b>	<b>7</b>
<b>PROJECT STEPS/CONTRACTOR PARTICIPATION</b>	<b>8</b>
<b>DENIAL/COMPLAINT/APPEALS PROCEDURES</b>	<b>12</b>

# **Cities of Motley, Randall and Swanville SCDP Commercial Rehabilitation Program**

## **I. PROGRAM OBJECTIVES**

The cities of Motley, Randall and Swanville (hereinafter referred to as “the Cities”) will provide financial assistance for the rehabilitation of commercial properties located in the target area of each participating city. The priorities of the program are to address needed exterior rehabilitation items, code issues and accessibility improvements, when applicable. The policies and procedures for distribution and eligibility are incorporated in this document.

## **II. PROGRAM ADMINISTRATION**

**General Administrator:** The Cities have contracted with Central Minnesota Housing Partnership, Inc. (hereinafter referred to as “CMHP”) for general administration services. CMHP will be responsible for all financial and progress reports to the Department of Employment and Economic Development (hereinafter referred to as “DEED”) until the end of the grant agreement. CMHP will have principle responsibility for completion of an initial Environmental Assessment and development/ submission of required policies and procedures prior to commencement of program delivery and to prepare requests for reimbursement.

**Field Administrator:** The Cities have contracted with CMHP for all commercial rehabilitation field administration services. CMHP is responsible for program delivery to include: marketing, application processing and approval, inspections, determination of suitability of commercial rehabilitation projects, scope of work preparation, Davis-Bacon labor standards requirements, bid packets, loan document origination, contract awards, interim inspections, change orders, final inspections, recommendation of payment to contractors and project close-outs. CMHP will provide the Cities with regular financial and progress reports.

## **III. EQUAL OPPORTUNITY/ AFFIRMATIVE ACTION**

The Cities shall not deny assistance based upon race, color, creed, religion, national origin, sex, marital status, reliance on public assistance, age, disability, or familial status. It is the policy of the each participating city to provide equal employment opportunity for all persons regardless of race, color, religion, national origin, marital status, political affiliation, affectional orientation or gender identity, status with regard to public assistance, disability, sex, or age.

The Cities respond affirmatively in its employment practices. Affirmative action applies to all aspects of employment practices including, but not limited to: recruiting, hiring, placement, promotion, demotion, transfer, training, compensation, benefits, layoff, recall, and termination. The Cities seek to do business with entities that encourage equal employment opportunity.

**Affirmative Action:** It is the policy of the participating cities to work affirmatively to ensure that all persons regardless of race, creed, national origin, sex, marital status, age, handicap or reliance on public assistance shall be treated equally and fairly for purposes of this SCDP

Housing Rehabilitation Program. Program promotion conducted by CMHP and/or the Cities shall be inclusive and will exercise care to avoid promotion methods that may exclude eligible applicants.

#### **IV. PROGRAM MARKETING**

CMHP, on behalf of the Cities, will conduct marketing and outreach in the target areas, as needed. Applicants may be contacted for the program in the following ways:

- Notifying commercial property owners on the letter of intent to participate list
- Conducting community meetings to inform owners of the program availability and application process
- Issue news releases to advertise community meetings and other information about the program to both local newspapers and radio stations
- Direct mailing of program information to businesses in the target areas
- Develop flyers and post them in prominent areas in the communities, as well as distribute brochures at commodity distribution sites, where applicable

#### **V. LOANS TO RELATED PARTIES**

CMHP may only approve SCDP loans for the following individuals if a waiver has been issued by DEED:

- Any employee or elected official of a participating city
- Any CMHP employee or member of its Board of Directors

The following steps are required for a waiver to be considered:

- Review from the attorney representing the city in which the applicant is located to determine if there is a conflict of interest
- Attorney issues an opinion letter and forwards to CMHP
- Provide a description of the conflict of interest
- Provide documentation that the potential conflict was disclosed to the public and documented (ex. city council meeting minutes)
- The individual shall not receive any special consideration over and above the normal policies and procedures of the program
- The Executive Director of CMHP is advised of the circumstances and certifies the procedures set forth above are met

#### **VI. APPLICATION PROCESS**

**Application Process:** Applicants will be served on a first come, first served basis with those on the letter of intent to participate list being notified first of funding availability. Applications will be logged in by date of receipt of the application and not by request of an application. Applications will be processed in the order that they are received. Applications will not be

considered complete until all required documentation is collected. CMHP will move forward with projects in the order that applications are completed and approved.

