

PROGRAM GUIDELINES
(COLUMBIA PARK: Home Improvement Programs)

Home Improvement Loan

1. **Interest Rate:** 0%.
2. **Loan Amount:** Minimum of \$1,000; Maximum of \$10,000.
3. **Loan Term:** Up to 7 years. Generally, one year per \$1,000.
4. **Income Limit:** None.
5. **Eligible Properties:** Owner and Non-Owner Occupied 1-4 unit residential properties located within the boundaries of the Columbia Park Neighborhood. Individual condominiums, townhomes and properties held in a trust are eligible.
6. **Ineligible Properties:** Properties with more than 4 units, co-operatives, manufactured homes and properties used for commercial purposes.
7. **Eligible Borrowers:** Owners of 1-4 unit residential properties within the Columbia Park Neighborhood who meet the program guideline criteria
8. **Ineligible Borrowers:** Applicants with no ownership interest in the subject property and business entities.
9. **Debt to Income Ratio:** Applicants must have the ability to repay the loan. Applicants who have a debt to income ratio in excess of 55% will not be eligible for this loan program.
10. **Loan to Value Ratio:** The ratio of all loans secured by the property, including the new loan, must not exceed 110% of the property value.
11. **Eligible Improvements:** Exterior, major mechanical and energy improvements that include, but are not limited to:
 - Painting: siding, garages, trim
 - Stucco: repair, replace existing, or install new
 - Siding: repair, replace existing, or install new
 - Roof: repair, replace existing, or install new
 - Gutters: repair, replace existing, or install new
 - Doors/Windows: repair, replace existing, or install new
 - Insulation
 - HVAC
 - Garages: repair, replace existing, or install new

- Driveways/Parking pads: repair, replace existing, or install new
 - Structural and foundation problems, including associated grading
 - Safety Lighting: repair, replace existing, or install new
 - Decks: repair or replace existing
 - Porches: repair or replace existing
 - Retaining Walls: repair, replace existing, or install new
 - Electrical: code compliance updates
 - Plumbing: code compliance updates
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 - Health and safety related improvements (radon, mold, asbestos abatement)
12. **Ineligible Improvements:** Excluded projects include: items which could be considered interior cosmetic, recreational or luxury projects (swimming pools, hot tubs, Jacuzzis, saunas, gazebos, playground equipment, new fences), furniture, non-permanent (not built-in) appliances, alarm systems, or work initiated prior to the loan application being received by the program administrator (unless an emergency situation or approved by the neighborhood). Unless part of a larger project or needed to address a potential structural threat, fences, trees, shrubs and non-permanent landscaping are ineligible improvements. The program administrator's determination of ineligible work items shall be final. Any questions about whether an improvement is NRP eligible must be resolved by the City of Minneapolis.
13. **Underwriting / Credit Requirements:** Applicants must have acceptable credit history. Recipients generally may not have more than three "90 day late payments" for all accounts in the past 12 months (without reasonable explanation, or have had a bankruptcy within the last eighteen (18) months (without reasonable explanation). Borrowers must be current on housing payments and property taxes. CEE will approve or deny loan applications based on credit report, income verification and other program guideline criteria.
14. **Multiple Loans per Property/Borrower:** Multiple loans are allowed if the outstanding balance is within the maximum loan limit and existing loans have acceptable payment history.
15. **Bidding:** Except when labor is provided by the borrower, the borrower must provide a minimum of 1 bid for each improvement project less than or equal to \$15,000 and 2 bids for projects over \$15,000. All contractors must be properly licensed.
16. **Sweat Equity:** Permitted. Loan funds cannot be used to compensate for labor even if the owner is a licensed contractor, only for materials. Loan funds cannot be used for the purchase or rental of tools or equipment. Materials must be purchased and installed prior to the disbursement of loan proceeds. When applicable, a city permit must be obtained. For projects not requiring a permit, a CEE representative will verify the projects are complete. Only 1 material estimate is required.

