

**PROGRAM GUIDELINES**

(FULTON: Fix It Fund)

**Home Improvement Loan**

**Program Overview:** The neighborhoods of Armatage, Fulton, Kenny and Lynnhurst have entered into a cooperative relationship to develop and execute a Home Improvement Loan program that will be available to all homeowners within the boundaries of the aggregate neighborhoods. Neighborhood boundaries are provided at the end of these Guidelines.

For the first six months of program operation each neighborhood will retain a separate pool of funds that homeowners from within the neighborhood boundaries may apply. At the end of this six month period the participating neighborhoods will combine remaining funds from their respective pools into one pool from which all homeowners within the aggregate neighborhoods will be eligible, until all funds have been committed.

**Fulton Neighborhood Boundaries:** east side of France Ave S to the west side of Penn Ave S and the south side of 47<sup>th</sup> St to the north side of 54<sup>th</sup> St.

**Eligible Properties:** Properties must be owner-occupied. Properties may be single-family detached, duplex, triplex, or four-plex, as long as one unit is owner-occupied. Owners of townhomes, condominiums or cooperative units are also eligible to participate in this program for improvements to the portion of the property that they own individually. Assessments for improvements issued by a homeowners' association to homeowners are not eligible. Nor are homeowner associations eligible under this program.

**Interest Rate:** 3%

**Income Limit:** There is no income limit to participate in this program.

**Loan Amount:** Minimum loan of \$5,000; maximum loan of \$20,000

**Loan Term:** Generally, one year per \$1,000 borrowed.

**Previous Participation:** Households may apply for more than one Home Improvement Loan, however the total amount owing cannot exceed the maximum of \$20,000.

**Cross Participation:** Households that have received a Home Improvement Loan are eligible to also receive an Emergency Loan dependent on loan qualification standards being met.

**Eligible Improvements:** Most exterior and interior improvements are eligible. This may include, but not be limited to: window replacement, roof replacement, garage reconstruction, concrete/hardscape work, water mitigation, radon mitigation, remodel bath, kitchen or basement, security lighting and systems, energy efficiency upgrades, solar panels and accessibility improvements.

**Ineligible Improvements:** Luxury/recreational upgrades (pool, sauna, spa, etc.), furniture, non-permanent appliances, funds for working capital, debt services, refinancing existing debt and work initiated prior to loan closing.

**Loan-to-Value Ratio:** 115%

**Debt-to-Income Ratio:** 55%

**Loan Security:** All loans will be secured with a mortgage in favor of the City.

**Mortgage Payments and Taxes:** Borrowers must be current on mortgage payments and have no unpaid taxes.

**Sweat Equity:** The homeowner is allowed to perform the necessary work on his/her own as long as approved by the GMHC Construction Manager and the appropriate permits are filed and inspections passed. Loan funds may be used for the purchase of materials only. Funds cannot be used to compensate the owner for labor or for the purchase/rental of tools.

## Emergency Repair Loan

**Definition of an Emergency:** An emergency is defined as an imminent condition that makes a house uninhabitable, extremely dangerous to the occupants or is capable of causing severe health problems.

**Eligible Properties:** Properties must be owner-occupied. Properties may be single-family detached, duplex, tri-plex, or four-plex, as long as one unit is owner-occupied. Owners of townhouses, condominiums or cooperative units are also eligible to participate in this program for improvements to the portion of the property that they own individually. Assessments for improvements issued by a homeowners' association to homeowners are not eligible. Nor are homeowner associations eligible under this program.

**Interest Rate and Term:** The loan carries a 0% interest rate and is deferred for five years from the date of loan closing. There will be no monthly payments during the first five years. At the end of five years the principal loan amount becomes payable. Monthly payments will be amortized at a rate of \$1,000 per year. If the borrower sells the property, no longer resides in the property as their principal residence or transfers title prior to the pay-off of the loan, the entire amount owing becomes due and payable.

**Income Limit:** The applicant's annual household income must not exceed 80% of the Area Median Income per the definition of the U. S. Department of Housing and Urban Development, adjusted for household size.