**Data Privacy:** Information on program applicants shall be gathered and released in accordance with the Minnesota Data Practices Act. Information about the applicants name, address and amount of assistance is considered public information. The Data Release Form included in the application will inform the applicant of what information will be released and to whom. Private information, including information about the applicant and their household, will only be used as required for administrative and management purposes.

**Evidence of Fraud:** Any administering party participating in the program shall refer evidence of fraud, misrepresentation, collusion or other misconduct on the part of the applicant or contractors in connection with the operation of the program to the State of Minnesota Attorney General for investigation and legal action.

**Misrepresentation:** Any material misrepresentation on the part of an applicant revealed through the application process or otherwise may result in a determination of ineligibility. The applicant shall be notified in writing of such determination by CMHP, and shall be given the opportunity to request an informal review upon the matter.

**Approval:** Upon application approval, the applicant will receive an initial approval of funding letter. This letter will state the applicant's eligibility for the program and provide information on next steps. The approval letter will not state a specific amount of funding as this will be determined project bidding process. Initial approval does not guarantee that full funding will be available.

## **VII. ELIGIBILITY REQUIREMENTS/PROPERTY REQUIREMENTS**

Applicants and their homes must meet program eligibility requirements. The program requirements below will be verified during the processing of the application:

- Commercial owners must individually have a qualifying interest in the property consisting of at least one-third interest in fee title, one-third interest as purchaser under contract for deed, with consent of all parties, or a valid life estate recorded with the county
- Commercial owners must be current with property tax payments. Where property taxes are not current, at the time of application, the applicant will be issued temporary denial and the application will be placed on hold until property taxes are paid current, not to exceed 30 days
- Commercial owners must have current property insurance at the time of the application and through the completion of rehabilitation with a minimum of hazard insurance coverage. Where the applicant does not have said insurance at the time of application, the applicant will be issued a temporary denial and the application will be placed on hold until insurance can be secured, not to exceed 30 days
- Commercial owners will not be eligible to receive SCDP funding if the property to be rehabilitated is in default of its mortgage, contract for deed, or comparable obligation

- Commercial owners will not be eligible to receive SCDP funding if the owner is currently involved in bankruptcy proceedings
- Commercial owners will not economically displace current commercial tenants. This means that monthly lease rents cannot increase to more than 30% of a commercial tenant's monthly income after rehabilitation, and for the term of the SCDP loan. Commercial tenants with monthly rents above 30% of their monthly income can continue to pay that amount, but cannot be subject to any rent increase for the term of the SCDP loan

**Additional Property Requirements:** The commercial property to be rehabbed must meet some additional requirements to be eligible for rehabilitation:

- Commercial properties to be rehabilitated must be located within a target area of a participating city (see Attachment A to this document)
- Properties must be in compliance with local zoning ordinances
- Properties that do not meet applicable Fire Code, Occupancy Codes, Minnesota Energy Efficiency Standards, National Electrical Code or Uniform Mechanical and Plumbing Codes are a priority
- Properties containing health and safety hazards such as asbestos, contaminated water supply, raw sewage, etc. are a priority
- Commercial properties located within a 100-year flood plain are not eligible for rehabilitation

**Suitability for Rehabilitation:** Commercial properties must be determined as suitable for rehabilitation to receive SCDP funds. The determination will be based on structural viability, after rehabilitation market value, historic significance, and cost of rehabilitation and replacement costs. Structural viability will be determined by the number and severity of the deficiencies associated with the structure. Funding from SCDP and leveraged sources must be available to address all existing structural deficiencies.

**After Rehabilitation Market Value:** If the type and number of repairs needed to bring the property into compliance with standards exceeds the after rehabilitation market value of the property, the property will be denied funding assistance. Denial of assistance due to this factor shall be based on the after rehabilitation market value as established through an appraisal. The after rehabilitation market value is defined as Current EMV + 50% of the cost of rehabilitation.

**Historic Significance:** Properties that possess historic significance will be reviewed outside of normal market value economic considerations.

