

**Inspiring Communities
Homeownership Development Program Manual
Housing and Redevelopment Authority of the City of Saint Paul and
the City of Saint Paul**

July 13, 2022

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I. Purpose

This Program Manual guides certain new construction and rehabilitation of single-family homes being carried out under agreements with the Housing and Redevelopment Authority of the City of Saint Paul (the “HRA”) or the City of Saint Paul (the “City”), or both. This Program Manual includes policies and procedures to be followed regarding eligible uses of HRA funds, City funds, and state and federal funds administered by the City or HRA. It addresses rehabilitation, construction, marketing and sale, homebuyer counseling and education, and homebuyer assistance.

Provisions of this Program Manual may be modified by the Director on the recommendation of Staff provided such modifications are not in conflict with Project Funding requirements and relevant actions of the Authority, including but not limited to HRA Board approval of key terms of this Program Manual by [Resolution 22-1072](#).

If any provision in this Program Manual, including any provision as modified by the Director, is inconsistent with the Agreement, the Agreement controls. If any provision of either the Agreement or this Program Manual is less restrictive than an applicable Project Funding requirement, the Project Funding requirement controls.

II. Definitions

Affordability Period: The period during which the project must remain affordable as required by the source or sources of financing.

Agreement: The Development, Loan and Grant Agreement, Grant Agreement, or Development Agreement entered into by Authority and Developer for the purpose of carrying out a Project or Projects.

Area Median Income (AMI): The median income for the Minneapolis-Saint Paul-Bloomington Metropolitan Statistical Area as published and updated annually by HUD and adjusted for household size.

Authority: The HRA, the City, or both, depending on which is or are named as parties to the Agreement.

Buyer: The buyer of a rehabilitated or newly constructed property.

City: The City of Saint Paul, a Minnesota municipal corporation and home rule charter city.

Community Development Block Grant (CDBG) Funds: Federal funds the City receives as recipient from HUD under the Community Development Block Grant program.

Community Homeownership Impact Fund (CHIF) Funds: State funds administered by the HRA pursuant to the Minnesota Housing Finance Agency’s Community Homeownership Impact Fund program.

Developer: The developer named in an Agreement with the City or HRA. May also be referred to as a Grantee, Subrecipient, Contractor, or Borrower.

Development Subsidy: Funds awarded by the City or HRA to the Developer for purposes of covering all or a portion of the Value Gap. In no case may the amount of Development Subsidy exceed the Value Gap.

Director: The person acting in their capacity as either the City's Director of Planning and Economic Development or Executive Director of the HRA.

Homebuyer Assistance: Funds provided by the Authority directly or indirectly to a Buyer to cover all or a portion of the gap between the Buyer's other sources (such as a first mortgage loan and including the Buyer's minimum contribution) and the costs to purchase the Property, inclusive of the purchase price and the Buyer's settlement costs.

HRA: The Housing and Redevelopment Authority of the City of Saint Paul, a Minnesota public body corporate and politic, with an address of 25 West Fourth Street, Suite 1100, Saint Paul, MN 55102.

HUD: The U.S. Department of Housing and Urban Development.

Local Funds: Public funds received by the City or the HRA through bond, tax, and fee revenue and non-federal program income.

NSP: HUD's Neighborhood Stabilization Program established by the Housing and Economic Recovery Act of 2008, the American Recovery and Reinvestment Act of 2009 and the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010.

The Inspiring Communities Program (Program): The activity authorized by the Housing and Redevelopment Authority of the City of Saint Paul through the approval of the Disposition Work Plan and Budget (Resolution 13-1097) and through the approval of the Inspiring Communities Homeowner Program Manual and Rental Program Manual (Resolution 13-1592), and subsequent related resolutions.

Project: The rehabilitation and resale, or new construction and resale, of a Property.

Project Budget: A development and operating budget submitted by the Developer and approved by the HRA, the City, or both, that sets forth the anticipated total development costs, maximum Development Subsidy, and the anticipated sales price for a particular Project (see Appendix A).

Project Funding: Any and all governmental and private funds, including Developer's cash, used to pay Project costs.

Project Manager: The employee of the City so designated by the City's Director of Housing.

Property: A one-to-four unit structure, along with the land and other real estate of which it is part, that is or will be occupied by a Buyer.

Staff: Employees of the City's Department of Planning and Economic Development, including the Director of Housing and/or their reports.

Value Gap: The difference between the total development costs of a Project and the sales price of the Property to an end buyer.

III. General Terms of Authority Financing

Developer's expenditures for program delivery will be limited as follows:

A. Approval and Funding of Demolition Costs

Primary structures on properties acquired may not be demolished unless they are: 1) declared as blighted in a written notice provided by Authority or 2) determined and agreed to by Authority not to be economically feasible to rehabilitate to a condition in which the property is marketable.

B. Maximum Development Subsidy Per Unit

The maximum Development Subsidy per Property set forth in the Agreement must not exceed \$200,000 per unit unless the HRA board approves a request from Staff to exceed \$200,000 per unit.

Requests to Increase the maximum Development Subsidy

Requests to increase the maximum Development Subsidy must be submitted in writing and include supporting documentation. Such request may be granted without specific approval from the HRA Board, if:

1. The HRA Board has approved the subsidy request proposed in the Developer's original proposal; and
2. Any proposed increase to the subsidy request is less than or equal to 20% of the subsidy approved by the HRA Board; and
3. The resulting total amount of Development Subsidy per property is less than or equal to \$200,000 per unit or the HRA Board has previously approved a waiver of the \$200,000-per-unit cap for the same property; and
4. Staff evaluates the proposed increase according to established criteria; and
5. The Director or their designee approves the proposed increase in writing on the recommendation of Staff after consideration of established criteria.

Requests to increase the Development Subsidy by an amount greater than 20% or to a total of more than \$200,000 per unit on a given project require specific approval from the HRA Board.

Staff will maintain specific criteria by which it will consider requests to increase the amount of Development Subsidy in a project.

C. Developer Fee

Developer fee per Project is not to exceed 10% of total development costs less the acquisition purchase price.

D. General Contractor Fee

If Developer is acting as general contractor and thus hiring and managing subcontractors, Developer may charge an additional fee in the form of a 6% general contractor fee of net construction costs and 2% mark up for overhead based on net construction costs. However, such markup may not be applied to non-construction costs such as taxes, insurance, security, general requirements, or working capital costs. No such fees will be paid to Developer for any property that is rehabilitated or built by a third-party general contractor.

E. Design and Construction Management Fee

Developer may pay no more than 6% of hard costs for architectural services and construction management services payable to a third party.

F. Contingency

Developer may designate a construction contingency not to exceed 10% of hard costs for rehabilitation projects and 5% of hard costs for new construction projects.

G. Marketing Costs

Developer may pay no more than 6% of the sale price as a commission to a licensed third-party real estate broker. If Developer sells the home without a broker's assistance, Developer may earn a fee in the same amount as a broker with written approval of fair marketing program from the Authority. Additionally, Developer may expend up to \$500 per property for marketing costs such as advertisements and flyers. If marketing is funded for multiple properties, the costs of such marketing must be allocated to each property.

H. Project Completion and Funds Reconciliation

All Projects must achieve Project Completion and undergo Funds Reconciliation.

Project Completion occurs when all rehabilitation and construction, including punch list items, has been completed and certified by the Developer and Project Manager via the Certificate of Completion of Construction and Rehabilitation, the Property has been conveyed to an eligible Buyer, all documents to be recorded pertinent to the transaction, including Homebuyer Assistance mortgages, have been recorded,

Prior to the Authority's final disbursement of Development Subsidy and within 90 days of Project Completion, the Authority and Developer must conduct Funds Reconciliation. Funds Reconciliation is the Authority's verification of the Project's total development costs and final sales price. The Developer must provide the Authority with all documents that the Authority reasonably requests to conduct Funds Reconciliation, including but not limited to real estate closing statements, lien waivers, invoices, receipts, construction and services contracts, sworn construction statements, and Developer's and developer's affiliates' accounting books and records pertinent to the Project.

