CONTENTS

I. Purpose
II. Statement of Affirmative Action
III. Delegation of Authority
IV. Review Committee
V. Definitions
VI. Property Eligibility
VII. Applicant Eligibility
VIII. Data Privacy
IX. Financial Assistance
X. Eligible Work Items
XI. Ineligible Activities
XII. Rehabilitation Procedures
XIII. Appeals and General Complaints
XIV. Disposition of Program Income
XV. Amendments
I. **Purpose**

The City of Grand Rapids and its economic development agent, the Grand Rapids Economic Development Authority (GREDA), will provide assistance to eligible applicants for the rehabilitation of commercial and residential properties. The policies and procedures for distribution and eligibility are incorporated in this document and its exhibits.

II. **Statement of Affirmative Action**

It is the policy of the City of Grand Rapids that no individual shall be discriminated against because of race, color, religion, creed, national origin, disability, marital status, age or status with respect to public assistance.

The City of Grand Rapids shall insure that every person be given full and equal opportunities for participation in the deferred loan program undertaken by this project.

Itasca County Housing and Redevelopment Authority (ICHRA), as the administrator of the Grand Rapids Commercial & Residential Rehabilitation Program, shall take necessary actions to guarantee that minority contractors and subcontractors are provided equal opportunity to perform rehabilitation work.

It shall be the responsibility of the City and ICHRA to encourage all contractors participating in the rehabilitation deferred loan program to carry out Affirmative Action Policies necessary to assure equal employment opportunity in all aspects of employment, regardless of race, creed, color, religion, sex, national origin, marital status, age or status with respect to public assistance.

In no case shall ICHRA or the City of Grand Rapids be in conflict with the State or Federal Statutes as they relate to equal opportunities for employment.

III. **Delegation of Authority**

The City of Grand Rapids has contracted with ICHRA for the administration of the Small Cities Development Program (SCDP). The City of Grand Rapids and ICHRA have been given the authority to set the guidelines for participation in the program and may amend this Handbook as it deems necessary within the regulations established by the Department of Employment and Economic Development (DEED). ICHRA shall be responsible for ensuring that only eligible applicants receive SCDP funds. ICHRA will assure that all rehabilitation repairs will meet program eligibility criteria. The City of Grand Rapids and ICHRA are bound by the terms agreed to by both parties for this project’s Contractual Agreement.
IV. Review Committee

The loan review committee for Commercial Rehabilitation projects will consist of a two member sub-committee of the GREDA and the Community Development Director/GREDA Executive Director. The final determination on all commercial rehabilitation loan applications rests with the full membership of GREDA.

The Loan Review Committee for Residential Rehabilitation projects shall consist of ICHRA Executive Director and ICHRA Property and Program Development Specialist.

V. Definitions

A. **Suitable for Rehabilitation:** The property must be structurally sound and economically feasible to rehabilitate as determined by ICHRA’s Rehabilitation Specialist.

B. **Rehabilitation Standards:** Upon completion, all properties must meet or exceed the attached construction standards.

C. **Standard:** A unit which has no defects or only slight defects which are normally corrected during the course of routine and regular maintenance.

D. **Substandard:** A unit which needs more repair than would normally be provided in the course of regular maintenance. A substandard commercial unit needs two or more major improvements such as roof replacement, furnace replacement, electrical wiring, plumbing, etc.

E. **Substandard but Suitable for Rehabilitation:** A unit which needs two or more major improvements but is economically feasible to rehabilitate. The maximum amount of SCDP funds allowed per project are included in Exhibits A, B & C.

F. **Dilapidated:** A substandard unit with numerous serious defects. A dilapidated unit fails to meet a majority of local standards and rehabilitation is neither practical, nor economically feasible. Dilapidated units will not be rehabilitated. The unit does not meet the “suitable for rehabilitation” definition.

G. **Displacement:** Acts that will cause an occupant of a housing unit to physically relocate or to be adversely impacted economically by the rehabilitation project.

H. **HQS / Housing Quality Standards:** Minimum standards established by HUD for units suitable for occupancy under its programs of housing assistance.

I. **HUD:** The U.S. Department of Housing and Urban Development.
J. **Low Income**: A household with income adjusted for family size that is at or below 80% of the Area Median Income which is determined annually by HUD.

K. **Very-Low Income**: A household with income adjusted for family size that is at or below 50% of the Area Median Income which is determined annually by HUD.

VI. **Property Eligibility**

A. The property must be located within the target area of the City of Grand Rapids (see attached map labeled Exhibit D).

B. The property must be in compliance with applicable zoning ordinances or land use guidelines. No activities will take place within a 100 year flood plain.

C. The property must be Suitable for Rehabilitation, as defined at Section V. A., and upon completion of rehabilitation, the property must meet the attached standards for the project.