**Mortgage Payments and Taxes:** Borrowers must be current on mortgage payments and have no unpaid taxes.

**Loan Amounts:** Minimum of \$3,000; maximum of \$8,000

**Previous Participation:** Households which have previously received an Emergency Loan are eligible to take additional loans as long as the aggregate total of loans does not exceed \$8,000.

**Cross Participation:** Households which have received the Emergency Loan are eligible to also receive the Home Improvement Loan dependent on loan qualification standards being met.

**Eligible Improvements:** Any improvement that meets the definition of an emergency as described above. Final determination of whether or not a condition meets the definition of an emergency shall be made by the GMHC construction manager.

**Loan-to-Value Ratio:** N/A

**Debt-to-Income Ratio:** N/A

**Loan Security:** All loans will be secured with a mortgage in favor of the City.

**OTHER GENERAL CONDITIONS AND PROCEDURES**

1. **Rehabilitation Consulting:** A GMHC construction manager will be available to borrowers to advise them about proposed projects and will review bids for reasonableness. NRP funds will pay for this service to be provided.
2. **Loan Costs:** Loan origination fees will be paid for with NRP funds. The borrower is responsible for paying the following fees:
  - a. Credit Report: \$15.00 per person or \$15.00 per married couple. A credit report is required for all installment loans. The fee is due at the time of application.
  - b. Title Work: \$100.00 (may be included in the loan amount)
  - c. Mortgage Filing Fees: \$46 plus Mortgage Registration Tax, as applicable. Fees are due at the time of loan closing.
3. **Loan Servicing:** Loans are serviced by the Community Reinvestment Fund. Borrowers will be assessed a 5% fee for submitting a late payment and/or a \$15.00 fee if a payment is returned to the servicer for insufficient funds.
4. **Applications for Funding:** Applications will be accepted by GMHC on an on- going basis and processed on a first-come, first-served basis, as funds are available until all program funds are committed. Borrowers shall be required to submit:
  - a. A completed application form and government addendum
  - b. A copy of current photo ID
  - c. A copy of the last two years' Federal Income Tax Returns, including W-2's and all schedules
  - d. A copy of two most recent payroll statements
  - e. A copy of your current mortgage statement
  - f. A signed "Data Privacy Act Statement and Authorization to Release form
  - g. Other documentation as requested.
5. **Contractors & Permits:** Contractors contracting for work must be properly licensed by the City of Minneapolis when required by city ordinance. Permits must be obtained when required by city ordinance. Two Bids must be obtained for all projects costing \$5,000 or more.
6. **Work Completion:** Weather permitting; all work must be completed within 120 days of the loan closing.
7. **Total Project Cost:** It is the borrower's responsibility to obtain the amount of funds necessary to finance the entire cost of the work. If the final cost exceeds the loan amount the borrower must obtain the additional funds. NRP funds will not be disbursed until all other funds have been paid into the project.
8. **Custody of Funds:** Loan funds will remain in the custody of GMHC until payment for completed work.

**9. Disbursement Process:**

- a. Payment to the contractor (or owner) will be made after completion of the work. An inspection will be performed by the City and/or the GMHC construction manager to verify the completion of the work.
- b. The following items must be received before the funds can be released:
  - 1) Final Invoice from each contractor showing all amounts paid and due.
  - 2) Lien Waiver. Original from each contractor.
  - 3) Material Receipts for sweat equity projects.
  - 4) Completion Certificate signed by each contractor and the borrower.
  - 5) Permits Closed. Have the inspector sign the permit card, or have the inspector leave a message at the HousingResource Center, 612-722-7141 or the permit must be closed on the Minneapolis Inspections computer 612- 673-5890.
  - 6) Final Inspection and approval by the Resource Center. The above items must be provided to GMHC to begin the preparation of the check(s). Lien waivers must be provided before the funds will be released.
- c. Payment checks may take up to 10 business days after the above items are received to prepare. Payment checks to contractors must be countersigned by the borrower. A maximum of two draws will be allowed per loan. Payments will only be made for work completed and approved.