I. Net Proceeds of Sale

When there are Net Proceeds of Sale, Developer will transmit the Net Proceeds of Sale to the Authority.

The determination as to whether there are Net Proceeds of Sale is as follows:

1. Start with the lesser of a) the maximum total development costs approved by the Authority as part of the Project Budget or b) the Developer's actual total development costs upon Project completion, subject to verification by Staff.
2. Subtract the actual sale price to the end buyer. (See Section VI. of this Manual for instructions and limitations on the sale price.)
3. Equals Final Value Gap.
4. If the Final Value Gap is less than the Value Gap in the Project Budget approved by the Authority (the "Estimated Value Gap"), there *are* Net Proceeds of Sale. If the Final Value Gap exceeds the Estimated Value Gap, there *are no* Net Proceeds of Sale.

If there are Net Proceeds of Sale, next determine the amount of Net Proceeds of Sale:

1. Subtract the Final Value Gap from the Estimated Value Gap.
2. Equals Net Proceeds of Sale.

If the Developer has pledged additional sources to cover a Project's Value Gap, such as in kind donation of land, volunteer labor, or other sources of value gap financing, those amounts must not be reduced in the final Project accounting in order to demonstrate a higher need for Development Subsidy from the Authority. Any development costs in excess of the total development costs as stated in the Project Budget approved by the Authority are the sole responsibility of the Developer except as otherwise indicated in this Manual.

Net Proceeds of Sale, if any, shall be divided equally by the Authority and the Developer, up to a cap of \$10,000 payable to the Developer. Once the cap is reached all remaining Net Proceeds of Sale will be returned to the Authority and reallocated at the sole discretion of the Authority, subject to funders' requirements.

J. Form of Development Subsidy

Development Subsidy provided by the Authority shall be secured with a note and mortgage. Development Subsidy funds shall be at 0% interest and forgivable upon sale to a Buyer.

The market value of HRA- or City-owned real estate that is part of a Project is generally included in the Development Subsidy. The Authority is solely responsible for assigning market value to HRA- or City-owned real estate in accordance with all applicable laws, rules, and policies.

IV. Rehabilitation and New Construction

A. General Responsibilities

The Developer is responsible for preparing plans and specifications that conform to Project Funding requirements, including the Inspiring Communities Design Standards (see Appendix C), estimating rehabilitation and construction costs, managing contracts, and managing the construction process. Developer assumes all risks of cost overruns in excess of the construction and contingency budget line item in the approved Project Budget, unless the Authority approves a revised Project Budget.

The Authority is responsible for approval of the Project, providing and interpreting the Inspiring Communities Design Standards; approving Plans and Specifications and Project Budgets; monitoring the work; and approving draw requests.

B. Plans and Specifications

Plans and Specifications must be submitted by the Developer to the Authority, must be approved by the Authority or its Project Manager prior to the start of the Project, and must include the following:

1. General requirements for which the builder is responsible (permits, fees, mobilization, site utilities, site security, builder's risk insurance, etc.);
2. Site plans showing fencing, landscaping, on-site parking and other site improvements to be made;
3. Working drawings and materials specifications, including selection of appliances and finishes, for any new construction or substantial rehabilitation;
4. Rehab specifications that show quantity, size, and materials specification, including selection of appliances and finishes, for all items;
5. Remediation of any lead paint and other environmental hazards;
6. Compliance with the Inspiring Communities Design Criteria, attached as Appendix C, including:
 - a. Compliance with the Enterprise Green Communities Criteria as modified by the Minnesota Housing Finance Agency's Minnesota Overlay to the Enterprise Green Communities Criteria, including a) completion of the [Single Family – Intended Methods Worksheet](#) available on Minnesota Housing's Community Homeownership Impact Fund webpage or b) prebuild submittal to Enterprise Community Partners.

- b. Compliance with the Authority's Sustainable Building Ordinance (Chapter 81 of the Code of Ordinances) if the Project is receiving more than \$200,000 from the Authority.
- c. All other Inspiring Communities Design Criteria.
- d. Compliance with the Visitability requirement (new construction only).

Changes to the Plans and Specifications must be made only if approved by the Project Manager.

C. Cost Estimates

Developer is responsible for producing cost estimates in a form approved by Staff, as follows:

1. Rehab cost estimates will be completed in a line-item, sworn construction statement with one work item per line unless an alternative form of estimate is approved in writing by the Project Manager;
2. Cost estimates for construction of new structures and substantial rehabilitation will be based on take-offs from the working drawings of the quantities of materials and labor required or compilations of costs for similar and recently-built or renovated structures;
3. Site improvement cost estimates will be completed for each improvement and based on take-offs of quantities of materials and labor required;
4. Construction work must be competitively bid in accordance with the Two-Bid Policy attached as Appendix J, except as set forth in C.5. and C.6 below. The cost estimate may be used to inform a determination as to whether bids are reasonable;
5. Work to be completed by Developer acting as general contractor. The cost estimate for each project must be reviewed by the Project Manager to determine cost-reasonableness and approved by the Project Manager. When approved, the cost estimate becomes a schedule of values which is used by the Project Manager to determine the value of work completed for the purpose of approving draw requests.
6. If a contractor has been simply designated and not selected through a competitive bidding process, the contractor's selection must conform to the Two-Bid Policy, the price proposal of such contractor must be reviewed by Authority to determine cost-reasonableness, and the contractor's selection must be approved by Authority. When approved (and possibly amended by) the Authority, the price proposal becomes a schedule of values which is used by the Project Manager to determine the value of work completed for the purpose of approving draw requests.

D. Bid Packages

Developer will prepare bid packages with the following components for all work being performed by third-party firms, distribute such bid packages to at least three third-party firms, and ensure compliance with the Authority's Two Bid Policy. Bid packages must include:

1. A narrative that includes a general description of the processes for bidding, awards, construction monitoring, lien waivers, and construction draws. The narrative will include the method of submitting proposals, a due date, and criteria for selection;
2. Plans and specifications including general requirements, site plans and materials specifications;
3. A form for describing the bidder's experience and licenses;
4. Evidence of required insurance;
5. A price proposal form;
6. Notices regarding compliance with certain laws, rules, regulations and policies of the HRA, the City, and the state or federal government must be included in bidding packages when required by the Agreement or by law. Such notices may need to address one or more of the following:
 - HUD Section 3
 - City of Saint Paul's [Affirmative Action Program](#)
 - [Prevailing Wage Standards](#) (federal, state, or local)
 - City of Saint Paul's [Vendor Outreach Program](#)
 - City of Saint Paul's Vicinity Hiring policy (for NSP Projects only)
 - City of Saint Paul's [Project Labor Agreement Resolution](#)
 - [Saint Paul Sustainable Building Ordinance or Sustainability Initiative](#) (Contained in Appendix C, Design Standards)
 - [Two Bid Policy](#)

See the Agreement for more information regarding compliance requirements.

E. Third Party Contracts Related to the Project

The Developer must submit prior to closing copies of all proposals related to the Project it has received and all associated contracts executed between the Developer and third parties, unless Staff waives or modifies this requirement.

F. Construction Monitoring Inspections

Authority's and Developer's roles and responsibilities are as follows:

1. Developer is responsible for monitoring the quality, completeness and conformity to the Plans and Specifications of all work performed by third-party contractors, and-if

Developer is also the general contractor-all work performed by Developer’s personnel or subcontractors;

2. The Authority shall assign a project manager (“Project Manager”) to accompany Developer or their designated representative in construction meetings, construction draw inspections, and the punch list inspection as needed. Authority may approve draw requests or deny all or a portion of a draw request for cause.

G. Developer’s Requests for Funds

Requests for funds disbursement from the Authority, which may also be referred to as draw requests or disbursement requests, during construction must be presented by the Developer to the Project Manager, along with lien waivers, photographs verifying the completion of pertinent construction activity, and any other required attachments described on the disbursement request form approved by the Authority, in the Agreement, and in this Program Manual. Photographs of the Project may be provided either by Developer, by Staff, or both. Construction draw requests may include requests for reimbursement of soft costs in the approved Project Budget, up to the aggregate total amount of the line item budget amounts for construction and soft costs. See Section VI for additional requirements for draws of Authority funds. Authority is responsible for reviewing, approving or denying with cause, and processing approved draw requests in a timely manner.