Emergency Deferred Loan

1. **Interest Rate:** 0%
2. **Loan Amount:** Minimum loan is \$1,000. Maximum loan is \$5,000 within any time period.
3. **Loan term:** 5 years. The loan is forgiven by 20% for each year the property is owned and occupied. If the borrower owns and occupies the property for 5 years the loan is 100% forgiven.
4. **Eligible Properties:** Owner-occupied properties with up to 4 dwelling units located within the boundaries of the Columbia Park Neighborhood. Condos and townhomes are eligible.
5. **Ineligible Properties:** Dwellings that are more than 4 units (these would be considered apartment and hence commercial properties), co-operatives, manufactured homes, time shares, and properties used for commercial purposes.
6. **Eligible Borrowers:** Owners of 1-4 unit properties within the Columbia Park Neighborhood who meet the program guideline criteria. The borrower must not be eligible for any other financing administered by CEE in order to obtain an Emergency Deferred Loan.
7. **Ineligible Borrowers:** Include but are not limited to: non-resident owners, non-occupant co-borrowers, properties held in the name of a trust.
8. **Ownership / Occupancy:** Only owner-occupied. Contracts-for-deed are evaluated on a case by case basis.
9. **Loan- to-Value Ratio:** N/A
10. **Income Limit:** Loan applicants must have an adjusted gross income from the most recent tax return of less than 80% of HUD median income based on a household size. If a tax return is not required or filed the income will be determined by projected income for the next 12 months. This figure will be adjusted periodically to reflect the most current HUD income guidelines.
11. **Debt- to-Income Ratio:** N/A
12. **Multiple Loans per Property/Borrower:** Multiple emergency loans are allowed if the balance is within the overall maximum loan limit.
13. **Eligible Improvements:** An emergency is defined as an imminent condition that makes a house uninhabitable, dangerous to the occupants, or is capable of causing severe health problems. Repairs that will remedy such emergency repairs are eligible. Examples of eligible repairs include, but are not limited to: water lines, sewer service, fire hazards, repair to exterior steps, railings,

retaining walls, water seepage into basement, structural problems, radon or asbestos mitigation or replacement of a furnace or hot water heater.

Repairs that remedy code violations and those needed to address home repairs before they significantly de-value the home and become much more serious problems, are also eligible whether or not the city has issued a code violation. Examples of eligible repairs include, but are not limited to, leakage around windows, rotting fascia, holes in siding, roof leakage, crumbling brick or concrete and deteriorated retaining walls. CEE will determine eligibility of projects.

14. **Ineligible Improvements:** Work initiated prior to the loan being approved and closed. Personal property items, including appliances, furniture, hot tubs, swimming pools, and other luxury items, exterior plumbing (e.g. sprinkler systems), non-permanent landscaping fixtures (e.g. potted plants, furniture, bird feeders), repairs to property used for business or trade purposes, refinancing existing indebtedness, and labor costs of borrowers and/or residents. CEE will refer to the CPNA whenever eligibility of an improvement project is questionable.
15. **Bidding:** Except when labor is provided by the borrower, the borrower must provide a minimum of 1 bid for each improvement project less than or equal to \$15,000 and 2 bids for each project more than \$15,000. All contractors must be properly licensed. Permits must be obtained when required by City ordinance.
16. **Sweat Equity:** Work can be performed on a “sweat equity” basis. Loan funds cannot be used to compensate for labor even if the owner is a licensed contractor, only for materials. Loan funds cannot be used for the purchase or rental of tools or equipment, only for materials. Materials must be purchased and installed prior to the disbursement of the loan proceeds. When applicable, a signed City Inspections Department permit must be obtained by the borrower. For projects not requiring a permit, a CEE representative will verify the project is complete. Only 1 material estimate is required for sweat equity projects.
17. **Property Inspection:** Required. Eligible improvements will be determined through an analysis of the emergency condition of the property. A CEE representative will perform the analysis to determine the severity of the situation.
18. **Post Installation Inspection:** Properties are subject to a post installation inspection by a CEE staff member when a permit is not required. Where a permit is required, the work must be signed-off by a City inspector prior to release of funds.
19. **Work Completion:** All work must be completed within 30 days of loan closing. Extensions may be granted by CEE.

20. **Underwriting Decision:** CEE will review the application and submitted documentation for consideration for other home improvement programs prior to considering the application for the Emergency Repair Loan Program. CEE will approve or deny loans based on income verification and other criteria. This is a last resort program. The borrower must not be eligible for any other financing administered by CEE in order to obtain an Emergency Repair Deferred loan. CEE's decision shall be final.
21. **Prior Participation:** Recipients of previously funded Columbia Park revolving, deferred loans and/or emergency loans are eligible for Emergency Repair Loans.

Home Buyer Assistance Deferred Loan

Interest Rate: 0 %

Amortization Type: Deferred

Loan Amount: Up to \$5,000

Term: 10 years. If the borrower sells, transfers title or no longer occupies the property as their primary residence within 10 years of loan closing, 100% of the loan is due. If the borrower owns and occupies the property for 10 years, the loan is 100% forgiven.

