

SMALL CITIES DEVELOPMENT PROGRAM RENTAL REHABILITATION APPLICATION

APPLICANT INFORMATION

Name(s) of Applicant: _____
 Federal ID Number or
 Social Security Number: _____ Home Phone: _____
 Home Address: _____ Work Phone: _____
 City, State, Zip: _____ Cell Phone: _____
 Contact Person: _____ Email: _____

If property is owned by corporation or LLC, please provide full name of organization and full names and titles of officers responsible for document signing: _____

PROPERTY INFORMATION

Address of property to be rehabilitated: _____

Estimated age of building: _____ Estimated Market Value: \$ _____

Annual property taxes: \$ _____ Are property taxes current? _____ Yes _____ No
**Please provide most recent tax statement and cancelled check or other proof of payment*

Is property insurance current? _____ Yes _____ No
**Please provide your property insurance binder as proof of current property insurance.*

Fill in table below for unit type and corresponding monthly rents:

Type of Unit	Number of Units	Monthly Rent
Efficiency		
One bedroom		
Two bedroom		
Three bedroom		
Other		

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

Is the building in a Historic District? _____ Yes _____ No

Is it on the National Historic Register? _____ Yes _____ No

Is the building located in a Floodplain? _____ Yes _____ No

TENANT INFORMATION

Federal guidelines require us to provide certain information to tenants, as well as collect information from them. Please provide on a separate sheet of paper all names and mailing addresses of current tenants in the building proposed for rehabilitation activities.

OWNERSHIP INFORMATION

Ownership interest in property to be improved:

Mortgage: Provide the full name and mailing address of the Mortgagor/Lender below **(required)**:

Contract for Deed: Provide the full name and mailing address of C4D holder below **(required)**:

Free and Clear

Other-please specify: _____

Amount of outstanding principal owed on building: \$ _____

****Please provide a copy of your Warranty Deed showing full legal names and full legal description of property.***

PROPOSED IMPROVEMENTS

Please list the improvements you are proposing for the property. Please note, you will be required to address health and safety and lead based paint issues determined by inspection and lead based paint assessment.

Exterior: _____

Interior: _____

Mechanical Systems: _____

Electrical: _____

Plumbing: _____

Other: _____

Owner's match requirement: You will be required to provide owner match funds to cover project costs. Please check the source of match funds and provide documentation of this source with bank statements, loan approval letter, etc.

Sources of 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

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
RENTAL REHABILITATION POLICIES & PROCEDURES**

Certification of Receipt

I hereby certify that I have received information on the Rental Rehabilitation Policies and Procedures and that I have read and understood the information.

I hereby certify that I have received the publication entitled *Protect Your Family From Lead*, and that I have read and understood the information.

I hereby certify that I have received information on the Fair Housing Act and that I have read and understood the information.

Signature of Applicant: _____

Date: _____

Signature of Applicant: _____

Date: _____

Small Cities Development Program
Rental Rehabilitation
Owner Rent and Income Sign Off

Due to the nature of this Federal Rental Rehabilitation program, the owner must abide by rent and income restrictions for the tenants that reside at the property. The owner will maintain, for the term of the Rental Rehabilitation loan, the following:

- The income of the tenants will not exceed 80% of the county Area Median Income (AMI) based on family size and adjusted annually. This information is published annually by the Department of Housing and Urban Development (HUD).
- The rents that are charged to the tenants will not exceed the Fair Market Rent (FMR) adjusted for bedroom size and published annually by the Department of Housing and Urban Development (HUD).

Signature of Applicant: _____

Date: _____

Signature of Applicant: _____

Date: _____

**RENTAL REHABILITATION APPLICATION
DOCUMENT ATTACHMENT CHECKLIST**

____ Copy of Warranty Deed

____ Copy of property insurance binder

____ Copy of property tax statement with cancelled check or other documentation confirming current taxes

____ Rental tenant contact information/ mailing address (if applicable)

Please provide all information requested in application, including full mailing addresses where requested. Submitting a completed application and providing ALL requested information and documentation will reduce the time it takes to process and approve your application.

***SMALL CITIES
DEVELOPMENT PROGRAM
(SCDP)
RENTAL REHABILITATION

POLICIES AND PROCEDURES
FOR THE CITIES OF:

MOTLEY
RANDALL
SWANVILLE***

2011

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Motley, Randall & Swanville

Rental Housing 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 eligible rental properties located within a participating city. The Rental Rehabilitation Loan Program shall assist eligible applicants for rehabilitation of rental properties located in the designated target area. These funds will be used to rehabilitate properties that are structurally sound and economically able to be rehabilitated. Eligible improvements will provide decent, safe, sanitary, and Lead Free, energy-efficient living conditions. The Rental Rehabilitation Loan Program is intended to improve living conditions to upgrade and maintain the rental housing stock in the targeted area. 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 housing rehabilitation field administration services. CMHP is responsible for program delivery to include: marketing, application processing and approval, inspections and suitability of housing rehabilitation, scope of work preparation, 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/FAIR HOUSING/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.

