



NWHOMEPARTNERS.ORG/NRRC

651-292-8710

Home Improvement Program Guidelines

Program Overview: The Northside Residents Redevelopment Council (NRRC) is making available updated and revised programs that are designated for home improvements and homebuyer assistance in the Near North and Willard Hay (NNWH) neighborhoods. Neighborhood Housing Services of Minneapolis (NHS) and NeighborWorks Home Partners are overseeing administration of the program. The funds are provided through NRP.

Loan Amount: Loan Minimum \$3,000; Loan Maximum of \$20,000.

Interest Rate & Loan Term: The interest rate will be fixed at 3.5 %. Generally, one year per thousand dollars borrowed up to a maximum of ten (10) years. Monthly payments are required. The balance of the loan is due upon sale, transfer of title, refinance or if the property ceases to be owner-occupied.

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

Borrower Eligibility:

- **Debt to Income Limit:** Applicants must have the ability to repay the loan. Applicants who have a debt to income ratio in excess of 55% will be denied loan financing. Debt obligations include, but are not limited to; mortgage payments, property tax, insurance escrow payments, student loans, personal or auto loans, credit card payments, revolving debt payments and the new NNWH loan. **Loan To Value:** The ratio of all loans secured by the property, including the new NNWH loan, must not exceed 120% of the property value.
- **Credit:** Applicants must have acceptable credit history in accordance with NHS guidelines. Borrowers must be current on housing payments, homeowners insurance and property tax payments. In addition, a credit score minimum of 580, house payments on time for the most recent 6 months, with no more than 1 late payment within the past 12 months on the credit report. Letters of explanation for late payments for the most recent 1-year, and all bankruptcies, foreclosures, judgments and collections with the last 2 years.
- **Income Limit:** No maximum income limit.
- **Multiple Loans Per Property:** Layering of loans between NNWH programs is eligible; however, any given time, an individual or property may only have one active loan from each NNWH loan program.

Property Eligibility:

- 1-2 unit dwellings, owner-occupied (at time of application) and located in the Near North / Willard Hay neighborhood.
- Owners of condominiums or townhomes are eligible for interior work only.
- Condominium and townhome association are not eligible.

Eligible Improvements: The proceeds of a loan under this program will be used to finance permanent improvements which:

- Improve the basic livability or energy efficiency of the property, including:
 - Structural additions;
 - Alterations;
 - Renovations and repairs; or
- Bring a property into compliance with state, county, municipal health, housing, building, fire, and housing maintenance codes or other public standards applicable to housing, including:
 - Replacement of a well; and
 - A septic system upgrade or replacement.
- Repairs of any City of Minneapolis written code violations are also eligible.

Ineligible Improvements: Work initiated prior to the loan being approved and closed. No recreation or luxury projects (pools, lawn sprinkler systems, playground equipment, saunas, whirlpools, etc.), furniture, skylights, and appliances. Funds for working capital, debt service or refinancing existing debts are NOT allowed. NHS will refer to the NNRC whenever eligibility of an improvement project is questionable.

DO NOT SIGN ANY CONTRACTS OR START YOUR PROJECT UNTIL A CLOSING HAS TAKEN PLACE. ANY PROJECT BEGUN BEFORE A LOAN CLOSING HAS TAKEN PLACE WILL BE INELIGIBLE FOR PARTICIPATION IN THE PROGRAM.

Application Process: Applications for financing will be processed on a first-come first-served basis until all funds are committed. Northside Resident Redevelopment Council (NRRC) staff and board members are eligible to apply sixty (60) days following the announced application start date.

Bidding: The Borrower must provide a minimum of 3 bids. All contractors must be properly licensed. Permits must be obtained when required by City ordinance.

Rehabilitation Management: The NHS rehab advisor will provide advice on proposed work and assist with the bidding process.

Loan Costs: Borrowers will pay a credit report fee upfront. Fees associated with loan origination and closing may be included in the loan amount and paid at closing, including all filing fees, related closing costs, loan serving costs and mortgage subordination review (if any). Borrowers will be required to pay late fees associated with making late payments (maximum 5% of monthly payment). NHS shall charge reasonable fees for any payments that are returned due to insufficient funds or account closing.

Contractors & Permits: Contractors must be properly licensed by the state of Minnesota when required. Permits must be obtained when required by city code.

Total Project Cost: It is the borrower's responsibility to obtain the amount of funds necessary to finance the entire cost of the work.

Custody of Funds: NHS will act as the "construction escrow agent" and will disburse contractor/construction pay outs upon completion and inspection.

Work Completion: Weather permitting; all work items must be completed within six (6) months of loan closing. Any extensions will be reviewed on a case-by-case basis by NHS. NHS will provide rehabilitation management services during construction.

Disbursement Process: Payment to the contractor will be made after completion of the work, an inspection by the City Department of Inspections (if required by permit) and NHS. The following items must be received before the funds can be released:

- Original invoice(s) from contractor(s)
- Completion certificate(s) signed by the borrower and the contractor
- Evidence of City permits and clearance of such permit(s)
- Evidence of NHS inspection
- Lien Waivers(s)

Get Started by contacting:

NeighborWorks Home Partners

Home Improvement Team

(651) 292-8710 hello@nwhomepartners.org

Effective Date: January 2018