The Developer may submit a final draw request only upon Funds Reconciliation, as Funds Reconciliation is defined in this Program Manual.

H. Change Orders to Developer’s Third-Party Contracts Related to the Project

Developer may approve change orders in its contracts with third parties up to a combined amount equal to the contingency budget line item, except that such change orders also resulting in changes to the Plans and Specifications must be approved by the Project Manager. Developer is responsible for all costs exceeding the contingency budget amount, unless the maximum Development Subsidy is increased according to Section III.B. of this Program Manual.

The Authority and Developer may accept change orders and approve revisions to the Project Budget in accordance with the preceding paragraph at any time prior to the completion of the closeout accounting for the Project.

- I. Substantial Completion of Construction and Rehabilitation; Final Inspection** Upon completion of all construction or rehabilitation, excluding any minimal punch list items such as those delayed due to weather, Developer will issue a notice of substantial completion or final completion of construction or rehabilitation to the Project Manager
—see the form in Appendix D.

V. Eligible Uses of Funds

Authority funds are available for funding total development costs indicated in the Project Budget, up to the funding amounts stated in the Project Budget. Developer is responsible for obtaining other funding indicated in the Project Budget and any additional funding required in the event that costs exceed the total amount of the Project Budget. Developer will follow these procedures with draws of funds awarded through the Agreement:

Disbursement (also referred to as draws) of Authority funds will generally be on a reimbursement basis. Eligible costs can be reimbursed on a per-Project basis according to the following schedule:

- **First disbursement:** at the time the property is sold to the Developer, Developer may finance up to the full amount of the purchase price, and be reimbursed for eligible expenses, including up to 1/3 of the Developer Fee.
- **Interim disbursement(s)** (during construction): up to 2/3 of remaining Value Gap financing, if any, may be drawn upon sufficient expenditures to justify reimbursement. A portion of the Developer Fee may be drawn so long as 1/3 or more of the Developer Fee remains undisbursed until the final disbursement.
- **Final disbursement:** remaining Development Subsidy, including remainder of the Developer Fee, may be drawn following Funds Reconciliation.

Requests for funding of soft costs must be accompanied by invoices or other documents from subcontractors or other third parties indicating payment of eligible rehab/construction and soft costs as indicated by the line items in the Project Budget.

Investment of funds awarded through the Agreement may be secured with a note and mortgage, to be forgiven upon sale to an eligible Buyer.

VI. Marketing and Sale of Property

A. Responsibility for Marketing and Sale

Developer is responsible for marketing the Property and selling to qualified buyers. If a property does not sell in accordance with the anticipated sales timeline, resulting in cost overruns that cannot be paid out of the Project Budget, Developer will be responsible for the additional costs.

B. Advertised Sale Price; “Subject-to” Appraisal Required

In developing the Project Budget, Developer must obtain an appraisal “subject to” the rehabilitation scope of work or construction plans and specifications. This value must be used to establish the advertised sale price of the housing unit(s). If dated more than six (6) months prior to making the Property available for sale, the appraisal must be updated and the updated appraised value must be used to establish the advertised sale price of the housing unit(s).

The advertised sale price may be reduced by an amount less than or equal to the maximum amount of Homebuyer Assistance available for the Property together with any other down payment or closing cost assistance available for the Property, provided the appraised value is also provided in the listing, the listing indicates the final sale price is based on the appraised value rather than the advertised sale price, the anticipated amount of Homebuyer Assistance is consistent with this Program Manual and clearly identified as an “up to” amount, and availability of Homebuyer Assistance is subject to verification of the buyer’s eligibility.

C. Possible Adjustments in Price at Time of Sale to Eligible Buyer

If the value of the unit as determined by an appraisal completed in connection with the Eligible Buyer’s first mortgage financing is less than the contract sales price, the contract sales price must be reduced to equal the first mortgage lender’s appraised value.

D. Final Sale Price

Property sale price must be 1., 2., or 3. below, whichever is least:

1. The appraised value obtained in Part B of this Section.
2. The appraised value obtained in Part C of this Section.
3. Only for Properties subject to NSP regulations, the amount equal to the total development cost. For the purposes of this requirement, total development cost is the sum of the following:
 - Acquisition cost
 - Construction cost
 - Soft costs including the developer fee
 - Costs of providing Buyer financial assistance

These costs must be accounted for regardless of the source or sources of funds used to pay the costs.

NSP regulations do not allow the following to be considered as total development cost when determining sale price:

- Boarding up of vacant homes
- Lawn mowing
- Maintaining the property in a static condition
- The cost of completing a sales transaction or other disposition if the redevelopment or rehabilitation costs were not NSP funded

For purposes of compliance with NSP regulations, any such reduced prices shall be considered to be the current market value of the home, regardless of the value determined by an appraisal or any other means.

Note that the Final Sale Price factors into the determination of the final Value Gap and Net Proceeds of Sale (see Section III.I. of this Manual). Therefore, the Final Sale Price directly affects the amount of funds the Authority may disburse to the Developer.

E. Marketing Plan and Budget; Partial Exemption for Sales to First-Generation Buyers

Properties must be marketed according to a Marketing Plan.

The Marketing Plan must include the following elements:

1. Either A. or B.:

A. Methods of affirmative outreach to residents within the immediate area and to potential Under-Resourced Buyers. An Under-Resourced Buyer is an individual or individuals who, but for Homebuyer Assistance available through the Program, would not qualify for the property while paying less than 30 percent of their household income for housing. This outreach must include, but need not be limited to, notification of the Project Manager, other Staff and HUD-approved pre-purchase counseling providers based in Saint Paul so that they may pass along marketing materials and notify potential Under-Resourced Buyers with which they are engaged of the potential opportunity to purchase the Property. As of October 2021, these are:

- Project Manager: as assigned
- Other Staff: Zong Vang, or her successor:
zong.t.vang@ci.stpaul.mn.us, 651-266-6564
- Neighborhood Development Alliance (NeDA):
www.nedahome.org/contact, 651-292-0131
- NeighborWorks Home Partners:
hello@nwhomepartners.org, 651-292-8710
- LSS Financial Counseling:
lssfinancialcounseling@lssmn.org, 888-577-2227
- Comunidades Latinas Unidas en Servicio (CLUES):
info@clues.org, 651-379-4200
- Model Cities, Inc.:
info@modelcities.org, 651-632-8350

B. Restriction of Sale to a First-Generation Buyer. If sale of the Property is limited to a First-Generation Buyer as defined below, the Developer is exempted from the affirmative outreach described in Section A. above.

A First-Generation Buyer is someone: 1. Who does not currently, nor have they previously owned a home; and 2. Whose parent(s)/legal guardian(s) do not currently, nor have they previously owned a home in the Buyer's lifetime; and 3. Whose spouse, if married, does not currently own a home and has not previously owned a home; or 4. Who was in foster care.

2. Other means of advertising homes for sale, including flyers, mailings/postcards, advertisements at local or strategic venues, etc. Printed materials and advertisements must include equal opportunity language;
3. Language for use in flyers, advertising and listings regarding income qualifications of buyers and any assistance being offered to buyers;
4. Method for managing a list of potential buyers or interested parties;
5. Sample disclosure statements to be given and explained to Buyer prior to signing purchase agreements and at closing (see Section VII.H, below)

F. Multiple Listing Service (MLS) Exposure Required

In the interest of promoting a process where a large number of buyers and agents have adequate time to react to new listings, all homes sold through the Program will be required to be publicly listed for sale on the Multiple Listing Service (MLS) for a period of no less than seven (7) days before an offer is accepted.

The listing must state that sale is restricted to buyers of a certain income level at the time of sale who agree to own and occupy the home and that Homebuyer Assistance for qualifying purchasers is available from the Saint Paul HRA. The listing must also state the sale is restricted to First-Generation Buyers if so restricted according to the Developer's Marketing Plan.