## **VIII. SCDP FINANCING TERMS**

SCDP funding will be provided for approved projects based on the total project cost. SCDP loans will be provided to cover 66% of the total construction cost of commercial rehabilitation projects. The amount of SCDP financing will be split into two separate loans. The remaining cost of the project is required to be covered by owners match funds.

The first SCDP loan will be a 0% interest deferred, forgivable loan. The loan is deferred so no monthly payment is required. The term of the loan is 10 years and the loan balance is forgiven 1/10<sup>th</sup> per year for the term of the loan. After ten years, the full amount of the loan will be forgiven. Owners will be required to pay back a pro-rated portion of the loan if the property transfers ownership within the ten year loan term. The second SCDP loan will be a 1% interest installment loan with a 15 year term. Payments are amortized over the term of the loan and will be due monthly to the city in which the property is located.

The maximum amount of SCDP commercial rehabilitation loan funds extended to any applicant shall not exceed \$37,500. Each loan will have a maximum amount of \$18,750. If the total cost of the rehabilitation exceeds the maximum SCDP loan limits, the applicant will be responsible to secure additional financing beyond the required matching leverage amount. If the applicant is unable to secure the necessary funding, then the scope of the project will be reduced in a manner that is consistent with the funding priorities and adopted inspection standards.

A waiver to exceed the maximum loan amount may be requested based on the following information being provided, with a final determination made by CMHP and the participating city in which the project is located.

- Identification of necessary repairs and modifications
- Identification of financial, repair cost, or debt carry issues that make the waiver necessary
- Submitted bid amounts and selection of approved bid
- Proposed financing package

## **IX. ELIGIBLE/INELIGIBLE REHAB ITEMS**

SCDP loans are only allowed to be used to cover costs of certain rehabilitation items. SCDP funding may be used to finance the following items:

- Exterior renovations
- Structural repairs
- Mechanical repairs/replacements
- Electrical system repairs
- Windows/doors
- Accessibility modifications
- Signage/awnings
- Energy improvements

SCDP funding may not be used to cover the costs of the following items:

- Interior Repairs that are not related to an eligible repair
- Interior electrical fixtures and receptacles
- Plumbing fixtures not related to accessibility modifications
- Structure modifications/additions
- Interior shelving

- Floor coverings
- Air conditioning
- Work begun or completed before the date of the Notice to Proceed order
- Improvements not consistent with established standards
- The refinancing of any existing mortgage or debt
- No deferred loans shall be paid to program participants for any improvements made under this program who have sold their home prior to execution of the Completion Certificate.
- Loan funds may not be used for the payment, in whole or in part, of assessments for public improvements

If the owner is interested in including any of the ineligible items in the scope of work, it will be considered an owner expense. However, it can be calculated as part of the owner's match. No rehabilitation work may begin prior to notification that the project is eligible and a Notice to Proceed has been issued.

**Historic Procedure:** After the initial property inspection has been completed, the following will be submitted to the State Historical Preservation Office (SHPO) officer:

- A summary of the work to be done at the property
- Photographs of the structure
- Property description
- Any other information request by SHPO

All properties are required to be reviewed by the Minnesota Historical Society to determine if the structure is historically significant before bids are let and any rehabilitation occurs. The file must contain documentation of approval from SHPO to proceed with rehabilitation.

Prior to the issuance of the "Notice to Proceed", a response from SHPO must be in the file indicating approval of proposed work and/or required amendments to the proposed work. Any changes in the scope of the project required by SHPO must be initiated.

## **X. PROJECT STEPS/CONTRACTOR PARTICIPATION**

After approval of a commercial owner's application, an initial inspection will be scheduled. CMHP staff will meet with owner and perform an initial inspection of the property to discuss the owner's rehabilitation ideas/wishes. After the initial inspection, CMHP will create a scope of work based on the initial inspection and the wishes of the owner. CMHP will work with the owner to design a scope of work acceptable to the owner. Once the owner has approved the scope of work the project is ready to go out for bid. Note: all work shall be done by a licensed contractor. No owner sweat equity will be allowed for any items in the project scope of work.

All contractors participating in the program must have a Contractors Application Form on file at CMHP. The application must contain proof of insurance coverage and a copy of their MN Contractors. Contractors will be responsible for securing insurance of the amounts specified on the application form.

