

IMPORTANT PRIVACY NOTICE

****Please Read before Completing the Application Form****

We are asking you to provide information in the Small Cities Development Program Application Form to determine if you are eligible to participate in the program.

Your name, address and amount of assistance you receive are considered public data under the Minnesota Data Practices Act. Other information you provide in the application about you and your household is considered private data.

We will use your private data only when it is required for administration and management of the program. Persons or agencies with whom this information may be shared include:

- Staff and other persons involved in program administration
- Auditors who perform required audits of this program
- Authorized personnel from the Minnesota Department of Employment and Economic Development, the U.S. Dept. of Housing and Urban Development or other local, state and federal agencies providing funding assistance for your loan
- Members of the local governing board for the purpose of addressing/resolving applicant complaints (as addressed in the project's policy and procedural manual)
- Those persons who you authorize to see it
- Law enforcement personnel in the case of suspected fraud or other enforcement authorities as required

We cannot release private data to anyone else or use the private data in any other way unless you give us permission by completing a consent form provided with the application. Please keep in mind, however, that data must be released if required by court order, and, in addition, your private data may be released if Congress or the Minnesota Legislature passes a new law that authorizes or requires such release of data.

Signature of Applicant

Date

Signature of Co-Applicant

Date

Minnesota law gives you important rights in regard to information maintained about you. These include:

- The right to see and obtain copies of the data maintained on you,
- Be told the content and meaning of the data, and
- Challenge the accuracy and completeness of the data

To learn more about these rights contact: Jason Krebsbach at (320) 259-0393 or (888) 203-9301

Please send completed applications to:

Central MN Housing Partnership, Inc.
Attn: Jason Krebsbach
37 28th Avenue North, Suite #102
St. Cloud, MN 56303

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37 28th Avenue North, Suite #102
St. Cloud, MN 56303

**SMALL CITIES DEVELOPMENT PROGRAM
OWNER-OCCUPIED REHABILITATION APPLICATION**

PART I: APPLICANT DEMOGRAPHICS

Name of Applicant _____	Age of Applicant: _____	Social Security No.: _____	Marital Status: (CHECK ONE) <input type="checkbox"/> Married <input type="checkbox"/> Separated or <input type="checkbox"/> Unmarried (includes widowed, divorced, or single)
Name of Co-Applicant _____	Age of Co-Applicant: _____	Co-Applicant Social Security No.: _____	
Address (Street, City, State, Zip Code): County:	How long have you lived here? _____	Your Work Phone #: _____ Your Home Phone #: _____ Your Email: _____ Person to contact if we cannot reach you: _____ Work Phone #: _____ Home Phone#: _____ Address: _____ _____ Relationship: _____	
This information is requested solely for the purpose of determining compliance with Federal civil rights law and your response will not affect consideration of your application.			
Gender of Applicant: <input type="checkbox"/> Female <input type="checkbox"/> Male Hispanic: <input type="checkbox"/> Yes <input type="checkbox"/> No	Race/Ethnicity of Applicant: 1. <input type="checkbox"/> White 2. <input type="checkbox"/> Black or African American 3. <input type="checkbox"/> Asian 4. <input type="checkbox"/> American Indian or Alaskan Native 5. <input type="checkbox"/> Native Hawaiian or Other Pacific Islander 6. <input type="checkbox"/> American Indian or Alaska Native & White 7. <input type="checkbox"/> Asian & White 8. <input type="checkbox"/> Black or African American & White 9. <input type="checkbox"/> American Indian or Alaska native & Black or African American 10. <input type="checkbox"/> Other Multi Racial		
	Does any member of the household have disabilities? <input type="checkbox"/> Yes <input type="checkbox"/> No If "Yes," please describe the nature of disabilities: 		

PART II: HOUSEHOLD INFORMATION

Please answer all questions completely:

- 1. How many people live permanently in your home? _____
- 2. How many children under the age of 6 live in the home full or part time? _____
- 3. List all household members over the age of 18, their monthly gross income and source of income including Social Security, Wages, Pensions, AFDC, Child Support or Alimony, SSI, General Assistance, Self-employment, Farm income, and Rental income: (For self-employed persons, farm and rental property income, use the appropriate line for "adjusted gross income" from the 1040 IRA Income Tax Return.)

NAME	SOURCES OF INCOME (name all)	ADDRESS OF INCOME SOURCE (FULL ADDRESS REQUIRED)
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

****If more space is needed, please attach separate sheet***

- 4. Have you made all of your monthly payments (house payments, utilities, loans, credit cards) in a timely manor? Yes No If the answer is "no", please explain:

- 5. From your last property tax statement:
 - What is the estimated Market Value of your home? _____
 - What are your annual property taxes? _____
 - Are your property taxes current? _____
 (please provide copy of tax statement and proof of payment/current status)

6. What year was your home built (approximately)? _____

7. Is your homeowner's insurance current? _____

8. With what insurance company? _____
(please provide copy of insurance policy verifying current status)

9. Have you ever received a Minnesota Housing Finance Agency Loan or Grant? _____

10. Has your home ever been weatherized with Department of Energy funds? _____

PART III: BANK ACCOUNTS

Please list the name & address of your bank, savings and loan, or credit union (**REQUIRED**):

Bank: _____ Full address: _____

Checking Account and/or Savings Account

Bank: _____ Full address: _____

Checking Account and/or Savings Account

Check here if you have no bank account of any kind:

PART IV: CREDIT HISTORY

Please answer all questions. If the answer to any of them is "yes", please attach a written explanation of the situation and current status.