G. No Discrimination on Basis of Buyers' Financing Contingency

Developers must not discriminate against potential Buyers whose offers are contingent on mortgage financing of any type, Homebuyer Assistance, other forms of down-payment assistance, or a combination of these sources.

H. Disclosures to Potential Buyers

Developer must make certain information available to potential buyers. This information must include:

1. A lead hazard risk assessment completed by a certified lead hazard risk assessor for any home built prior to 1978;
2. A lead clean to clearance report indicating that the property has "passed" the post-rehab lead testing for any home built prior to 1978, if a clearance report is otherwise required;
3. Radon test reports either indicating acceptable levels of radon or that no radon is present or that a radon mitigation system has been installed;

4. A Certificate of Occupancy, Code Compliance or Truth in Sale of Housing report, or each such report as otherwise required;
5. The final Home Performance with ENERGY STAR certificate or final Home Energy Rating System (HERS) report from the third party energy auditor;
6. Any remaining work to be completed on the property (outstanding items must be minor and/or be due to weather);
7. A Buyer Information Packet (see Appendix E), including: Authorization to Release Information, Income and Asset Worksheet, Demographic Questionnaire, Certification of First-Generation Buyer Status, Privacy Notice, Household Demographic/Project Consent Forms and Tennessee Warning;
8. Homebuyer Assistance Guidelines (see Appendix H);
9. Copies of the Homebuyer Assistance Mortgage(s) and Note(s) (see Appendix G);
10. Inspiring Communities Addendum to Purchase Agreement (see Appendix I);
11. Any declarations of restrictive covenants or deed restrictions to which the Property is or will be subject;
12. A copy of the deed with all encumbrances listed.
13. If applicable (See Section E.1.B. above): Disclosure regarding availability of Property to First-Generation Buyers only (may be indicated on the Certification of First-Generation Buyer Status within the Buyer Information Packet).

VII. Homebuyer Requirements

A. Income Eligibility

Developer must sell to a household whose gross annual income meets the respective funding program requirements for the property as defined in the Agreement. The Developer must provide prospective buyers with the Buyer Information Packet (see Appendix E) and request a completed packet along with a purchase offer. Income will be verified by Staff according to the Income Verification and Documentation Policy.

B. Housing Ratio Eligibility

In no case may a Buyer's Household Housing Ratio exceed 30% after accounting for Homebuyer Assistance (see Section IX).

The Household Housing Ratio is the total monthly payments of principal and interest on the first mortgage and any subordinate mortgages on the subject property, homeowners' and mortgage insurance, property taxes, homeowners' association dues and community land trust ground lease fees, divided by the gross monthly income of the household as determined by dividing the gross annual income (determined according to Section VII.A. above) by 12.

C. Primary Mortgage Eligibility

The Buyer's first-position mortgage loan must be a fully amortized, fixed-rate mortgage loan, with a term of no less than 30 years.

D. First-Generation Buyer Eligibility

The Developer may restrict sale of Property to First-Generation Buyers in accordance with their Marketing Plan. A First-Generation Buyer is someone: 1. Who does not currently, nor have they previously owned a home; and 2. Whose parent(s)/legal guardian(s) do not currently, nor have they previously owned a home in the applicant’s lifetime; and 3. Whose spouse, if married, does not currently own a home and has not previously owned a home; or 4. Who was in foster care.

First-Generation Buyer status is not a pre-condition for purchase unless required according to the Developer’s Marketing Plan.

E. Homebuyer Education Requirement

Buyers must attend Neighborhood Stabilization Program-approved homebuyer education prior to purchase and provide Staff with proof of completion. All borrowers listed on the purchase agreement and mortgage must attend. Proof of completion must not be more than 12 months old at the time of closing.

F. Principal Residency Requirement

The Property must remain the Buyer’s principal residence during the term of any Homebuyer Assistance loan and must be kept in compliance with any declaration of covenants or deed restriction.

G. Minimum Investment Requirement

The minimum homebuyer investment is noted in Section IX below. These funds must come from the Buyer and may not otherwise be gifted or loaned. This is a Program requirement, it is not intended to alter or replace any requirements that exist as a result of the Buyer’s primary mortgage loan or other funding requirements.

H. Protection of Client Data

Developer and the Authority will observe all Privacy Act requirements and keep client data in locked file cabinets or password-protected electronic files.

VIII. Executing Sales Agreements with Buyers

A. Approved Sales Agreement Required

Developer will use only a standard State of Minnesota residential purchase agreement or another form of sales agreement approved by Staff. The sale of the home will be conditional upon the Buyer obtaining a first mortgage loan from a conventional or government-insured fixed-rate home purchase loan from a third party lender.

B. Closing Responsibilities

Developer will retain a closing agent and, at its option, an attorney for Developer’s own legal review of closing documents.

IX. Homebuyer Assistance

A. Amount of Homebuyer Assistance Available; Minimum Homebuyer Contribution

The Authority will provide Buyers with assistance directly or through its written funding Agreement with the Developer to cover the gap between the Buyer’s purchase financing and the purchase price and/or contribute to the Buyer’s settlement costs, subject to availability, the household’s need and type of housing, up to the maximums stated in Table 1 below. Homebuyer Assistance will be subject to either the “recapture” or “resale” method, or both (see *Subsections C. and D.*, below). The assistance should generally be displayed on the settlement statement as “Homebuyer Assistance” as a lump sum. It can be combined with other assistance programs (e.g. MHFA) subject to funders’ requirements.

Most Buyers will receive Homebuyer Assistance directly from the HRA. The Authority may at any time make changes to the amounts of assistance and may in some cases be unable to provide Homebuyer Assistance, or may need to reduce the amount of Homebuyer Assistance available to a Buyer, if underlying funding sources are insufficient.

TABLE 1

| If the homebuyer’s household income is | And the Property is a | Then the minimum homebuyer contribution is | And the minimum amount of Homebuyer Assistance is | And the homebuyer may qualify for additional homebuyer assistance of up to |
|--|---|--|---|--|
| At or below 70% AMI | Townhome | \$1,500 | \$ 5,000 from the HRA | \$25,000 from the HRA or CHIF |
| | Single-family home | \$1,500 | \$ 5,000 from the HRA | \$35,000 , including up to \$10,000 from the HRA and up to \$25,000 from CHIF |
| | Duplex, or single-family home with an ADU | 1.5% of the purchase price | \$ 5,000 from the HRA | \$85,000 , including up to \$25,000 from the HRA and up to \$60,000 from CHIF |
| Over 70% and at or below 80% AMI | Townhome | 1% of the purchase price | \$ 5,000 from the HRA | \$10,000 from the HRA or CHIF |
| | Single-family home | 1% of the purchase price | \$ 5,000 from the HRA | \$20,000 from CHIF |
| | Duplex, or single-family home with an ADU | 2% of the purchase price | \$ 5,000 from the HRA | \$85,000 , including up to \$25,000 from the HRA and up to \$60,000 from CHIF |
| Over 80% AMI | Any type | Buyers with household income over 80% AMI are ineligible unless the Agreement provides otherwise. If eligible, minimum | | |

| | | |
|--|--|--|
| | | homebuyer contributions will be the same as for household incomes between 70% and 80% AMI, and the amount of Homebuyer Assistance will be \$5,000 from the HRA. |
|--|--|--|

B. Eligibility for Homebuyer Assistance; Determination of Amounts

All eligible Buyers are eligible for and may be required as a condition of purchase to accept Homebuyer Assistance of \$5,000.00 or more. In all cases provision of Homebuyer Assistance by the Authority depends on availability of funds.

All eligible Buyers qualify for Homebuyer Assistance of \$5,000.00.