**Davis-Bacon Requirements:** All contractors bidding on SCDP funded commercial rehabilitation projects are required to comply with Davis-Bacon Requirements. Bid specifications will include the most current General Wage Decision for Morrison County. All general contractors and sub-contractors will need to pay their employees according to determined wage rates for the county in which the project is located.

**Bid Solicitation:** CMHP will provide owners with a list of participating contractors. It is the responsibility of the owner to select 3-4 contractors from the list who they would like their project bid packets sent to. In order for a contractor who is not on the list to be awarded a bid, the contractor must furnish a Contractors Application Form and the required license and insurance documentation.

**Bidding:** Contractors will submit bids based on the bid specifications and approved scope of work prepared by CMHP. Participating contractors will be allowed to bid on any and all rehabilitation projects. However, CMHP will closely monitor the number of jobs that contractors receive to ensure that work is carried out in a timely manner. CMHP will also take into account owner's satisfaction of workmanship and will have the authority to remove contractors from the participating contractor list.

**Bid Awards:** CMHP will provide owners with all received bids. The owner will select a contractor based on bid amounts and comfortableness with contractors. The Contract shall be awarded to the owner's selection unless one of the following circumstances occurs:

- The contractor has failed to follow the procedures outlined in the instructions to bidders
- The contractor failed to bid according to the specifications and it proves impossible to compare the contractor's bid with the other contractors

If the lowest bid is not selected, CMHP will review to make sure the selected bid is reasonable. If only one bid is received, the bid will be compared to a cost estimate provided by CMHP to ensure reasonableness.

**Contractor Notification:** CMHP will provide an award letter to the selected contractor and unsuccessful bidder letters to those contractors not selected.

**Contractor Contract:** The rehabilitation contract will be between the owner and the contractor. Selected contractors will enter into a contract with the owner for work to be performed. The contract will outline the terms for completion of the rehabilitation and will include the following:

- General conditions
- Timeframe for completion
- Warranties
- Special conditions
- Amount of contract
- Change order procedures
- Payment terms

- Termination procedures

**Loan documents:** CMHP will provide loan documents to owners. Owners will execute two SCDP repayment agreements and Truth in Lending form. All documents must be executed and returned to CMHP before a project can start.

**Notice to Proceed:** Upon SCDP loan closings and contract execution, CMHP will communicate with contractor to determine construction start time. Upon contractor request, CMHP will issue a Notice to Proceed to the contractor and will provide a copy to the owner. The notice will allow the contractor ninety (90) days from the date of the Notice to Proceed to complete the specified work. Ninety (90) days will be the allotted amount of time except under the following conditions:

- The work is weather dependent and weather conditions have not allowed for the completion of the work
- The Notice to Proceed is issued too late in the building season to allow weather dependent work to be completed on time
- The selected contractor is too heavily committed to perform the work within the allotted time and informs the homeowner and CMHP of the situation. A work schedule will be established that is acceptable to the homeowner, CMHP, and the contractor
- Unforeseen difficulties develop with the approved work and force a delay

**Failure to Start/Complete Project:** Upon receipt of the Notice to Proceed, a contractor will have 90 calendar days in which to complete the contracted work. Failure to begin work within the first 60 days will be grounds to terminate the contract unless unforeseen weather issues affect the start date. The 90-day time period shall **not** be exceeded except through the issuance of a change order and by approval of the homeowner. In the absence of a change order, a contractor who violates the time period shall be penalized 10% of the unpaid balance for each week that the contractor is in violation.

**Payment Procedures:** All contractors will agree to the payment/draw schedule established by CMHP and the Cities. CMHP and the Cities will follow the payment request schedule prepared by DEED. The typical draw schedule allow for draws to be submitted every two weeks. Steps and conditions for contractor payment include:

- No pre-payments are allowable for any reason. Payment requests for materials will be allowed only if contractor provides receipt for payment
- Draw inspections will be scheduled by CMHP and will include the contractor and owner
- Progress payments will only be allowed for work that is completed
- Payments will be made only after the work is completed according to the specifications in the scope of work, and is approved by the owner and CMHP. In order for the contractor to be paid, a draw request form must be signed by the owner

- Ten percent (10%) will be withheld from each partial payment. Final payment for all work completed, including any withheld amounts, may be made after all work by a contractor is completed, the final inspection has been conducted and CMHP, homeowner and contractor have signed off on the work