D. Each property will have a Tenant Survey completed.

E. The property taxes must not be delinquent.

VII. **Applicant Eligibility**

A. The recipient of funds under this program must have at least one third interest in one of the following types of ownership in the property to be improved:

1. A fee title; or

2. A fee title subject to a mortgage or other lien securing a debt; or

3. A mutually binding contract (contract for deed) for the purchase of the property where the borrower is rightfully in possession and the purchase price is payable in installments. The Contract for Deed must be recorded at the office of the County Recorder. The contract for deed vendor (seller) must agree to enter into the Deferred Rehabilitation Repayment Agreement and Mortgage as additional signatories not in possession.
B. No person who is (1) an employee, agent consultant, officer or elected or
appointed official of the City of Grand Rapids or ICHRA who exercises or has
exercised a function or responsibility with respect to assisted rehabilitation
activities or (2) is in a position to participate in a decision making process or
gain inside information with regard to such activities, may obtain a personal or
financial interest or benefit from the activity or have an interest in any
contract, subcontract or agreement with respect thereto or the proceed
thereunder, either for themselves, their immediate family, or those with
whom they have business ties, during their tenure and for one (1) year
thereafter. DEED may authorize exceptions to this policy on a case by case
basis. If a conflict arises with an ICHRA employee or board member, that
person shall not be involved in any manner with the project.

VIII. Data Privacy

Information on program applicants is private data which will be administered in
accordance with the Minnesota Government Data Practices Act. Information or
documentation shall be determined to be necessary if it is required for purposes of
determining or auditing a properties eligibility to receive a deferred loan, for verifying
relating information or for monitoring compliance with equal opportunity
requirements. The use or disclosure of information obtained from a property owner
or from another source pursuant to this release and consent is limited to purposes
directly connected with the administration of this project under which the property
owner is receiving assistance. Income, asset and other financial data received by
ICHRA in its applicant’s verification process is considered Private Data and is subject
to Privacy of Information Provisions, pursuant to State Statutes. HUD, the State of
Minnesota and DEED will have access to these records when necessary.

IX. Financial Assistance—See Exhibit A for the terms for Commercial Rehab, Exhibit B
for the terms for Owner Occupied Residential Rehab, and Exhibit C for the terms
for Rental Rehab.

X. Eligible Work Items

A. Refer to Exhibit F for Property Rehabilitation Standards. Rehabilitation loans
may only be used to:

1. Address Building Code Violations, address exterior building
   improvements and to remove health, safety or other deficiencies and
to bring the structure into compliance with the property rehabilitation
   standards used by ICHRA. For example, roofing, siding, plumbing,
   water supply, waste systems or wiring may be eligible for repair; or

2. Improve the property by increasing the structure’s energy efficiency
   through, for example, upgrading insulation, windows and doors; or
3. Modify or rehabilitate the unit to make it accessible for a handicapped or disabled individuals. **Accessibility Improvements** include such improvements as: structural, exterior, bathroom or other improvements to buildings which are necessary to enable a handicapped person to function independently in a commercial or residential setting.

B. All work or construction completed with DEED funds must be in compliance with applicable building codes and standards. Funds _may_ be denied to building owners with properties which cannot be feasibly brought up to the Program Standards. ICHRA shall conduct a site and structure survey of those work items which are eligible with respect to HQS guidelines. Upon determination of those items which are eligible costs, ICHRA shall prepare specifications and, along with the building owner, evaluate contractor bids.

C. Rehabilitation Deferred Loans must be used to finance improvements that can normally be completed within 90 to 120 days from the date of the issuance of the Proceed to Work Order. However ICHRA, at its discretion, may grant an extension if it serves the purpose of the program.

D. Certain costs required by law or regulation shall be eligible costs with respect to the program. These costs include permits and other similar costs.

XI. **Ineligible Activities**

A. Rehabilitation Deferred Loans (except for necessary replacement undertaken in connection with eligible improvements) _may not_ be used to finance:

1. Commercial “remodeling” type improvements.
2. Landscaping (except to conduct water away from the dwelling); or
3. Work begun or completed before the date of the Proceed to Work Order.

B. Additions to structures and finishing of basements are not eligible. However, the building owner may utilize match financing to undertake such improvements.

C. Rehabilitation Deferred Loans shall not be used for refinancing an existing mortgage or debt.

D. No Deferred Loans shall be paid to program participants for any improvements made under this program who have sold their property prior to execution of the Completion Certificate.
E. Misrepresentations - Any material misrepresentation on the part of the applicant, revealed through the application process or otherwise may result in a determination of ineligibility. The applicant shall be notified in writing of such determination by ICHRA and shall be given the opportunity to request an informal review of the matter.

XII. Rehabilitation Procedures

A. Program Marketing: The GREDA and ICHRA will communicate the availability of this program by a direct mailed notice to the owners of all property within the target areas identified in Exhibits D & E, as listed within the Itasca County tax records. The mailed notice will describe the program, sources of additional information and a defined period within applications will be accepted.