In order to qualify for an amount greater than \$5,000.00, the Buyer’s Household Housing Ratio, calculated prior to application of Homebuyer Assistance (that is, as though the Buyer were borrowing the amount necessary to complete the purchase transaction at terms equivalent to those of its first-mortgage loan), must exceed 30%. The amount of assistance will be the amount necessary to achieve a Household Housing Ratio of 30%, then rounded up to the nearest \$500. This amount cannot exceed the limits outlined in Table 1 nor the gap between the Buyer’s other purchase financing and the Buyer’s costs to purchase the home and is further subject to the Agreement and requirements of the underlying funding source or sources.

If the amount of Homebuyer Assistance exceeds \$5,000.00, the Buyer’s Household Housing Ratio must be 30% at the time of purchase (as determined prior to rounding the amount of Homebuyer Assistance up to the nearest \$500).

In order to better affirmatively market to Under-Resourced Buyers, the Authority may advertise to the public the availability of Homebuyer Assistance, the location of Inspiring Communities Properties, and a process by which interested potential Buyers can pre-apply to the Authority for a determination as to their prospective eligibility as Under-Resourced Buyers and join a notification list for Staff to share with Developers in accordance with Developers’ marketing plans. To avoid oversubscription and excessive administrative burden, the level of Homebuyer Assistance for which all Under-Resourced Buyers may pre-qualify, in total, will be capped at three times the amount of Homebuyer Assistance available to the Authority, or another number determined by the City’s Director of Housing.

Once a purchase agreement is executed, the buyer’s gross annual household income has been verified, and all required documents have been received and verified, Staff will issue a commitment for the amount of Homebuyer Assistance that the Eligible Buyer will be provided at the time the sale is completed. The commitment is valid for up to six (6) months and will be conditional upon no substantial changes occurring in the buyer’s eligibility status prior to closing.

C. Terms of Homebuyer Assistance: Recapture Method

Unless prohibited by funding source requirements or offered under the resale method in a community land trust Project, Homebuyer Assistance will be subject to recapture. When Homebuyer Assistance is subject to recapture, the subsidy will be structured as a 0% interest, deferred loan secured with a note and mortgage (or notes and mortgages) subordinate to first mortgage financing. If required by funders, affordability and principal residency requirements will be further enforced with a land use restriction/declaration of covenants which runs with the land and is recorded with Ramsey County.

Homebuyer Assistance provided by local Authority funds in an amount of \$5,000 and subject to the recapture method will be structured as a five-year deferred loan, forgiven at a rate of 1/5 of the original principal balance annually. Homebuyer Assistance provided by local Authority funds in an amount greater than \$5,000 and subject to the recapture method will be structured as a 30-year deferred loan, forgiven at a rate of 1/30 of the original principal balance annually. In either case the loan is repayable when the homeowner ceases to occupy the home as their primary residence, or upon transfer of title, whichever occurs first.

All direct Homebuyer Assistance liens made under the recapture method with Authority funds will be in the name of the HRA or City. The HRA or City is solely responsible for managing liens in its name, including but not limited to managing receivables, accounting for payments, approving subordinations (if allowed), and issuing lien releases.

Homebuyer Assistance loans funded by CHIF must be structured according to the requirements of the Minnesota Housing Finance Agency's (MHFA's) CHIF program. Generally, CHIF-funded Homebuyer Assistance loans will be 30-year, deferred, 0% interest loans repayable when the homeowner ceases to occupy the home as their primary residence, upon transfer of title, or upon expiration of the 30-year loan term, whichever occurs first.

The HRA, or a processing entity designated by the HRA or City and approved by the MHFA, will originate CHIF-funded Homebuyer Assistance loans. After origination, the HRA, the City, or the processing entity will transfer the loan and responsibility for servicing to the MHFA or MHFA's designee.

D. Terms of Homebuyer Assistance: Resale Method

The resale method will be used in connection with Homebuyer Assistance only when approved by the Authority. As stated in *Subsection C.*, above, the Authority may approve use of the resale method when the recapture method is prohibited by funding source requirements, use of the resale method is required by funding source requirements, the Property is part of a community land trust, or a combination of these factors exists. Certain amounts of Homebuyer Assistance may, alternatively or additionally, be subject to the recapture method, depending on funding source requirements, including those of the Authority.

The resale method is typically enforced by a declaration of restrictive covenants or a deed restriction, and, in the case of a Property that is part of a community land trust, a ground lease. Buyers must adhere to the terms and conditions of the declaration of covenants or deed restriction, or both if present, which generally require that the Buyer occupy the Property as their principal residence during a specified affordability period, and if unable to maintain the Property as their principal residence, to convey the Property only to an eligible household.

X. Reporting and Recordkeeping

Developer shall establish and maintain accurate and complete books, accounts and records pertaining to each Property. Specific recordkeeping and reporting requirements may vary by Project Funding source and will be described in the Agreement. The Authority and their representatives will have the right, but not the obligation, at all reasonable times to inspect, examine and copy all books and records of Developer relating to each Property. Developer shall establish and maintain a method for obtaining and tracking Buyer data related to household income and demographics if required by the Agreement.

Appendices

- A. Project Budget/Sources and Uses for Homeownership Projects
- B. 2022 Inspiring Communities Income Restrictions
- C. Inspiring Communities Design Standards
- D. Certificate of Completion of Construction and Rehabilitation
- E. Buyer Information Packet
- F. Inspiring Communities Program Income Verification and Documentation Procedures and Worksheet
- G. Homebuyer Assistance Notes and Mortgages
- H. Homebuyer Assistance Guidelines
- I. Inspiring Communities Addendum to Purchase Agreement
- J. HRA Two-Bid Policy

ESTIMATED PROJECT BUDGET (Sources and Uses)

Project Address:

Project Description:

Sq. ft.

Beds:

Baths:

USES

ACQUISITION COSTS

| | | | |
|--------------------------------|-----------|----------|-------------------------------------|
| Purchase Price | \$ | - | Use price from HRA property listing |
| Closing Costs - Acquisition | \$ | - | |
| Total Acquisition Costs | \$ | - | |

CONSTRUCTION COSTS (HARD COSTS)

| | | | |
|---------------------------------|-----------|----------|---------------------------|
| Hard Construction Costs | \$ | - | Estimated Contract Amount |
| Contingency | \$ | - | Maximum 10% |
| Total Construction Costs | \$ | - | \$/Sq. ft. #DIV/0! |

SOFT COSTS

| | | | |
|--|-----------|----------|---|
| Design and Construction Management | \$ | - | Cap 6% of estimated hard costs |
| Legal Work | \$ | - | |
| Radon/Abestos/Lead Tests | \$ | - | Note: if HRA has provided tests, it is expected this estimate will be minimal |
| Real Estate Commission Fee | \$ | - | Cap 6% of estimated sales price |
| Soil Tests | \$ | - | Note: if HRA has provided tests, it is expected this estimate will be minimal |
| Survey | \$ | - | Note: if HRA has provided surveys, it is expected this estimate will be minimal |
| Marketing/Staging | \$ | - | Cap \$500 marketing materials expense (staging excluded) |
| Seller's Closing Costs | \$ | - | |
| After Rehab Appraisal Fee | \$ | - | |
| Holding Costs (maintenance, utilities) | \$ | - | Homes with NSP financing cannot include these in TDC calculation for sale price |
| Property Insurance | \$ | - | |
| Permits | \$ | - | |
| Construction Financing Fees and Interest | \$ | - | |
| Other | \$ | - | Specify: |
| Total Soft Costs | \$ | - | #DIV/0! Percentage of soft costs relative to TDC |
| Developer's Fee | \$ | - | Cap 10% of Total Construction + Soft Costs, (Acquisition Costs not included) |
| Total Soft Costs plus Developer Fee | \$ | - | |

TOTAL DEVELOPMENT COSTS

| | | | |
|--------------------------------|-----------|----------|---|
| TOTAL DEVELOPMENT COSTS | \$ | - | Total of Acquisition, Construction Costs, Soft Costs, and Developer Fee |
| NSP eligible TDC | \$ | - | TDC less holding costs (only on homes with NSP financing) |
| Estimated Appraised Value | \$ | - | Estimated value of home. Homes must be sold for their value. |