Fair Housing/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 Rental 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. All applicants will be provided with printed information on Fair Housing at the time of application

The Cities will not tolerate discriminatory practices within its jurisdiction. The following practices have been declared to be discriminatory and unlawful under the Fair Housing Act:

- Refusal to sell, rent or to negotiate for the sale or rental of any property based on race, creed, color, sex, religion, national origin, marital status, familial status, handicap, or in regard to public assistance
- Discrimination in terms, conditions, privileges and in services and facilities
- Engage in any conduct which makes dwellings unavailable or denies dwellings to persons
- Make, print, publish or cause to make, print, or public discriminatory advertisements
- To represent that a dwelling unit is not for sale or rent when in fact it is
- To engage in blockbusting
- To deny access to membership or participation in, or to discriminate against any person in his or her access to membership or participation in, any multiple-listing service, real estate broker's association, or other service organization or facility relating to the business of selling or renting a dwelling or in the terms or conditions or membership or participation

Whenever a complaint is received alleging a discriminatory housing practice within the jurisdiction of a participating city, that city will assist households who may have been discriminated against by providing the following services:

- The Cities will post Fair Housing information in public places and will provide information in English and other languages as determined necessary
- The Cities will provide Fair Housing information (pamphlets) to all interested parties
- The Cities will provide referral information concerning the ability of alleged discriminated households to make formal complaints to the State of Minnesota Department of Human Rights or to the U.S. Department of Housing and Urban Development
- The Cities will provide referral information enabling alleged discriminated households to contact Legal Services and the Minnesota Migrant Council

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 all residents on the letter of intent to participate list
- Conducting community meetings to inform residents 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 homeowners in the communities
- 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/PROPERTY REQUIREMENTS

Applicant Eligibility Requirements: Applicants and their rental properties must meet program eligibility requirements. The program requirements below will be verified during the processing of the application:

- Applicants 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
- Applicants must be current on 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, not to exceed 30 days
- Applicants must carry current homeowner's 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
- Applicants will not be eligible to receive SCDP funding if the property to be rehabilitated is in default of home mortgage, contract for deed, or comparable obligation
- Applicants will not be eligible to receive SCDP funding if the applicant is currently involved in bankruptcy proceedings
- Applicants must comply with the Income and Rent Restrictions of the Program (see next section)

Property Requirements: Rental units needing rehabilitation to meet HUD's Housing Quality Standards or to address lead based paint issues shall be a priority of the program. Rental properties must be determined to meet the following guidelines in order to be eligible for assistance under the rental rehabilitation program:

- Rental units must be located within the designated target area (city limits of Motley, Randall or Swanville)
- Rental units must conform to all applicable zoning ordinances and possess all appropriate use permits
- Rental units must be a permanent structure on a permanent foundation (no mobile homes)
- Rental units do not meet HUD's Housing Quality Standards
- Rental units do not meet applicable Fire Code, Occupancy Codes, Minnesota Energy Efficiency Standards, National Electrical Code, Uniform Mechanical and Plumbing Codes
- The rental unit has health and safety hazards such as lead based paint, asbestos, etc.
- The rental unit fails to provide suitable shelter in some other obvious manner
- No housing units located within a 100-year flood plain are eligible for rehabilitation

Suitability for Rehabilitation: A rental property must be determined as a suitable candidate for rehabilitation to receive program funding. The determination will be based on structural viability, after rehabilitation market value, historic significance, cost of rehabilitation and housing replacement cost.

Structural Viability: This will be determined by the number and severity of the deficiencies associated with the structure. Funding from the program and other leveraged sources must be available and able to address all existing structural deficiencies.

After Rehabilitation Market Value: If the type and number of repairs required to bring the rental unit into compliance with the adopted housing standards exceeds the after rehabilitation market value of the unit, the unit may be declared as not suitable for rehabilitation. Denial of assistance due to this factor shall be based on the after rehabilitation market value as established through an appraisal. After Rehabilitation Market Value is defined as Current EMV + 50% of the cost of rehabilitation.

Nuisance Standards: Applicants and tenants must demonstrate compliance with public nuisance ordinances for each participating city. Properties improved using SCDP funding must maintain these standards throughout the life of the SCDP loan or risk repayment, as determined by each city respectively.