Upon expiration of the application period, the GREDA will determine if an extension of the application period and additional marketing of the program is necessary based upon: the number of applications received, the eligible nature of the proposed activities described within the applications received, and the total amount of program funds applied for.

B. Project Selection:

Commercial - Due to the limited availability of the SCDP Commercial Rehabilitation funds, the GREDA has established a set of criteria to be applied as a means of ranking and selecting projects, to be funded under this program. A review committee will be assigned to evaluate all applications for eligible activities.

The review committee will assess the applications, deemed to meet the minimum eligibility requirements, based upon the following factors, which are not necessarily listed in order of importance:

1. The proposed projects total value/addition to the tax base – with higher value projects scoring higher.
2. The extent the proposed project addresses program objectives – with projects involving visible exterior improvements that address conditions which contribute to slum and blighting scoring higher.
3. The proposed projects level of compliance with City Ordinances and consistency with the objectives stated within the Comprehensive Plan with projects found to be compliant with applicable ordinances and addressing specific plan objectives scoring higher.
4. The credit worthiness of the applicant and the feasibility of the project as measured by:
   a. An as needed confidential evaluation of the applicant’s net worth, business plan, letters of commitment from other funding sources, cash flow and income projections
5. The level of job creation tied to the project in terms of number of additional jobs created, if any, and their average wages. Although additional job creation is not mandatory, those projects that create additional employment opportunity will receive higher scoring in this area.

**Residential** - Application Process - The order of Application Processing / Project Underwriting will be determined by points assigned by the review committee based on the following:

**Owner Occupied**
- 10 points for properties owned by an applicant who is 62 or older
- 5 points for applicants who own home debt free
- 5 points for applicants who meet the definition of very-low income
- 5 points for properties that require multiple elements that address program objectives

**Rental**
- 15 points for properties of 5+ units
- 10 points for properties of 3-5 units
- 5 points for properties with Owner/User who is currently or has been a cooperator in use of the Housing Choice Voucher program within the past 5 years
- 5 points for properties with 3 or more units, with 100% of current tenant households being of very-low income

The group of applications with the highest number of points will be considered first proceeding subsequently in order to the group with the next highest number of points. Within a point group, applications will be considered in the order received by date of application.

If additional funds remain following the initial group of applications, additional applications will be considered on a first come, first serve basis.

C. For all residential units built on or before 1978,
   1. A lead risk assessment to be conducted by a licensed lead risk assessor.
   2. Occupants must receive a notification of a “Risk Assessment to be Conducted” and “Summary Notice of Lead Based Paint Risk Assessment Results”.
   3. The results of that assessment must be incorporated into the rehabilitation work write up for the property.
   4. Occupants must receive a “Summary Notice of Completion of Lead-based Paint Hazard Reduction”.

D. If the building owner is found eligible and the project is selected for rehabilitation assistance, the owner is notified of the decision and a property inspection is arranged.
E. Notification to Ineligible Building Owners – GREDA or ICHRA will give an applicant prompt written notice of a decision denying assistance to the applicant. The notice shall also state that the applicant may request an informal review of the decision and shall describe how to obtain the informal review.

F. A Rehabilitation Specialist inspects the property to locate Code, energy and other deficiencies. The building owner is also invited to provide input with regard to their building improvement needs. The building owner is made fully aware that he/she is not obligated to accept the proposed work. All proposed work must be an eligible item in accordance with this policy.

G. Following the inspection, the Rehabilitation Specialist prepares a cost estimate of the proposed improvements which are discussed with the building owner. The cost estimates will be used to determine the legitimacy of the bids submitted for the project. A detailed work write up is then prepared which outlines the proposed work and materials to be used. This document is given to the building owner who is responsible for obtaining the necessary bids or selecting contractors for ICHRA to contact.

H. If the building was constructed prior to 1970 ICHRA is required by federal regulations to provide for historical review and clearance to the Minnesota State Historical Society. This includes but is not limited to photographic and written documentation being sent to the Historical Society. If the structure is significant, the Historical Society may request certain improvements which are consistent with the Secretary of the Interior’s Standards for Historic Renovations and Rehabilitation.

I. A minimum of two bids will be sent out per job, the bids will have copies of the appropriate wage decisions attached. Contracts will be awarded to the contractor selected by the building owner, although if the building owner chooses a bid which is higher than the low, the building owner must make up the difference with resources other than SCDP funding. If only one bid is submitted it will be compared to the estimate for the project to determine that the bid was reasonable. The current wage decisions will also become part of the contract documents.

J. It is required that all participating contractors be insured to meet the limits prescribed by ICHRA and to be licensed and/or bonded as required by state and/or local ordinances. Contractors are also required to conform to the Davis Bacon Act which states that workers are to receive no less than the prevailing wage for similar work in the locality, the Contract Work Hours and Safety Standards Act which states that workers are to receive overtime compensation at a rate of 1½ times their regular wage after they have worked 40 hours in one week and to the Copeland “Anti-kickback” Act which states workers are to be paid once per week. Contractors are also required to
maintain payroll records and submit weekly payrolls and statements of compliance to the contracting agency, if required.