PROJECTED VALUE GAP

| | | | |
|----------------------------|-----------|----------|--|
| PROJECTED VALUE GAP | \$ | - | Total Development Costs less Estimated Appraised Value |
|----------------------------|-----------|----------|--|

SOURCES DURING CONSTRUCTION

| | | | |
|--|-----------|----------|---|
| Costs Deferred to Completion | \$ | - | E.g., real estate commission, retainage |
| Developer Equity | \$ | - | |
| Construction Loan | \$ | - | Terms: |
| Business Loan | \$ | - | Terms: |
| Other Source: | \$ | - | Terms: |
| Other Source: | \$ | - | Terms: |
| HRA Purchase Price | \$ | - | Terms: Land Value included in Forgivable Loan Amount |
| Portion of the HRA Net Subsidy Request available to draw during Construction | \$ | - | Terms: Loan Forgiven at Completion, only partially disbursed during construction ar |
| Total Construction Sources | \$ | - | Source total must equal TDC |

ACTUAL PROJECT BUDGET

Project Address: 0

| ACQUISITION COSTS | |
|--------------------------------|-------------|
| Purchase Price | \$ - |
| Closing Costs - Acquisition | \$ - |
| Total Acquisition Costs | \$ - |

Use price from HRA property listing

| CONSTRUCTION COSTS (HARD COSTS) | |
|---------------------------------|-------------|
| Hard Construction Costs | \$ - |
| Total Construction Costs | \$ - |

Sworn Construction Statement

| SOFT COSTS | |
|--|-------------|
| Design and Construction Management | \$ - |
| Legal Work | \$ - |
| Radon/Abestos/Lead Tests | \$ - |
| Real Estate Commission Fee | \$ - |
| Soil Tests | \$ - |
| Survey | \$ - |
| Marketing/Staging | \$ - |
| Seller's Closing Costs | \$ - |
| After Rehab Appraisal Fee | \$ - |
| Holding Costs (maintenance, utilities) | \$ - |
| Property Insurance | \$ - |
| Permits | \$ - |
| Construction Financing Fees and Interest | \$ - |
| Other | \$ - |
| Total Soft Costs | \$ - |
| Developer's Fee | \$ - |
| Total Soft Costs plus Developer Fee | \$ - |

Not to exceed: \$ -

Note: if HRA has provided tests, it is expected this cost will be minimal

Not to exceed: \$ -

Cap \$500 marketing materials expense (staging excluded)

Homes with NSP financing cannot include these in TDC calculation for sale price

Cap 10% of Total Construction + Soft Costs, (Acquisition Costs not included)

| TOTAL DEVELOPMENT COSTS | |
|------------------------------------|-------------|
| NSP eligible TDC | \$ - |
| Contract Sales Price | \$ - |
| Seller Paid Closing Costs (if any) | \$ - |
| Net Contract Sales Price | \$ - |

TDC may not exceed TDC indicated on Est. Project Budget worksheet

TDC less holding costs (only on homes with NSP financing)

Contract sales price on homes with NSP financing must be below NSP eligible TDC

| VALUE GAP | |
|------------------------------|--------|
| Actual Value Gap | \$ - |
| Original Estimated Value Gap | \$ - |
| NET PROCEEDS OF SALE | |
| Net Proceeds to Developer | \$0.00 |
| Net Proceeds to HRA | \$0.00 |

Total Development Costs less Sale Price

Net Proceeds to Developer if original value gap > actual value gap; Max. \$10,000

2022-2023 Inspiring Communities Income Restrictions

All funding sources consider gross annual household income. Some sources make adjustments for household size, while others do not. If multiple funding sources are used to provide subsidy gap funding on the same property, the most restrictive requirement will apply.

THE 2022 MINNEAPOLIS-ST. PAUL STATISTICAL METROPOLITAN AREA MEDIAN INCOME (AMI) IS \$118,200.
Income limits are updated on an annual basis and are subject to change at any time prior to occupancy.

The Developer and the HRA establish through the Development Agreement, for each Project, whether the maximum income limit is 80% of AMI, 70% of AMI, or 60% of AMI.

Limits effective as of June 15, 2022 are provided in the tables below. These are effective until further notice.

Limits will be updated as necessary and stated in the Development Agreement. In accordance with the Inspiring Communities Program Income Verification and Documentation Policy (included in the Program Manual), the HRA will make a final determination of household income eligibility prior to sale.

The limits in Table 1 apply to all projects except those where Metropolitan Council LHIA funds are used.

Table 1

| Inspiring Communities 2022-2023 Income Limits | | | | | | | | |
|---|----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Household Size | 1 person | 2 persons | 3 persons | 4 persons | 5 persons | 6 persons | 7 persons | 8 persons |
| 60% AMI | \$49,320 | \$56,340 | \$63,360 | \$70,380 | \$76,020 | \$81,660 | \$87,300 | \$92,940 |
| 70% AMI | \$56,000 | \$63,950 | \$71,950 | \$79,900 | \$86,350 | \$92,750 | \$99,100 | \$105,500 |
| 80% AMI | \$62,600 | \$71,550 | \$80,500 | \$89,400 | \$96,600 | \$103,750 | \$110,900 | \$118,050 |

70% AMI figures are determined by rounding the midpoint between 80% and 60% up to the nearest \$50. There is no maximum household size; when necessary, income limits for households with more than eight persons will be determined by the HRA.

Metropolitan Council LHIA Overlay

When using Metropolitan Council LHIA funds, the following income limits, in Table 2, apply:

Table 2

| Inspiring Communities 2022-2023 Income Limits for Metropolitan Council LHIA-Funded Projects | | | | | | | | |
|---|----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| Household Size | 1 person | 2 persons | 3 persons | 4 persons | 5 persons | 6 persons | 7 persons | 8+ persons |
| 60% AMI | \$49,320 | \$56,340 | \$63,360 | \$70,380 | \$76,020 | \$81,660 | \$87,300 | \$89,400 |
| 70% AMI | \$56,000 | \$63,950 | \$71,950 | \$79,900 | \$86,350 | \$89,400 | \$89,400 | \$89,400 |
| 80% AMI | \$62,600 | \$71,550 | \$80,500 | \$89,400 | \$89,400 | \$89,400 | \$89,400 | \$89,400 |

Sources: [Metropolitan Council \(via HUD\)](#) (effective June 15, 2022); [Minnesota Housing Finance Agency](#) (effective June 1, 2022); [US Department of Housing and Urban Development](#) (effective June 15, 2022). 70% AMI figures are determined by rounding the midpoint between 80% and 60% up to the nearest \$50.

Inspiring Communities Design Criteria

Updated January 2022

All Inspiring Communities projects must meet the mandatory Enterprise Green Communities Criteria as modified by Minnesota Housing’s Minnesota Overlay to the Enterprise Green Communities Criteria (collectively, the “Green Communities Criteria”).

Relevant Green Communities Criteria are incorporated in these Inspiring Communities Design Criteria.

Projects receiving more than \$200,000 in public funding are subject to these Inspiring Communities Design Criteria and the City of Saint Paul’s Sustainability Ordinance (Chapter 81 of the Code of Ordinances.)