1. Do you have any outstanding financial judgments or liens against you? Yes No

2. Have you declared Bankruptcy within the last 36 months? Yes No

3. Have you lost any property through foreclosure or given title or deed to anyone to avoid foreclosure? Yes No

4. Are you a co-signer on any note or loan? Yes No

PART V: DEBTS

Please list ALL current financial obligations, child support or alimony payments, installment accounts, charge accounts, debts to banks, finance companies and government agencies.

Creditors:	Full address of Creditor (Required): Provide on separate sheet if more space is needed	Year Loan Account Opened:	Maximum Amount Owed:	Present Balance:	Monthly Payments:	Is debt business related?
Mortgage:			\$	\$	\$	
Credit Card:			\$	\$	\$	
Car Loan:			\$	\$	\$	
Student Loan:			\$	\$	\$	
Other:			\$	\$	\$	
			\$	\$	\$	
TOTALS:						

PART VI: OWNER'S MATCH FUNDS

If your application is approved you will be required to provide match funds for project costs. Please check your source of match funds:

Sources of match funds: Personal Savings Mortgage Private Loan other: _____

***Please provide bank statements for personal savings or lender pre-approval letter for loans to verify match funds source. Other sources may be available through Central MN Housing Partnership.**

PART VII: REQUIRED DOCUMENTS TO SEND WITH APPLICATION

To speed up the application approval process, please attach the following documents to this completed application for submission:

- Most recent property tax statement with proof of current taxes such as cancelled check
- Copy of homeowners insurance binder
- Copy of Warranty Deed or other Deed to property as proof of ownership

Note: Please remember that full addresses are needed where requested. Not providing full addresses will affect the time it takes to approve your application.

PART VIII: CERTIFICATION

I/We certify by signing below that the information stated above is true and correct to the best of my/our knowledge. I/We realize that giving false information will result in disqualifying me from assistance in the Housing Rehabilitation Program.

I/We hereby authorize the Housing Rehabilitation staff to enter my home to identify necessary rehabilitation work items, to take photographs, and to inspect work in progress while construction is occurring during regular business hours.

Signature of Applicant

Date

Signature of Co-applicant

Date

**MINNESOTA GOVERNMENT DATA PRACTICES ACT
DISCLOSURE STATEMENT AND
AUTHORIZATION TO OBTAIN 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 occupancy or resident, will be collecting information regarding your program eligibility. The Central Minnesota Housing Partnership (CMHP) will be requesting information from you or the other entities that include but are not limited to: employment, income and assets, credit references and rental activity. 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 Department of Employment & Economic Development (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 CMHP personnel or those under contract with CMHP, 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 and/or CMHP 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, DEED and CMHP 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 law 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

**Certification of Receipt:
Owner-occupied Policies and Procedures, Fair Housing Information &
Lead-Based Paint Brochure**

I hereby certify that I have received the Policies & Procedures Handbook for Owner-occupied Rehabilitation and that I have read and understood the information.

I hereby certify that I have received the Environmental Protection Agency publication entitled Protect your Family From Lead In Your Home and that I have read and understood the information.

I hereby certify that I have received information on the Fair Housing Act of 1968 and that I have read and understood the information.

Signature of owner

Date

Signature of owner

Date

***SMALL CITIES
DEVELOPMENT PROGRAM
(SCDP)
OWNER-OCCUPIED REHABILITATION***

POLICIES AND PROCEDURES

FOR THE CITIES OF:

MOTLEY

RANDALL

SWANVILLE

2011

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Cities of Motley, Randall and Swanville Owner-Occupied 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 residential properties owned and occupied by eligible low and moderate-income homeowners. The priorities of the program are to maintain HUD’s Housing Quality Standards, address lead paint issues when applicable and increase the overall livability of eligible homeowner’s homes. 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 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 REQUIREMENTS/INCOME VERIFICATIONS/PROPERTY CONDITIONS

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

- Homes to be rehabilitated shall be the principal place of residence of the applicant. Failure to meet occupancy standards will result in denial of applications or repayment of the pro-rated principal balance of SCDP loans
- Applicant must meet income limits - (see below income verification)
- 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 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
- 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
- No housing units located within a 100-year flood plain are eligible for rehabilitation

Income Verification: CMHP and the Cities will ensure the required Federal Objective of benefiting low and moderate-income households is achieved. The SCDP housing rehabilitation program is designed to be of 100 percent benefit to households of low and moderate incomes as set by the Department of Housing and Urban Development (HUD). Program eligibility is limited to those households with annual gross incomes of 80% or below the median income for Morrison County. Income limits, adjusted for family size, are listed below. Limits are adjusted annually upon notification from HUD.