K. Once the contractor is selected, the Agreement Between Contractor and Property Owner is signed by contractor and building owner and outlines the contractual conditions that each party is required to follow. A Proceed to Work Order is then issued to the contractor by the Rehabilitation Specialist. The loan documents are signed, the mortgage is recorded and a lien is placed against the property for the term of the loan.

L. All change orders to the contract must be in writing, using ICHRA’s Change Order/Amendment Form and must be authorized by the building owner and the Rehabilitation Specialist.

M. All construction work performed under contract shall be in compliance with an approved warranty covering workmanship and materials, as noted in the Agreement Between Contractor and Property Owner.

N. If the contractor becomes involved in a situation where the work cannot be completed within the time frame specified in the Agreement Between Contractor and Property Owner or the relationship between the contractor and the building owner deteriorate to the point where the job cannot be completed by the original contractor a change order to complete the remainder of the work using a new contractor may be considered by the building owner and the review committee.

O. During construction, the Rehabilitation Specialist monitors the work. The building owner notifies ICHRA promptly if defects or other problems arise. When all work is completed, the property and work is inspected and a Completion Certificate is executed between the building owner, contractor and rehabilitation specialist. A lien waiver for the amount to be paid is required prior to contractor payments.

P. After a passing final inspection, ICHRA will submit the signed Completion Certificate and Invoice to the Office of the City Administrator of Grand Rapids for disbursement of program funds to contractor(s).

XIII. Appeals and General Complaints

A. Each person making application for financial assistance under the program shall have the right to appeal any determination of GREDA staff to the Community Development Director of the City of Grand Rapids. Requests for general complaints should be made within a 30-day period and addressed to: Grand Rapids Economic Development Authority, 420 N. Pokegama Ave., Grand Rapids, MN 55744. General complaints that do not warrant a hearing shall be in writing and be addressed to Grand Rapids Economic Development
XIV. Disposition of Program Income.

A. Program income will normally accrue from repayment of deferred loans resulting from property owner not maintaining ownership to the maturity date as prescribed in the Deferred Loan Repayment Agreement and Mortgage. Program income will be used for further rehabilitation. Rehabilitation funded by program income will be in accordance with the provisions of this procedural handbook and with the City of Grand Rapids Small Cities Development Program (SCDP) Income Reuse Plan dated July 14, 2014.

B. Rehabilitation authorized after expiration of the administrative services contract between the City of Grand Rapids and ICHRA will be administered by either; (1) extending the term of the current contract if agreed by both parties; (2) entering into a new administrative services contract between the City of Grand Rapids and ICHRA, or; (3) entering into a new administrative services contract between the City of Grand Rapids and another administering entity.

XV. Amendments

These policies and procedures may be amended or changed at any time by the City Council of Grand Rapids except where a signed agreement precludes a change.
Exhibit A
Commercial Rehabilitation Specific Terms

A. The financing plan for commercial properties will be 60% SCDP 10 year Deferred Loan and 40% bank loan or private financing. A separate program, through an enhanced GREDA Commercial Building Improvement Loan Program, may be used to finance up to $35,000 per project at 1% interest over a corresponding ten year term (Please refer to the adopted guidelines and application for that program for further information) in addition to other commercial available lending sources. SCDP Deferred loans must be repaid as required if the building is sold in less than 10 years. SCDP Deferred loans are forgiven 10% per year with the loans completely forgiven on the first day of the eleventh year from the date of closing.

B. The maximum amount of SCDP funds available per project will be $32,000.

C. The Deferred Loan will have a recorded mortgage and a lien placed against the property for the term of the loan. Truth in lending policies will be adhered to.

D. Deferred Loans will be secured with a Repayment Agreement with the following terms and conditions:

1. A Deferred Loan will be forgiven on the first day of the eleventh year after loan execution.

2. If the property is sold, title transferred or is no longer the residence of the applicant before the end of the tenth year, the required amount of loan funds must be repaid to the City of Grand Rapids.

E. To the greatest extent possible, all sources of possible financing will be coordinated. Before loaning SCDP funds, ICHRA will evaluate each applicant for eligibility for such programs as MHFA, USDA Rural Development, local lending institutions, etc. ICHRA will assist eligible applicants in applying for funds including, but not limited to, preparing application forms and required materials.
Exhibit B
Owner Occupied Rehabilitation Specific Terms

B-1 Income Limits - SCDP requires that households must meet the income guideline of Low Income to be eligible for assistance. Households with Very-low Income are given extra points for processing.