More information about the Green Communities Criteria is available at Minnesota Housing’s Impact Fund webpage:

<https://www.mnhousing.gov/sites/np/impactfund>

INSPIRING COMMUNITIES DESIGN CRITERIA

| DIVISION | # | CRITERION | REHAB | NEW CONSTRUCTION |
|--|---|--|---|---|
| DIVISION 1 – GENERAL REQUIREMENTS | | | | |
| | | Saint Paul Sustainable Building Ordinance | Covered projects (generally, projects receiving more than \$200,000 in public funding) must adhere to the requirements of Chapter 81 of the Saint Paul Administrative Code, including the Saint Paul Overlay. Current versions of Chapter 81 and the Saint Paul Overlay are attached for reference. | |
| | | Green Communities Certification | <p>Consistent with the City of Saint Paul Sustainability Ordinance (Chapter 81 of the Code of Ordinances), projects receiving more than \$200,000 in public funding must obtain certification of compliance with the Enterprise Green Communities Criteria as modified by the Minnesota Overlay from Enterprise Community Partners. Visit www.enterprisecommunity.org for details.</p> <p>Projects receiving less than \$200,000 in public funding do not need to obtain certification from Enterprise Community Partners but must engage their assigned Project Manager in a review of compliance with the Green Communities Criteria. This includes submittal of a completed Minnesota Housing Single Family Intended Methods Worksheet to their assigned Project Manager.</p> | |
| | | Visitability <i>See 7.12 in Green Communities – Beyond ADA: Universal Design</i> | N/A (NEW CONSTRUCTION ONLY) | <p>Visitability is defined as designs that allow persons with mobility impairments to enter a residence and comfortably stay for a duration. There are three specific design elements that must be incorporated in each Dwelling Unit to satisfy the state Visitability requirement. The Dwelling Unit must include:</p> <ul style="list-style-type: none"> ▪ 32-inch clear opening doorways throughout; ▪ At least one no-step entrance; ▪ Include construction of a half bath or larger bathroom on the main level <p><i>Waiver may be granted for requirement of no-step entrances o main-level half baths if they reduce affordability for the targeted population; or for requirement of no-step entrances if it is impractical due to site conditions. Developers should discuss waiver requests with their assigned project manager prior to start of construction.</i></p> |
| | | Duplex Deconversions | It is preferred to remove entry to second unit to discourage future conversion to duplex | N/A (REHAB ONLY) |
| | | Garage | N/A (NEW CONSTRUCTION ONLY) | <ul style="list-style-type: none"> ▪ Garage is required ▪ Detached, two-car garage is preferred ▪ 1-1/2 car garage is permissible when site constraints are present |

| | | | | |
|--|------|--|--|--|
| | | | | <ul style="list-style-type: none"> Refer to the Saint Paul Department of Safety and Inspection's Garage Building Requirements Install an overhead garage door opener and provide two remotes |
| | 1.2 | Integrative Design: Charrettes and Coordination Meetings | Develop an integrative design process that moves the outputs of the Project Priorities Survey into action through a series of collaborative meetings. Prioritize multi-benefit strategies. Assign responsibility within your design and development teams for accountability. | |
| | 1.3 | Integrative Design: Documentation | Include Enterprise Green Communities Criteria information in your contract documents and construction specifications (Division 1 Section 01 81 13 Sustainable Design Requirements) as necessary for the construction team to understand the requirements and how they will be verified. Ensure, and indicate, that the drawings and specifications have been generated to be compliant and meet the certification goals. | |
| | 3.2 | Minimization of Disturbance During Staging and Construction | <p>Sites > 1 acre: Implement EPA's Best Management Practices for Construction Site Stormwater Runoff Control, or local requirements, whichever is more stringent.</p> <p>Sites =/< 1 acre: Stockpile Topsoil; Runoff Control; Protect Storm line flow; Divert Surface Water; Tree Protection; Slope Stabilization.</p> | |
| | 5.1a | Building Performance Standard (New Construction) | <p>N/A (NEW CONSTRUCTION ONLY)</p> | <p>Certify all buildings with residential units in the project through the ENERGY STAR Certified program. Comply with one of the following paths:</p> <ol style="list-style-type: none"> Energy Rating Index (ERI) Path ASHRAE Path Prescriptive Path <p>Provide projected operating energy use intensity (EUI) of the project in kBtu/ ft2/ year and kBtu/ bedroom/ year as well as projected operating building emissions intensity for the project in tCO2e/ ft2/ year and tCO2e/ bedroom/ year.</p> |
| | 5.1b | Building Performance Standard (Rehab) | <p>1. For all Acquisition/Substantial and Acquisition/Moderate Rehab, create and implement an Energy Efficiency Improvement Plan containing the following:</p> <ol style="list-style-type: none"> Generate a list of prioritized cost-effective improvements for the entire building(s) based upon the sampling data from an energy audit. The Minnesota Weatherization Field Guide SWS-Aligned Edition (Chapter 2.1.1) is a resource for assessing existing buildings and their energy infiltration weaknesses. Implement those improvements into the work scope that provide a cost benefit and good return on investment. Consult Minnesota Housing for guidance, if needed, for an acceptable return on investment pay-back period (10 years or less return on investment recommended); (cost benefit | |
| | | | <p>N/A (REHAB ONLY)</p> | |

| | | | | |
|--|--|--|---|--|
| | | | <p>analysis can be performed by using established software or through a manual assessment).</p> <p>c. At the end of construction, provide a post-renovation inspection and conduct a blower door test to confirm infiltration improvements.</p> <p>2. If mechanical equipment is being replaced, it must meet the minimum efficiency levels:</p> <p>a. Cooling Equipment (where provided)</p> <ul style="list-style-type: none"> i. 13 SEER AC ii. ENERGY STAR for wall sleeve AC units <p>b. Heating Equipment</p> <ul style="list-style-type: none"> i. 95 AFUE ENERGY STAR gas furnace (non-rooftop) ii. 90 AFUE for gas rooftop equipment iii. 85 AFUE ENERGY STAR oil furnace iv. 90 AFUE ENERGY STAR gas boiler v. 86 AFUE ENERGY STAR oil boiler vi. 85 AFUE steam boilers and other non-condensing boilers vii. Heat pump [Zone 6] 9.5 HSPF/ 15 SEER/ 12 SEER air-source w/ electric or dual-fuel backup <p>c. Water Heater Heater/ Domestic Hot Water (DHW)</p> <ul style="list-style-type: none"> i. Gas: ≤ 55 Gal = 0.67 EF (0.64 UEF for medium and 0.68 UEF for high-draw) / > 55 Gal = 0.77 Gal (0.78 UEF for medium and 0.80 UEF for high-draw) ii. Electric: ≤ 55 Gal = 0.95 EF / > 55 Gal = 2.0 EF or UEF iii. Oil: 30 Gal = 0.64 EF / 40 Gal = 0.62 EF / 50 Gal = 0.60 EF / 60 Gal = 0.58 EF / 70 Gal = 0.56 EF / 80 Gal = 0.54 EF. <p>Provide projected operating energy use intensity and projected operating building emissions intensity.</p> <p>AND</p> <p>Conduct commissioning for compartmentalization, insulation installation, and HVAC systems as indicated.</p> <p>AND one of the following options:</p> <ul style="list-style-type: none"> - ERI Option: \leq HERS 80 for each dwelling unit. Exception for some Rehabs built before 1980. - ASHRAE Option: Energy performance of the completed building equivalent to, or better than, ASHRAE 90.1-2013 using an energy model created by a qualified energy services provider according to Appendix G 90.1-2016. | |
|--|--|--|---|--|

Also DIVISION 9
- FINISHES

6.4

**Healthier
Materials
Selection**

Use products that comply with Criteria specifications. Mandatory requirements per criteria specifications based upon Product Category: All interior paints, coatings, primers and wall paper; all interior adhesives and sealants; flooring; insulation; and composite wood. Optional points not available nor allowed. From Green Communities' Criteria:

Use moisture-resistant backing materials per ASTM # D 6329 or 3273 behind tub/shower enclosures, apart from one-piece fiberglass enclosures which are exempt.