Payments will be made only upon presentation of the following documents:

- Billing statement/invoice submitted to CMHP by contractor
- Homeowner signed draw form
- Signed lien waiver
- Sworn Construction Statement (final draw only)
- Completion Certificate (final draw only)

**Change Orders:** Change orders to the contract require the signature of the owner, the contractor and CMHP. Change orders will specify what the change is and the increase/deduction in the contract amount. Costs may be the responsibility of the homeowner and, if so, these funds must be placed in the appropriate escrow account. SCDP funds may not be eligible for change order items if change order work is completed before approval of CMHP staff. Change orders will be allowed only for the following reasons.

- To rectify hidden deficiencies discovered once work has started
- To change a specification due to unforeseen difficulties arising after work has started
- To address a deficiency that was inadvertently dropped from the project during scope of work origination
- To approve changes in the contract time period

**Owner Participation:** Owners are expected to participate in their project by communicating with contractors when they have questions about work items, scheduling or any other concerns that may arise. It is expected that owners and contractors will communicate any issues or problems that arise to CMHP staff.

**Termination of Contract:** A contractor's contract may be terminated due to the following circumstances:

- Poor work performance on the job site and the demonstrated inability to rectify poor workmanship
- Contractor is causing undue damages to the property and showing an inability or unwillingness to correct the damages. The cost of repairing damages will be deducted from any money owed the contractor for work already completed
- Where collusion or fraud has been determined to exist on the part of the contractor
- Lack of sufficient insurance coverage
- Inability of the contractor to perform the work within the allotted time
- Irreconcilable and irresolvable differences between the contractor and the owner

The cost of repairing poor workmanship and the higher costs of awarding the bid to another bidding contractor shall be deducted from any amount owed to the initial contractor for work completed. In all cases, the contractor shall be given the opportunity to rectify the problem before contract cancellation procedures are instituted. CMHP shall adhere to the following procedures when negotiating a workmanship problem:

- A meeting will be scheduled at the job site with the contractor and owner to attempt to come to a consensus about the problem and solution
- If problem persists, CMHP shall contact the contractor by certified mail notifying the contractor that the workmanship is still poor and specifying areas that need to be addressed to satisfy the contract. The letter will give the contractor fifteen (15) days to make the required repairs
- Contractors who are removed from a contract shall be removed from the participating contractor's list and shall be prohibited from bidding on SCDP projects.

**Project Close-Out:** At the time of project completion, the following steps will be taken to close out the project:

- A final draw/ inspection will be scheduled to confirm that all work has been done according the contract and to execute final draw form, final lien waiver and completion certificate
- Draw requests will be submitted by CMHP for final payment
- Loan documents will be recorded with the county in which home is located
- Close-out letter will be sent to owners and will include: copies of all recorded loan documents, completion certificate and contractor documents

## **XI. DENIAL/COMPLAINT/APPEALS PROCEDURES**

**Applicant Denial Procedure:** If an owner's application is denied for any reason, a letter of denial will be sent to the applicant within 10 working days. The denial letter will clearly outline the reason for denial and inform the applicant that an appeals procedure is available.

**Applicant Complaint Procedure:** Initial applicant complaints about any aspect of service delivery, staff, program restrictions or contractor relations/workmanship may be pursued verbally or in writing to CMHP. The complaint shall be addressed by working with the contractor and the applicant to resolve the problem within two (2) weeks.

**Applicant Appeal Procedure:** If an owner is dissatisfied with the level of assistance they have received, and where an applicant complaint cannot be resolved with CMHP, CMHP will notify the applicant in writing that a written procedure for appeal is available. The appeals procedure follows these steps:

1. The applicant who wishes to appeal the initial response must submit a request for appeal in writing within thirty (30) days of the initial response. This request must state the reason(s) for the appeal and should include any information that the applicant feels is pertinent to the appeal.