<table>
<thead>
<tr>
<th>Income Limit by Household Size – Itasca County as of 12/18/13 (HUD determined annually)</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. in HH</td>
</tr>
<tr>
<td>Low Income @ 80% of Median</td>
</tr>
<tr>
<td>Very-low Income @ 50% of Median</td>
</tr>
</tbody>
</table>

B-2 Funding Limits / Loan Terms

B-2.1 All Rehabilitation funding will be provided to Owner/Users as loans. The loans will be structured with terms favorable to the recipient as incentive to use the program.

<table>
<thead>
<tr>
<th>Standard Loan Terms:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan Maturity</td>
</tr>
<tr>
<td>Compliance Period</td>
</tr>
<tr>
<td>Interest Rate</td>
</tr>
<tr>
<td>Repayment</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Default</td>
</tr>
<tr>
<td>Sale or Transfer</td>
</tr>
</tbody>
</table>

The loan structure will be deferred repayment with a 7 (seven) year maturity with interest accrued at 5% (five percent).

*For full compliance with terms and conditions of the program, principal and interest are forgiven at maturity.

Each loan will be documented with a Loan Note and Agreement and a Real Estate Mortgage. Mortgages will be filed in the Real Estate records of the Itasca County Recorder.

B-2.2 The maximum project cost using the funds of Rehabilitation is limited to $22,400 per residential unit.

<table>
<thead>
<tr>
<th>Schedule of funding:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Source</td>
</tr>
<tr>
<td>Project Cost</td>
</tr>
<tr>
<td>RIPRAP Deferred Loan</td>
</tr>
<tr>
<td>Owner/User (minimum)</td>
</tr>
</tbody>
</table>

The Scope of Work developed for a project will determine to what extent work can be done using program funding. The listed percent per source will be used in
determining the amount of funding to be used from each source on the approved Scope of Work. The 30% from the Owner may be from cash or loans arranged by the Owner/User from private or public lenders.
If Owner/User portion is cash, it must be placed in escrow with ICHRA.
If Owner/User portion is from loans, there must be a written commitment from the lender(s) and a written agreement between the lender(s) and the ICHRA as to the means and methods of disbursement and the priority of liens.
Exhibit C
Rental Rehabilitation Specific Terms

C-1 Under Affirmative Action requirements: Marketing Units to Tenants

An Owner/User of funding must agree in writing that for the term of the assistance granted under RIPRAP, they will comply with Nondiscrimination / Civil/Human Rights / Fair Housing / Equal Opportunity requirements and will make good faith efforts to attract to the housing eligible persons regardless of: race, color, creed, religion, national origin, sex, sexual orientation, marital status, familial status, public assistance, disability or age; and, that no discrimination will be exercised with respect to individuals or families in these categories as defined in various federal, state, and local civil/human rights, fair housing and equal opportunity laws and ordinances.

An Owner/User will be required to inform Tenants and Prospective Tenants of non-discrimination / civil/human rights / fair housing / equal opportunity laws and have Tenants and Prospective Tenants acknowledge receipt of a copy of such information at the time of application for tenancy. An Owner/User will utilize commercial media and provide announcements to housing referral agencies of the availability of units and utilize the equal housing opportunity logo and/or slogan in their advertisements and announcements. An Owner/User will keep records of their efforts to affirmatively market their property and annually certify that they have complied with affirmative marketing requirements.

C-2 Income and Rent Limits

The SCDP requires that after rehabilitation, 51% or more of the first tenants to occupy units must certify their household income does not exceed 80% of the area median income as shown in this table.

| Income Limit by Household Size – Itasca County as of 12/18/13 (HUD Determined) |
|--------------------------------------|---|---|---|---|---|---|---|
| No. in HH | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| Low Income @ 80% of Median | 34,000 | 38,850 | 43,700 | 48,550 | 52,450 | 56,350 | 60,250 | 64,100 |
| Very-low Income @ 50% of Median | 21,250 | 24,300 | 27,350 | 30,350 | 32,800 | 35,250 | 37,650 | 40,100 |

Rent Limit

C-2.1 Gross Rent to tenants must not exceed the Payment Standard shown in this table. The payment standard is established annually by ICHRA. Compliance with the Payment Standard on all units in the property rehabilitated is required for the full term of compliance set forth in the RIPRAP Project Agreement with the Owner/User.

| Maximum Gross Rent¹ by Bedroom Size – Itasca County as of 12/18/13 |
|---------------------------------------------------------------|---|---|---|---|---|
| No. of BR | 0 | 1 | 2 | 3 | 4 |
| Payment Std (110% of FMR) | 488 | 596 | 784 | 976 | 1047 |

¹Gross Rent means Rent plus Utilities or Allowance for Utilities
C-3.1 All Rehabilitation funding will be provided to Owner/Users as loans. The loans will be structured with terms favorable to the recipient as incentive to use the program.