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

Housing Replacement Cost: When a rental property is determined to be unsuitable for rehabilitation due to economic factors, other factors must be considered before denial of assistance to the household. These factors include:

- Lack of other housing alternatives
- Cost of relocation
- Expense of housing alternatives
- Abnormal low market values due to depressed market

Declaration as unsuitable for rehabilitation: When a rental property is determined as not suitable for rehabilitation, the participating city shall review the following information provided by CMHP:

- Initial inspection report
- Estimated cost of repairs
- Zoning/location
- After rehabilitation estimated value
- Historic review
- Economic factors

VIII. TENANT REQUIREMENTS/RENT RESTRICTIONS

The program will provide assistance to rental property owners with tenants at or below 80 % of area median income based on household size. CMHP will mail tenants information about the rental rehabilitation program along with a tenant survey, which collects data about the tenant's gross annual income. For those rental owners with tenants over the income limits, they will be required to rent the unit(s) to low and moderate income tenants if the unit becomes vacant during the term of their loan.

Rental owners are required to charge no more than the fair market rent to tenants of rental properties assisted with SCDP rental rehabilitation funding. Fair market rents are produced by county and are adjusted for size of unit (number of bedrooms). Fair market rents are adjusted annually. Please see Attachment A for 2011 fair market rents and income limits for Morrison County.

VIII. SCDP FINANCING TERMS

SCDP funding will be provided for approved rental rehab projects based on the total project cost. The SCDP loan will cover 70% of the total construction cost of the rehabilitation project. The remaining 30% of construction costs of the project will be required to be covered by owners match funds. Owners will also be responsible for the recording fees of the SCDP Repayment Agreement.

The SCDP rental rehab loan is a 0% interest deferred, forgivable loan. The loan is deferred so no monthly payment is required. The term of the loan is ten years and the loan balance is forgiven 1/10th 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.

Owner Match Funds: Owner match funds may be obtained through a variety of sources including owner's personal savings, local lenders, USDA, or funding sources administered by CMHP such as the MN Dept. of Health. CMHP will provide applicants with a list of owners match sources as they are available.

Rental owners who are approved for SCDP funding will be required to verify they have access to the required owners match funds to complete the project. Owner match funds must be provided to CMHP for deposit in an escrow account before construction can start. If the owner's match funds fall through after contract execution, they will have a maximum of 60 days from the date of the construction contract to secure the required owner match to complete the project. If an owner cannot secure an alternative owner's match source, the construction contract will be terminated.

The maximum amount of SCDP assistance for rental rehab is \$25,000 per rental unit for single-family rentals and duplex properties and \$12,500 per unit for rental properties with 3 or more units. If the total cost of repairs exceeds the maximum SCDP loan limit, the applicant will be responsible to secure additional funds beyond the required owner's matching funds for the applicant's income threshold. 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 housing standards. A final determination of eligibility shall be made by CMHP. The cost of required lead based paint risk assessments and clearance inspections will not count towards SCDP loan amount.

IX. ELIGIBLE/INELIGIBLE REHAB ITEMS

SCDP loans are only allowed to be used for certain rehabilitation items. Rehabilitation items will be discussed with applicants during the initial property inspection. Eligible rehabilitation items include:

- Removal of health, safety and/or other hazards to bring the rental unit into compliance with the property rehabilitation standards used by CMHP. For example: electrical outlet replacement, smoke/CO detectors, lead based paint remediation, etc., or,
- Improvement/replacement of roofing, siding, plumbing, water supply, septic systems or wiring may be eligible for repair; or,
- Improvement of the structure's energy efficiency. For example: increasing insulation, installing new windows and doors; or,
- Modify or rehabilitate the housing unit to make it accessible for a disabled member of the household. Accessibility Improvements may include: structural, exterior, bathroom, kitchen and other improvements necessary to enable a handicapped person to function independently in the residential setting
- Other rehabilitation items found suitable by CMHP rehabilitation staff

SCDP loans may not be used to finance any of the following (except for necessary replacement undertaken in connection with eligible improvements):

- Freestanding or built-in kitchen appliances unless needed to meet HQS standards

- Landscaping not associated with eligible activity (i.e. lead, grading, etc.)
- Additions to structure/basement finishing (unless required to prevent overcrowding)
- Fireplaces or woodstoves (unless a health/safety issue)
- Window/door coverings (curtains, blinds, etc.)
- Garages/Outbuildings (unless clearly hazardous or lead hazards present)
- Air Conditioning (unless needed for medical purposes)
- Recreational items (swimming pools, tennis courts, saunas)
- Decks (new)
- Patios (new)
- Fences (new or repair)
- 200 amp service unless needed (then justify)
- Driveways, sidewalks (unless health or safety issues)
- Water softeners
- Garage door opener (unless handicap accessible improvement)
- 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.

Note: Above listed items may be part of a total project scope of work but costs are required to be covered by owners match funds.

