Guidelines for the *Rehab Support Program* (2011)

1. *Program Summary:*

The ***Rehab Support Program*** (RSP) was created to help improve Minneapolis housing and to help rebuild the housing market in neighborhoods (see number 10 below for list of eligible neighborhoods) that have experienced high levels of mortgage foreclosures. Greater Metropolitan Housing Corporation (GMHC) serves as the Program Administrator on behalf of the City to make the program available to the public.

2. Loan terms:

a) The borrower must pay a non-refundable $350 application fee to the GMHC.
b) Zero percent interest.
c) No monthly payment.
d) The loan is repayable subject to the following conditions, whichever comes first:
   i. If the borrower ceases to live in or own the house, or
   ii. At the end of 30 years from the date of the mortgage.
e) The clear and ongoing intent of the program is to serve owner occupied properties. If this loan request is part of a home purchase transaction the borrower must occupy the home within 60 days following the loan closing or at the completion of any construction work to make the house livable.
f) These loans are considered a "Special Mortgage" under the terms of Minnesota Statute 58.13. If the borrower later chooses to refinance their primary loan and pay off this RSP mortgage, the borrower will be required to provide proof of the completion of the counseling prior to receiving a Satisfaction of Mortgage.
g) This loan may be subordinated as part of a refinance transaction, subject to the City's Subordination Policy in existence at the time of the refinance.

3. Loan amount:

The City will provide $1.00 of RSP loan funds for each $1.00 the borrower contributes as matching funds from some other available source, up to a maximum RSP loan of $20,000.

4. Use of funds

Proceeds of the RSP must be used for the following:

a) If this is part of a purchase transaction, in addition to the work identified under "b" below, the funds may be used to complete repairs to make the home livable. The determination of whether or not a repair is considered necessary to make the home livable is the sole and exclusive determination of the City and the GMHC;
b) All rehabilitation work must be performed by a licensed contractor and must be new work (not yet started) to the home that falls within one of the following categories of improvements that maintain or increase the value of the home:

- Outstanding code orders and any health and safety hazards. (The GMHC will perform an inspection of the property to identify any health and safety repair items which must be included in the construction bids.)
- Floor covering or refinishing
- Kitchen remodeling
- Bathroom remodeling
- New siding
- New or expanded garage, not to exceed 24 feet by 24 feet
- Permanent functional landscaping
- Replacement of windows and doors
- Insulation and weather stripping
- Addition to home
- Central air conditioning
- Finishing an unfinished basement or attic
- Replacing a furnace
- Build, repair or replace a deck and patio

c) RSP funds and the borrower's match may not be used to pay for luxury improvements such as a sauna, hot tub, or pool; the borrower may complete luxury items provided they are paid from the borrower's own funds and provided the amount attributable to the cost of those items is not part of the borrower's match to the RSP loan;

d) The RSP loan may be used reimburse the borrower at closing for the required $350 application fee;

e) Bids must be reviewed and approved by the GMHC;

f) The borrower has two options to make payments for work completed during the construction process. The first option is to escrow there borrower's matching funds with GMHC and GMHC will make each construction payment with 50% of the money coming from the borrower's funds and the remaining 50% coming from RSP funds. If the borrower chooses not to escrow their funds with GMHC, then the borrower must first pay for all the construction work from their funds until their matching funds are fully expended and then all remaining payments will come from GMHC.

5. Eligible properties:

a) A detached single family or duplex property located in a neighborhood that has been approved for this funding by the City (see number 10 below for a list of eligible neighborhoods).

b) The property must be owner-occupied within 60 days of closing or within 60 days of the completion of the construction work.

6. Eligible borrower:

a) The borrower's household income must not exceed 115% of the area median income. Consult with the GMHC for the current limit.

b) Except as provided for under "6c" below, the borrower must have satisfactory credit as determined by a credit report from an acceptable credit reporting agency.

c) If the borrower is experiencing the prospect of a home foreclosure, they must be going through foreclosure prevention counseling through an agency that is part of the Minnesota Home Ownership Center (651-659-9336 or www.hocmn.org) approved counseling agency network. In addition, the borrower must have received a permanent loan modification or provided documentation they are current and the home is affordable for the long term.
d) All borrowers who are receiving this loan as part of a purchase/rehabilitation transaction must complete Homestretch pre-purchase counseling through a Minnesota Home Ownership Center participating counseling agency.

7. Loan security

a) The RSP loan will be secured by a Promissory Note and Mortgage.
b) The loan may be secured in a subordinate lien position behind other program funds.
c) No title insurance is required.
d) No mortgagee's clause is required in the owner's hazard insurance policy.

8. Catastrophic Language

In the event the Mortgage holder and the servicer, in their sole and absolute discretion, after a loss mitigation analysis, find that a catastrophic event, including but not limited to Borrower's death or extended illness, or the extended illness of a close family member who depends primarily on the borrower for support, has occurred which substantially and permanently impairs their ability to repay this Promissory Note and Mortgage and requires them to sell the Property for an amount less than the existing balance on the Promissory Note and Mortgage, that portion of the lien of Promissory Note and Mortgage that can not be satisfied from the proceeds of such sale shall be released.

9. Neighborhood participation

Some Minneapolis neighborhoods also provide home purchase and home renovation funds. Visit www.livemsp.org for more information about neighborhood funds.

10. Eligible neighborhoods (only these neighborhood are eligible to participate)

Jordan	Folwell	McKinley
Central	Webber-Camden	Hawthorne
Shingle Creek	Near North	Willard-Hay
Lind-Bohanon	Bryant	Cleveland
Harrison		

For more information about applying for this assistance please call Greater Metropolitan Housing Corporation at 612-588-3033.