<table>
<thead>
<tr>
<th>Standard Loan Terms:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan Maturity</td>
<td>7 years</td>
</tr>
<tr>
<td>Compliance Period</td>
<td>7 years</td>
</tr>
<tr>
<td>Interest Rate</td>
<td>5%</td>
</tr>
<tr>
<td>Repayment</td>
<td>Deferred Balloon – due in full at maturity*</td>
</tr>
<tr>
<td>Default</td>
<td>Due in full</td>
</tr>
<tr>
<td>Sale or Transfer</td>
<td>Due in full</td>
</tr>
</tbody>
</table>

The loan structure will be deferred repayment with a 7 (seven) year maturity with interest accrued at 5% (five percent).

*For full compliance with terms and conditions of the program, principal and interest are forgiven at maturity.

Each loan will be documented with a Loan Note and Agreement and a Real Estate Mortgage. Mortgages will be filed in the Real Estate records of the Itasca County Recorder.

C-3.2 The maximum project cost using the funds of Rehabilitation is limited to $5,600 per unit in a building with 3 or more residential units.

<table>
<thead>
<tr>
<th>Schedule of funding:</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Source</td>
<td>Percent</td>
<td>Per-unit</td>
<td>Example 4-unit project</td>
</tr>
<tr>
<td>Project Cost</td>
<td>100%</td>
<td>$ 8,000</td>
<td>$ 32,000</td>
</tr>
<tr>
<td>RIPRAP Deferred Loan</td>
<td>70%</td>
<td>$ 5,600</td>
<td>$ 22,400</td>
</tr>
<tr>
<td>Owner/User (minimum)</td>
<td>30%</td>
<td>$ 2,400</td>
<td>$ 9,600</td>
</tr>
</tbody>
</table>

Owners are allowed to make additional improvements at their own expense; however, the funding provided through this program must be secured with mortgage lien(s) subordinate only to a first lien mortgage, with some exceptions allowed by waiver at the discretion of Administering Entity.

The Scope of Work developed for a project will determine to what extent work can be done using program funding. The listed percent per source will be used in determining the amount of funding to be used from each source on the approved Scope of Work. The 30% from the Owner may be from cash or loans arranged by the Owner/User from private or public lenders.

If Owner/User portion is cash, it must be placed in escrow with ICHRA.

If Owner/User portion is from loans, there must be a written commitment from the lender(s) and a written agreement between the lender(s) and the ICHRA as to the means and methods of disbursement and the priority of liens.
Exhibit F
Property Rehabilitation Standards

The following standards are applicable to property rehabilitation using rehabilitation funds. These standards will be used in determining the eligibility of property for rehabilitation, developing a scope of work for rehabilitation and shall be met upon completion of the property rehabilitation.

F-1 COMPLIANCE WITH CODES. Rehabilitation of a property must be completed in accord with all currently applicable codes.

F-1.1 The completed rehabilitation must meet the current Minnesota State Building Code, Minnesota State Energy Code and any applicable health, safety or other code imposed where the property is located.

F-1.2 The Contractor will be responsible for applying for any and all applicable building permits and for compliance with any and all applicable code requirements.

F-1.3 The completed rehabilitation must result in the dwelling units being in compliance with HUD Housing Quality Standards (HQS).

F-2 SITE. The property site shall be reasonably free from hazards to the health, safety and general welfare of the tenants. The site shall not be subject to serious adverse environmental conditions, natural or manmade, such as:

F-2.1 Dangerous walks, steps, or instability; all steps and walks shall be level, free from dangerous cracks, crumbling or breaks, tripping hazards, broken and missing materials, etc., and have sufficient pitch to prevent water accumulation.

F-2.2 Flooding, poor drainage, or mudslides; the property shall have positive drainage away from the dwelling units to prevent standing water at the foundation and be situated and landscaped in such manner as to prevent mudslides into the building or close proximate premises.

F-2.3 Septic tank back-up, sewer hazards; the property shall meet all sanitary code requirements.

F-2.4 Excessive accumulations of trash; any materials which accumulate on the property shall be removed, or screened and arranged in a manner which does not detract from the general appearance of the neighborhood.

F-2.5 Fire hazards; the site shall be free from fire hazards, such as the storage of highly flammable materials, etc.

F-3 ACCESS. The property shall have adequate access for the occupants.

F-3.1 The building(s) and the dwelling units shall be usable and capable of being maintained without the unauthorized use of other private properties. The property shall be adjacent to an access street or road.

F-3.2 Alternative means of egress shall be provided in case of fire (e.g., fire stairs or egress through windows).

F-4 STRUCTURE AND MATERIALS. The building(s) and dwelling units shall be structurally sound, free from threats to the health and safety of the occupants and shall protect the occupants from the environment.
F-4.1 Ceiling, walls (interior and exterior), floors, roofs, porches, etc., shall not have any serious defects such as severe bulging or leaning, large holes, loose surface materials, severe buckling or noticeable movement under walking stress, missing parts, or other serious damage. Where crawl spaces or basements exist, all first floor structural wood members, including floor joists, plates, piers and pilings shall be inspected for cracked, broken, rotten or otherwise damaged conditions. Damaged members shall be repaired or replaced as required. The exterior and interior walls shall be weather tight in a manner that prevents, to the extent reasonably possible, heat loss in the winter and cooling loss in the summer. This includes the repainting or installation of siding to protect the exterior surface from the elements. The interior walls shall be repaired or replaced as required to meet this standard.