Lead Based Paint: The Cities will comply with the Department of Employment and Economic Development (DEED) procedures to fulfill the objectives and requirements of section 302 of the Lead Based Paint Poisoning Prevention Act (42 U.S.C. 4831 (b)). All program applicants will receive notification of the hazards of lead based paint. A visual inspection of defective paint surfaces will be completed at the time the property is being initially inspected for rehabilitation work. A lead risk assessment shall be completed by a certified lead risk assessor. A copy of the full report shall be provided to the owner and shared with tenants. Costs for the lead risk assessment will be attributed to the total project cost, and will be paid for with SCDP owner-occupied rehab funds not to be included in the owners SCDP Repayment Agreement. All defective surfaces will be corrected in accordance with Minnesota statutes and lead safe work practices. Any project in which lead paint is present will require a certified lead contractor to complete the work. CMHP will provide owners with a list of Lead Certified Contractors and owners will be notified of lead clearance after project completion, which will be shared with tenants as well.

General Conditions: Lead based paint hazard reduction is a priority of the Small Cities Development Program. The following procedures shall apply to all housing rehabilitation activities:

- All applicants shall receive the brochure "*Protect Your Family From Lead in Your Home*" (EPA747-K-99-001). This document shall be part of the applicant file

- Applicants will certify that they received this brochure as part of the application process
- The contract between contractor and owner shall expressly prohibit the use of lead based paints in all rehabilitation activities
- All defective paint surfaces including peeling, cracking, scaling, chipping or loose paint surfaces shall be identified and corrected in accordance with methods that ensure the safety of residents and contractors

Contractor Lead Requirements: Federal and State lead requirements will be followed by ensuring that the following steps are taken:

- All contractors working on projects with lead based paint will be trained in accordance with HUD/EPA requirements; and
- Contractors will have an EPA lead supervisor certification on file with CMHP; and
- Contractors will complete additional refresher courses as required of the HUD/EPA requirements

Historic Procedure: After the initial property inspection is completed, the following will be submitted to the State Historical Preservation Office (SHPO) for review, as required by the program:

- A summary of the proposed work to be done at the property
- Photograph(s) of the home
- Description of the property
- Any other information requested by SHPO

All rental properties built prior to 1960 are required to be reviewed by the Minnesota Historical Society to determine if the home is historically significant. A SHPO response must be received before bids are let and any rehabilitation occurs. Prior to the issuance of a 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. CONSTRUCTION PROJECT STEPS

After approval of a rental owner's application, an initial inspection will be scheduled. CMHP staff will meet with owners and perform a visual lead paint inspection, a Housing Quality Standards inspection and discuss the owner's wishes. After the initial inspection a lead based paint risk assessment will be ordered. After the risk assessment is completed, CMHP will create a scope of work based on the initial inspection and the lead assessment. Once the owner has approved the scope of work the project is ready to go out for bid.

Scope of work determination: CMHP will originate a rehabilitation scope of work from information collected from the initial property inspection, lead paint risk assessment and SHPO historical review. Rental owners will participate in the creation of the scope of work and will sign an owner approval form once they are satisfied with the scope of work. The final draft scope of work will be provided to contractors through the bidding process.

Bid Solicitation: 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. All contractors participating in the program must have a Contractors Application Form on file at CMHP. The application must contain proof of insurance coverage, a copy of their MN Contractors License and lead paint certification (if applicable). Contractors will be responsible for securing insurance of the amounts specified on the application form.

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: Selected contractors will enter into a contract with the property 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 an SCDP repayment agreement. All documents must be executed and returned to CMHP before a project can start.

Notice to Proceed: Upon SCDP loan closing 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 homeowner. 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 schedule established by CMHP and the Cities. Typical draw schedules will be 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 homeowner, 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: Homeowners 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 homeowners and contractors will communicate any issues or problems that arise the 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 homeowner 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 to the contract and to execute final draw form, final lien waiver and completion certificate
- Draw requests will be submitted by CMHP for final payment
- Lead based paint clearance inspection is ordered and completed (if applicable)
- Loan documents will be recorded with the county in which home is located
- Close-out letter will be sent to homeowners and will include: copies of all recorded loan documents, completion certificate and contractor documents

XI. DENIAL/COMPLAINT/APPEALS PROCEDURES

Applicant Denial Procedure: If a household's application is denied for any reason, a letter of denial will be sent to the household 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 a household 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 28th 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.

XII. Modifications

This Policies and Procedures Statement may be amended from time to time in the same manner in which it was approved. CMHP staff and the Cities will discuss any necessary changes and go through the proper steps to amend this document.

Attachment A
Morrison County Fair Market Rents and Income Limits

Efficiency	1 BR	2BR	3BR	4 BR	5 BR	6 BR
\$654	\$702	\$844	\$967	\$1060	\$1151	\$1242

Morrison County – 80% area median income by household size

Household Size	Annual Gross Income Limit 80%
1	\$33,150
2	\$37,900
3	\$42,650
4	\$47,350
5	\$51,150
6	\$54,950
7	\$58,750
8	\$62,550

