

Southwest Minnesota Housing Partnership (SWMHP)
2401 Broadway Ave, Suite 4
Slayton, MN 56172
1-888-468-8010 ext. 1617 (Michele Clarke)

New Prague Housing Rehabilitation
Rental Housing Repair Loans
FACT SHEET

The City of New Prague has pledged \$44,800 to provide housing repair loans to four (4) rental unit Property Owners who are renting to Low to Moderate Income (LMI) households in the City of New Prague.

- ◆ **Ownership** - The applicant must own a property within the City of New Prague target area.
- ◆ **Target Area** - The property must be in the target area. (See Attached map)
- ◆ **Occupancy** - The rental property to be improved must be occupied by low to moderate income tenants or, if vacant, the property owner must agree to rent to low to moderate income tenants before the grant is closed and throughout the term of the Repayment Agreement. The 2016 tenant income limits are as follows:

HOUSEHOLD SIZE	Gross Income limits for Le Sueur County	HOUSEHOLD SIZE	Gross Income limits for Scott County
1	\$40,500	1	\$46,000
2	\$46,300	2	\$52,600
3	\$52,100	3	\$59,150
4	\$57,850	4	\$65,700
5	\$62,500	5	\$71,000
6	\$67,150	6	\$76,250
7	\$71,750	7	\$81,500
8	\$76,400	8	\$86,750

Upon participation of this grant, the rental property owner also agrees to stay within 2016 Fair Market rents for Le Sueur and Scott Counties as follows:

2016 Fair Market Rents for Le Sueur

2016 Fair Market Rents for Scott

Efficiency	\$438		Efficiency	\$656
One Bedroom	\$530		One Bedroom	\$813
Two Bedroom	\$710		Two Bedroom	\$1,027
Three Bedroom	\$953		Three Bedroom	\$1,444
Four Bedroom	\$1,146		Four Bedroom	\$1,693

Utility Allowances for New Prague County 2016 are as follows:
 ***Please see attached Utility Allowance for each Unit type.

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- ◆ **Eligible Repairs** - Repairs that are permanent and necessary are eligible. Examples are; roofing, foundations, siding, windows, heating units, electrical, plumbing, flooring, and health and safety.
- ◆ **Loan Terms** - New Prague Rental Loans will be loaned in the following manner:
 - Loan Breakdown:** 70% of the cost, 0% deferred loan*
30% owner's match.
- * **Deferred Loan** - The New Prague Rental Repair loans will be loaned as 0% deferred loans. A deferred loan is a loan with no monthly payment and no interest will accrue which will be forgiven 20% each year or will revert into a grant if no default within five (5) years. The owner must continue to rent to low to moderate income tenants and agree to not raise the rents more than 5% per year while keeping the rents at or below the current Fair Market Rents during the terms of the Repayment Agreement.
- ◆ **Real Estate Taxes** - An applicant must be current with their real estate taxes in order to receive a Rental Loan.
- ◆ **Insurance** – The building must be insured while the loan is in place.
- ◆ **Average Loan** - The average Rental Repair Loan for rental is \$11,200 per unit. The building owner will need to furnish a match to the New Prague Rental Repair Loan. SWMHP will assist in determining the match and other resources that may be available to fund the match.

Rental Repair Process

The Rehabilitation Process - Funds are now available. Interested persons can begin the process by calling 1-888-468-8010 ext. 1617. SWMHP will assist persons applying for the program.

All households will be served on a first come, first served basis.

The program will follow the guidelines as laid out below:

- ◆ **Application** - The applicant will need to complete an application for the program that requires proof of property ownership and verification of income.
 - * If the **applicant's** unit is vacant at the time of full application the City has the right to pass over the application to the next eligible applicant until the first applicant has found tenants.
- ◆ **Application Procedures** – All households will be served on a first come first serve basis. The following levels will be adhere to on allocating funds:
 - 1. APPLICANT:** An applicant is defined as a homeowner who is gathering the proof of ownership of their property, current insurance policy, proof that the real estate taxes have been paid and third party income verification. No SCDP funds will be allocated for an applicant.
 - 2. CLIENT:** The client will be working with the Field Administrator in completing all necessary paperwork and inspections to determine if the project is suitable for rehabilitation; developing a scope of work; approving the scope of work; sending out the bid packets to contractors for review and bidding; and securing matching funds. No SCDP funds will be allocated for a client.

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3. APPROVED PROJECT: An approved project is a project where the homeowner has completed all the applicant and client requirements; and competitive bids have been received and approved; the governing entity has approved the project; the homeowner has secured matching funds for their portion of the project; the SCDP funds have been allocated to the project; the SCDP Repayment Agreements, Mortgages or other funding documents for all matching funds have been signed and are ready to be recorded; and all escrow funds have been supplied to SWMHP.

If a project is moved back to the client stage there is no guarantee that the SCDP funds will be available when the client secures their matching funds.

- ◆ **Property Inspection** – SWMHP, who will identify any housing problems, will inspect the property and will work with the applicant to determine what repairs should be done. LEAD RULES AND REGULATIONS DO APPLY.
- ◆ **Work Write-Up** - The Project Manager will develop specifications on what work is to be done and how the work should be done. The inspector brings the work packets to the owner who contacts contractors of their choice. Assistance is available to help owners through the process if they so choose.
- ◆ **Bid Awards** - The owner accepts or rejects bids.
- ◆ **Repayment Agreement** – The owner enters into an agreement with the City to accept the conditions of the loan depending on which program they are eligible for. The repayment agreement is filed at the County Recorder’s office.
- ◆ **Proceed to Work** – SWMHP will send a letter notifying the contractor that work may begin at the owner’s property after the Pre-construction conference is held and Davis Bacon paperwork is completed.
- ◆ **Payments** - Payments can be made on a partial basis when and/or all work has been completed. In order to receive payment, the contractor must submit a lien waiver, a billing statement, a signed completion certificate (all furnished) and weekly payrolls for review. In order to make payment, the housing inspector must inspect the property. The homeowner must give signed permission to pay the contractor.
- ◆ **Project Completion** - Upon completion, a final inspection is completed and the project is closed.