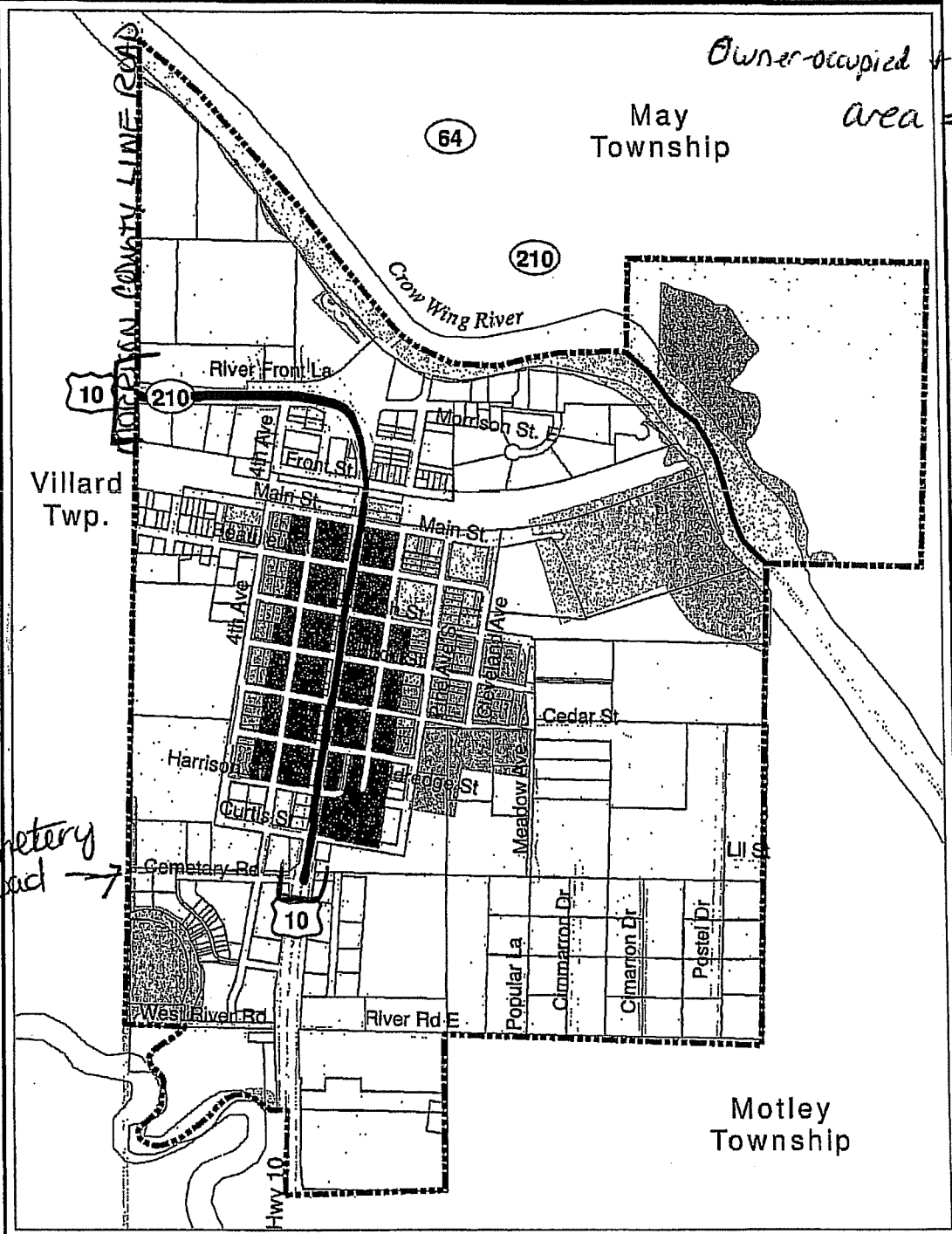
2. All appeals should be addressed to:  
Central Minnesota Housing Partnership, Inc.  
37 28<sup>th</sup> Avenue North, Suite #102  
St. Cloud, MN 56303
3. A Review Committee shall be established and made up of representatives from CMHP and each city.
4. If the Review Committee concurs on the findings, CMHP shall respond to the applicant, in writing, including the results of the review, an explanation of the findings and the next step the applicant can take if he/she is still not satisfied with the response.
5. If the Review Committee does not concur on the findings, the appeal will be presented to the participating city in which the applicant is located, whose written decision shall be final and presented to the applicant within fifteen (15) working days.