F-4.2 The roof structure shall be firm and the roof shall be weather-tight. All roof framing members shall be free from cracks and rot. The roof sheathing shall be solid and free from sagging, buckling and heaving. If the roofing appears to be nearing the end of its functional life, it shall be replaced. If financially feasible, the roofing shall be stripped all the way down to the sheathing and replaced. If the roof is structurally adequate and costs dictate, a second layer of roofing may be installed over the first layer. If there are already two or more layers of roofing materials, the roofing shall be stripped down to the sheathing and replaced.

F-4.3 The exterior wall structure and the exterior and interior wall surfaces shall not have any serious defects such as serious leaning, buckling, sagging, cracks or holes, loose materials, loose siding, or other serious damage. Concrete block or brick foundations, piers and pilings shall be inspected for loose mortar joints. All empty or cracked mortar joints shall be tuck-pointed in an acceptable manner to match, as closely as possible, the rest of the structure.

F-4.4 The condition of interior and exterior stairways, halls, porches, walkways, etc. shall not present a danger of tripping or falling. Crumbling, cracked, broken, missing or uneven conditions shall be repaired or replaced as necessary. Handrails shall be properly installed on all stairways.

F-4.5 All out-buildings such as garages and storage sheds shall be repaired to a usable condition or removed from the Property.

F-4.6 The general appearance of the outside of the building and the property, after rehabilitation, shall make a positive contribution to the general appearance of the neighborhood.

F-5 WATER SUPPLY. The water supply shall be free from contamination.

F-5.1 The building(s) shall be served by an approved public or private sanitary water supply.

F-5.2 There shall be water heaters of sufficient capacity to serve present and anticipated future residents.

F-5.3 Hot and cold water shall be supplied to all kitchens, baths and laundry facilities in all dwelling units and common areas.

F-5.4 All water lines shall be protected from freezing.

F-6 INTERIOR AIR QUALITY. The building shall be free of pollutants in the air at levels which threaten the health of the occupants.
F-6.1 The building shall be free from dangerous levels of air pollution from carbon monoxide, sewer gas, fuel gas, dust and other harmful air pollutants. All gas or oil fired systems and appliances shall have proper venting to the outside of the building for combustion gases.

F-6.2 Air circulation shall be adequate throughout the building and dwelling units. All windows designed to open shall open easily, be provided with proper window hardware and with storm windows and screens properly installed and maintained. All windows with easy access from the outside shall have locks.

F-6.3 Bathroom areas that contain a toilet shall have at least one window that can be opened or other adequate exhaust ventilation, vented to the outside.

F-6.4 Kitchen areas shall also have adequate ventilation via air exchange, circulation or exhaust.

F-7 ILLUMINATION AND ELECTRICITY. Each room shall have adequate natural or artificial illumination to permit normal indoor activities and to support the health and safety of the occupants. Sufficient electrical outlets shall be provided to permit use of essential electrical appliances while assuring safety from fire.

F-7.1 Living and sleeping rooms shall include at least one window; if the room is located below grade, the window must meet egress requirements.

F-7.2 A ceiling or wall light fixture, operated by a wall switch, shall be present in the kitchen, bath, bedrooms, and hallways.

F-7.3 At least two electric outlets shall be present and operable in the living area, kitchen, and each bedroom area. Outlets installed in a kitchen or bathroom in the general location of water shall be protected by ground fault interrupter in accordance with state electrical code. All outlets installed as a result of the rehabilitation shall be of the grounded type.

F-7.4 Each dwelling unit shall be provided with at least 100-amp service and a sufficient number of circuits to service present/anticipated use of the unit.

F-7.4.1 There shall be separate circuits for any air conditioners (window included), electric dryers, electric stoves and other special appliances.

F-7.4.2 There shall be a separate minimum 20-amp circuit for the heavy workload area in the kitchen.

F-7.4.3 With the exception of kitchens (see 7.4.2), all other rooms shall be assessed relative to their use of electricity and additional outlets and switches installed based on anticipated usage and safety factors.

F-7.5 Connection at the main service to the dwelling units shall be in compliance with code.

F-7.5.1 Placement of the connection shall be out of reach of children.

F-7.5.2 Proper anchoring shall be used.

F-7.6 All exposed “knob and tube” wiring shall be removed. If replacement is necessary, it shall be done in accordance with code.