Eligible Properties: 1-4 unit residential properties that are either vacant or have at least one rental unit located within the geographical boundaries of the Columbia Park neighborhood. Townhomes, Condominiums and properties held in the name of a Trust are permitted.

Ineligible Properties: Ineligible properties include: Properties that are currently owner occupied, properties with more than 4 units, Cooperatives, manufactured homes, new construction and properties used for commercial purposes.

Eligible Borrowers: All borrowers must be legally residing in the United States and may include: U.S. Citizens, Permanent Resident Aliens and Non-Permanent Aliens

Ineligible Borrowers: Ineligible borrowers include: Non-occupant co-borrowers, business entities, properties being purchased on a contract-for-deed, foreign nationals and borrowers without a Social Security Number.

Ownership / Occupancy: Owner Occupied only.

Loan-to-Value: Up to 110%.

Income Limit: None.

Debt-to-Income Ratio: N/A

Multiple Loans per Property / Borrower: Borrowers may only obtain one purchase assistance deferred loan from this program. If ownership changes, the new owner is eligible. If a previous recipient purchases a new qualifying home, they would be eligible again at that new property.

Eligible Improvements: These funds may only be used for down-payment or closing cost requirements related to the purchase of the property.

Ineligible Improvements: N/A

Sweat Equity / Homeowner Labor: N/A

Property Inspection: Not Required.

Post Installation: N/A

Contract / Permits: N/A

Bids: N/A

Work Completion: N/A

Underwriting: Funds may be used toward the down-payment or closing costs required for the purchase of the home. Amount and approval of loan will be determined based on the 1st mortgage approval. In order to determine eligibility, CEE requires the following documentation:

- 1) A CEE application
- 2) A copy of the Purchase Agreement
- 3) A copy of the Appraisal or determination of value
- 4) A copy of the Title Commitment
- 5) A copy of the 1st mortgage pre-approval/commitment letter
- 6) A copy of the 1st mortgage preliminary Loan Estimate or Closing Disclosure

Disbursement of Funds: Funds will be disbursed to the Closing Agent, for the Benefit of the Borrower, in coordination with the purchase closing.

Loan Servicing: Community Reinvestment Fund (CRF)

Loan Costs: Borrowers will pay all mortgage filing fees and related closing costs. These fees must be paid at closing-they cannot be financed into the loan amount.

Loan Security: All loans will be secured by a Mortgage in the name of the City of Minneapolis.

Other General Program Conditions and Procedures

Application Processing: Applications will be processed on a first-come, first-served basis. All applications may be required to submit the following information:

- A completed application form and a copy of a current photo ID
- Copy of the most recent Federal Income Tax Return
- A copy of two most recent payroll statements and most recent W2
- A copy of applicant's most recent real estate tax statement.
- A signed Data Privacy Act Statement, USA Patriot Act Disclosure and Authorization to Release (provided by program administrator).
- Applicants will need to supply the program administrator with required bid(s) prior to time of loan closing
- Other documentation as requested

Work Completion: Weather permitting, all work must be completed within 120 days of the loan closing.

Custody of Funds: Loan funds will remain in the custody of the program administrator until payment for completed work.

Disbursement Process: Payment to the contractor (or owner in sweat equity situations) will be made upon completion of work. In the event a permit is not required for the project, an inspection will be performed by the Program Administrator to verify the completion of the work. The following items must be received prior to final disbursement of funds:

- Final bid or invoice from contractor (or materials list from supplier).
- Final inspection verification by CEE (if necessary).
- Completion certificate(s) signed by borrower and contractor.
- Lien waiver for entire cost of work.
- Evidence of abatement of any required city permit.

Total Project Cost: It is the borrower's responsibility to obtain the amount of funds necessary to finance the entire cost of the work. In the event the final bill exceeds the original loan amount, the borrower must obtain the additional funds. The borrower's funds must be paid into the project in advance of the NRP funds.

Contractors/Permits: Except when labor is to be provided by borrower, the borrower must provide a minimum of two bids for each improvement project. All contractors must be appropriately licensed. Permits must be obtained when required by city ordinance.

Rehabilitation Consulting: A CEE representative will be available to borrowers at no cost to advise them about proposed projects prior to obtaining bids and can assist with a written project description for use in bidding projects. The representative will review all bids for reasonableness upon request.

Loan Costs: The origination fee for the loan will be paid from the Columbia Park NRP Home Improvement Program Administrative fund. Borrowers will pay all applicable closing fees (if

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applicable). Servicing costs will be paid from Program Income. Borrowers will be required to pay fees for making late payments and/or a fee for processing and/or handling any payments that are returned to the loan servicer due to insufficient funds.

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