Revised Commercial Target Area

# Zoning and Parcels

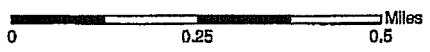
**City of Motley**  
Cass Co. & Morisson Co., MN



Owner-occupied + rental target area = city limits

Cemetery Road →

Zoning Districts	Medium Residential (R2)	Motley Boundary
Downtown Mixed Use (DMU)	High Residential (R3)	Rivers
Commercial (C2)	Public Use (PU)	Motley Parcel Boundaries
Industrial (I)	Natural Resource (NR)	Neighboring Communities
Shoreline Residential (R1)		



December 2009  
Data sources: City of Motley, MN DNR, MNDOT MnGeo.



Map prepared by 1000 Friends of Minnesota TRC



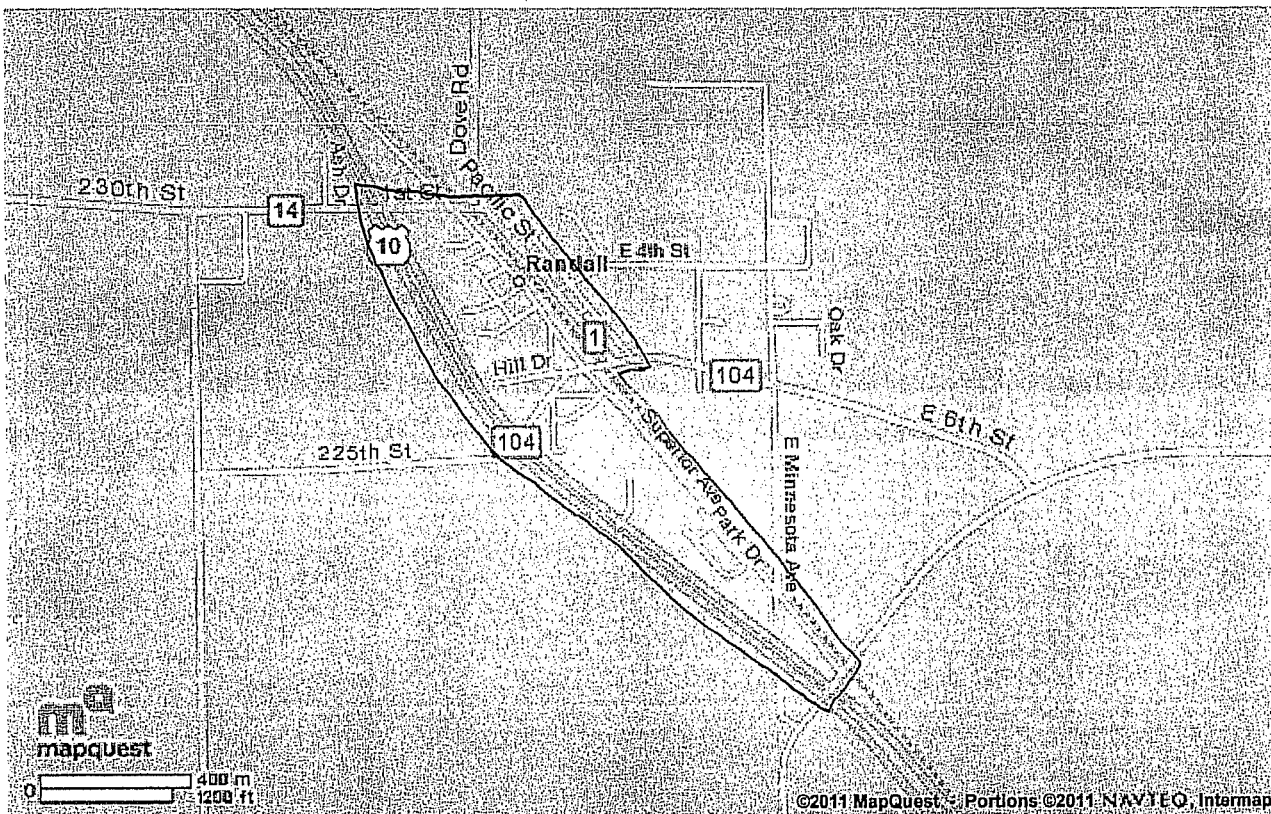


This map doesn't contain any items.

Notes

Revised Randall Commercial Target Area

*owner-occupial + rental target area = city limits*



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Notes

Swanville Commercial Target Area:  
DeGraff Ave. from 1st Street to 4th Street