F-7.7 All hazardous conditions such as broken switches and outlets, missing covers, bare wiring, and fixtures not properly installed or anchored, shall be repaired or replaced in accordance with code. It is recommended that all “pendant” type fixtures be replaced with an appropriate ceiling or wall fixture.
F-7.8 Even though a room may meet criteria of 7.3, if the inspection reveals the use of octopus plugs, adapters, extension/zip cords, or other unsafe practices, additional outlets shall be installed.

F-8 THERMAL ENVIRONMENT AND EFFICIENCY. The building(s) and each dwelling unit shall have and be capable of maintaining a thermal environment healthy for the human body.

F-8.1 The building(s) shall contain safe heating and cooling facilities which are in proper operating condition and provide adequate heating or cooling to each room in each dwelling unit appropriate for the climate to insure a healthy living environment. The heating and cooling facilities shall be inspected for proper functioning and tested if necessary. All parts of the venting system for central heating and cooling units shall be in proper working condition. Specifically:
  F-8.1.1 Vent pipes shall be free of rust and be properly maintained.
  F-8.1.2 Where vent pipes are connected to a masonry chimney, that chimney shall be inspected and repaired if necessary to ensure that all mortar joints are tightly sealed or be lined with a sealed liner.
F-8.2 Unvented room heaters which burn gas, oil or kerosene are not permitted.
F-8.3 Attic space shall be insulated to a rating of no less than R-30 (or higher if specified in local code) with acceptable insulating material. When adding insulation to the attic, it shall be brought up to a rating of R-44 or as close thereto as physically and financially feasible. Cellulose shall be acceptably rated for fire resistance as derived from flame-spread tests.
F-8.4 Weather stripping shall be applied as needed around all doors and windows.
F-8.5 Storm windows and doors shall be installed whenever it is determined appropriate for conditions and it is financially feasible.
F-8.6 Any exterior building wall, which is opened down to the studs during the course of the rehabilitation, shall be fully insulated with an acceptable insulating material.
F-8.7 All joints in the building envelope shall be sealed with appropriate sealant. All brittle or loose sealant shall be replaced.
F-8.8 Supply and return heating and air conditioning ducts shall be insulated wherever they run through unheated spaces.
F-8.9 Wherever space heaters or floor furnaces are used, they shall be inspected for proper functioning, evaluated for efficiency and a determination made as to whether they shall be replaced with a properly installed, more efficient central heating and cooling system.

F-9 SANITATION FACILITIES. Each dwelling unit shall include its own sanitation facilities which are in proper operating condition, can be used in privacy, and are adequate for personal cleanliness and the disposal of human waste.

F-9.1 A flush toilet, a fixed basin with hot and cold running water, and a bathtub or shower with hot and cold running water shall be present in each dwelling unit and shall be fully operational. The toilet and basin shall be located in close proximity to one another. Likewise, the tub or shower should be located in close proximity to the toilet and basin if reasonably possible. The toilet shall be located in a room separated from other rooms by a door and the room must have ventilation via a window that opens or exhaust ventilation to the exterior of the building.
F-9.2 These facilities shall be connected to an approved public or private sewage disposal system. The connection plumbing shall be inspected and repaired if necessary to correct any sewage leakage.
F-9.3 Where a private sewage treatment system is in use, certification of adequacy shall be obtained from the responsible unit of government.

F-10 SPACE AND SECURITY. Each dwelling unit shall afford the residents adequate space and security.
F-10.1 A living room, kitchen area, and bathroom shall all be present.
F-10.2 The dwelling unit shall contain at least one sleeping or combined living and sleeping room of appropriate size for each two persons.
F-10.3 Exterior doors and windows accessible from outside the building shall be lockable.
F-10.4 Dwelling unit entrance doors from a common use space such as vestibule or hallway shall be lockable.
F-10.5 Each floor of the building and each dwelling unit must have U.L approved smoke detectors in accordance with code.
F-10.6 Each floor of the building and each dwelling unit must have U.L. approved carbon monoxide detectors in accordance with code.

F-11 FOOD PREPARATION AND REFUSE DISPOSAL. Each dwelling unit shall contain suitable space and equipment to store, prepare, and serve food and dispose of waste and refuse in a sanitary manner.
F-11.1 Each dwelling unit shall contain the following equipment in operating condition:
F-11.2 Cooking equipment appropriate for the type, and anticipated occupancy of the dwelling unit;
F-11.3 Refrigerator of appropriate size for the anticipated occupancy of the dwelling unit;
F-11.4 Kitchen sink plumbed with hot and cold running water and plumbed to drain into an approved public or private sewer system.
F-11.2 Adequate space for the storage, preparation and serving of food shall be provided. Food storage space shall be cabinets or pantry type storage. Food preparation space shall be counters or other horizontal workspace.
F-11.3 There shall be adequate facilities and services for the sanitary disposal of food waste and refuse, including facilities for temporary storage where necessary.

F-12 SANITARY CONDITION. The building(s) and its equipment shall be in sanitary condition.
F-12.1 The building, its equipment, and each dwelling unit shall be free of rodent, insect and other vermin infestation.