Household Size	Annual Gross Income Limits 50%	Annual Gross Income Limit 80%
1	\$20,750	\$33,150
2	\$23,700	\$37,900
3	\$26,650	\$42,650
4	\$29,600	\$47,350
5	\$32,000	\$51,150
6	\$34,350	\$54,950
7	\$36,750	\$58,750
8	\$39,100	\$62,550

Gross Annual Income Definition: Income verified for the purposes of this program shall be defined as gross annual income including: salary, commissions, bonuses, interest dividends, tips, capital gains or sales of securities, annuities, pensions, rental property income (adjusted as allowed by the IRS), partnerships, estate or trust income, child support, alimony, social security, aid to families with dependent children, and miscellaneous income. Gross annual income from self-employment shall be deemed to be the net profit from said self-employment, as declared by the applicant in Schedule C, F or E, Part III, as appropriate, of the Internal Revenue Service for 1040, or any other such schedule as may be hereafter promulgated, but including all depreciation as income.

Excluded Income: Temporary, non-recurring or sporadic income shall not be considered as part of a household's gross annual income. Excluded income is defined as follows:

- One time gift
- Income from children under 18 years of age
- Payments for foster children
- Medical expense reimbursements
- Educational scholarships used for tuition, fees or books
- Insurance lump sum payments or judgments for health, accident, worker's compensation and personal or property losses (Any interest income derived from such sources will be viewed as annual income)
- Hazard duty pay to a household member in the Armed Forces

- A capital gain
- Reimbursements for expenses

Verification Process: All income shall be verified in writing by a third party. Income verification that is older than six months will not be considered current or valid and must be re-verified. The following documentation is considered acceptable:

- A verification of income form received from an employer/third party
- Previous two (2) years of Federal tax returns shall be issued by applicants who are self-employed or having variable incomes
- Signed third party verifications from banks, savings and loans, insurance companies, etc.
- Such other written/printed verifications as deemed appropriate by CMHP

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

- The home must be located within the designated target area (city limits of Motley, Randall or Swanville)
- The home must be classified as homesteaded
- The home must be a permanent structure on a permanent foundation (no mobile homes)
- The home does not meet HUD's Housing Quality Standards
- The home does not meet applicable Fire Code, Occupancy Codes, Minnesota Energy Efficiency Standards, National Electrical Code, Uniform Mechanical and Plumbing Codes
- The home has health and safety hazards such as lead based paint, asbestos, etc.
- The home fails to provide suitable shelter in some other obvious manner

Suitability for Rehabilitation: A home 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 housing repairs required to bring the home 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: Homeowners must demonstrate compliance with public nuisance ordinances for each participating city. Properties improved using program funding must maintain these standards throughout the life of the program loan or risk repayment, as determined by each city respectively.

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

Housing Replacement Cost: When a home 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 home 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. SCDP FINANCING TERMS

SCDP funding will be provided for approved projects based on the total project cost and level of gross household annual income as verified during the application process. For households with gross annual incomes at 50% AMI or below, (see income table in income verification section) project financing will consist of 90% SCDP funding and 10% owner's match funds. For households with gross annual incomes of 51-80% AMI, (see income table in income verification section) project financing will consist of 85% SCDP funding and 15% owner's match funds.

SCDP loans are 0% interest deferred, forgivable loans. The loan is deferred so no monthly payment is required. The term of the loan is seven years and the loan balance is forgiven 1/7th per year for the term of the loan. After seven 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 seven 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 Federal Home Loan Bank and MN Dept. of Health. CMHP will provide applicants with a list of owners match sources as they are available.

Homeowners 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, homeowners 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 a homeowner cannot secure an alternative owner's match source, the construction contract will be terminated.

Maximum SCDP Funding: The maximum SCDP loan amount shall not exceed \$20,000. 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 structure 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 structures and finishing of basements (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 homeowner. 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 homeowners 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 homeowners with a list of Lead Certified Contractors and homeowners will be notified of lead clearance after project completion.

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

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

Historic Procedure: After the initial home 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 home
- Photograph(s) of the home
- Description of the property
- Any other information requested by SHPO

All homes 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 homeowner's application, an initial inspection will be scheduled. CMHP staff will meet with homeowners and perform a visual lead paint inspection, a Housing Quality Standards inspection and discuss the homeowner'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 homeowner has approved the scope of work the project is ready to go out for bid.

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.

Scope of work determination: CMHP will originate a rehabilitation scope of work from information collected from the initial home inspection, lead paint risk assessment and SHPO historical review. Homeowners 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: The rehabilitation contract will be between the owner and the contractor. CMHP will provide owners with a list of participating contractors. It is the responsibility of the homeowner 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 homeowner'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 homeowner 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. Homeowners 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 homeowner
- 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 homeowner
- 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 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.