As of September 25, 2019, a selection of the published thresholds are as follows:

ALL INTERIOR PAINTS, COATINGS, PRIMERS: SCAQMD 1113

| PRODUCT TYPE | MAXIMUM VOC LIMIT (G/L) |
|--|-------------------------|
| Primers, sealers, and undercoatings | 100 |
| Coatings, flats and non-flats, and floor | 50 |
| Rust-preventive coatings | 100 |
| Wood coatings | 275 |
| Stains, interior | 250 |
| Tub and tile refinishing coatings | 420 |

ALL INTERIOR ADHESIVES AND SEALANTS: SCAQMD 1168

| PRODUCT TYPE | MAXIMUM VOC LIMIT (G/L) |
|---|-------------------------|
| Indoor floor covering adhesives | 50 |
| Carpet pad adhesives | 50 |
| Outdoor floor covering adhesives | 150 |
| Wood flooring adhesives | 100 |
| Rubber floor adhesives | 60 |
| Subfloor adhesives | 50 |
| Vinyl composition tile and asphalt tile adhesives | 50 |
| Drywall and panel adhesives | 50 |
| Cove base adhesives | 50 |
| Multipurpose construction adhesives | 70 |
| Structural glazing adhesives | 100 |
| Structural wood member adhesive | 140 |
| Architectural sealants: clear, paintable, and immediately water-resistant | 250 |
| Architectural sealant primers: nonporous | 250 |
| Architectural sealant primers: porous | 775 |

| | | | | |
|---|------|--|---|--|
| | 6.10 | Construction Waste Management | <p>Develop and implement a waste management plan that reduces non-hazardous construction and demolition waste through recycling, salvaging, or diversion strategies; maintain documentation of diversion rate for each selected strategy.</p> <p>Mandatory: One pathway in Option 1, Two pathways in Option 2, or One pathway in Option 3.</p> <p>Option 1: Measure by %: a. 75%; b. 95%.</p> <p>Option 2: Material Specific: c. Cardboard; d. Wood; e. Drywall f. Metals; g. Concrete, brick, and asphalt; h. Insulation, foam and plastic; i. Carpet; j. Efficient framing plan</p> <p>Option 3: Minimizing Construction Waste – [NC ONLY]: k. <2.5 lbs/SF of building; l. <1.5 lbs/ SF.</p> | |
| | 8.3 | Resident Manual | Provide a guide for homeowners and renters that explains the intent, benefits, use, and maintenance of their home's green features and practices. The Resident Manual should encourage green and healthy activities, per the list of topics. | |
| | 8.4 | Walk-Throughs and Orientation to Property Operation | Provide a comprehensive walk-through and orientation for all residents, property manager(s) and buildings operations staff. Orient all property managers and building operations staff within 90 days of initial occupancy of building maintenance and unit turnover procedures. For staff joining after the initial orientation, provide walk-through and orientation to green features within their first 90 days. For all orientations and walk-throughs, share the list of Green Communities Criteria that were implemented in the project and use the appropriate manuals as the base of the curriculum. Review the project's green features, O&M procedures, and emergency protocols. | |
| DIVISION 2 – EXISTING CONDITIONS | | | | |
| | | Overhanging Branches | Remove branches that overhang structures, completely remove if recommended by the Saint Paul Forestry Department | Same requirement as rehabilitation |
| | 2.3 | Compact Development | N/A (NEW CONSTRUCTION ONLY) | Each SF project must be built to, at a minimum, the lesser of the residential density (dwelling units/ acre) of the census block group in which the project is located, or the density disclosed in the Impact Fund Administrator's Application for Funds. |

| | | | | |
|---|-----|--|---|---|
| | | | | If no density is disclosed in the Impact Fund Administrator's Application for Funds, then each SF project must be built, at a minimum, to the residential density (dwelling units/acre) of the census block group in which the project is located. To find the density of the census block group, type the project address into the Center for Neighborhood Technology "Residential Density of a Location" calculator found at http://apps.ent.org/residential-density . All Inspiring Communities 2022 RFP sites satisfy this criterion. |
| | 7.2 | Reduce Lead Hazards in Pre-1978 Buildings | Refer to the Minnesota Housing Lead Based Paint Guidebook (For Applicable Homes Division Programs) for non-federal funding sources. For federal funds, refer to federal requirements. | N/A (REHAB ONLY) |
| DIVISION 6 – WOODS, PLASTICS, & COMPOSITES | | | | |
| <i>Also DIVISION 9 - FINISHINGS</i> | | Trim Work | <ul style="list-style-type: none"> Existing wood trim and molding shall be saved and restored whenever possible Painted trim shall be restored to smooth, like new appearance. Significantly gouged, deteriorated, or poor quality trim that cannot be restored to like new appearance should be replaced with paint grade quality trim boards of a like character to existing trim or to match time period of house <p>Include finishing of trim in Division 9</p> | <ul style="list-style-type: none"> Each room in the living area shall include complementary base board, window, and door trim |
| DIVISION 7 – THERMAL & MOISTURE PROTECTION | | | | |
| | 6.8 | Managing Moisture: Foundations | Beneath Concrete Slabs: Install poly vapor barrier over a capillary break of clean aggregate. Beneath Crawl Spaces without Slabs: Install a heavy-duty vapor barrier. | |
| <i>Also DIVISION 8 - OPENINGS</i> | 6.9 | Managing Moisture: Roofing and Wall Systems | Provide water drainage away from walls, windows, and roofs by implementing the following water management techniques. Wall Systems: Weather-resistant barrier; flashing; and masonry/ stucco flashing/ weep holes. Roof Systems: Drip edge and wall/ roof intersection flashing. | <i>(New Construction projects are considered compliant per Criterion 5.1)</i> |
| <i>Also DIVISION 8 - OPENINGS</i> | 7.4 | Garage Isolation | <ul style="list-style-type: none"> Provide a continuous air barrier between the conditioned space and any garage space to prevent the migration of any contaminants into the living space. Visually inspect common walls and ceilings between attached garages and living spaces to ensure that they are air-sealed before insulation is installed. Do not install ductwork or air handling equipment for the conditioned space in a garage. | |

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| <p><i>Also DIVISION 23 – HVAC</i></p> <p><i>Also DIVISION 28 - ELECTRONIC SAFETY AND SECURITY</i></p> | | | <ul style="list-style-type: none"> • Fix all connecting doors between conditioned space and garage with gaskets or make airtight. • Install one hard-wired CO alarm with battery backup function for each sleeping zone of the project, placed per NFPA 72 unless the garage is mechanically ventilated or an open parking structure. | | |
| | 7.5 | Integrated Pest Management | Design for easy inspection of all pest-prone areas (interior and exterior), and engineer slabs and foundations to minimize pest entry. Seal all wall, floor and joint penetrations with low-VOC caulking or other appropriate nontoxic sealing methods to prevent pest entry. Use rodent- and corrosion- proof screens for openings greater than 1/4". Also pay close attention to sealing off entry points under kitchen and bathroom sinks. | | |
| | | Siding | <table border="0" style="width: 100%;"> <tr> <td style="width: 50%; vertical-align: top;"> <ul style="list-style-type: none"> ▪ Replace asbestos siding when damaged or in need of repair ▪ Replace vinyl siding when more than 10% of vinyl is damaged or color matching will be a challenge, cement board siding is preferred replacement material (include cement board corner boards) ▪ Ensure that any treatment meets lead abatement requirements if lead is present ▪ When existing siding cannot be salvaged, replacement siding material shall have expected lifespan that exceeds 20 years ▪ Note special requirements in historic homes/districts when applicable </td> <td style="width: 50%; vertical-align: top;"> <ul style="list-style-type: none"> ▪ Siding material with an expected lifespan that exceeds 20 years ▪ Cement board siding is preferred ▪ Note special requirements in historic homes/districts when applicable </td> </tr> </table> | <ul style="list-style-type: none"> ▪ Replace asbestos siding when damaged or in need of repair ▪ Replace vinyl siding when more than 10% of vinyl is damaged or color matching will be a challenge, cement board siding is preferred replacement material (include cement board corner boards) ▪ Ensure that any treatment meets lead abatement requirements if lead is present ▪ When existing siding cannot be salvaged, replacement siding material shall have expected lifespan that exceeds 20 years ▪ Note special requirements in historic homes/districts when applicable | <ul style="list-style-type: none"> ▪ Siding material with an expected lifespan that exceeds 20 years ▪ Cement board siding is preferred ▪ Note special requirements in historic homes/districts when applicable |
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| | | Roofing | <table border="0" style="width: 100%;"> <tr> <td style="width: 50%; vertical-align: top;"> <ul style="list-style-type: none"> ▪ Replace roof that is 10 years or older (15 years for architectural shingles) or that will have questionable ability to last 15+ years ▪ Ensure installation of water and ice shield and replace all flashing as component of roof replacement ▪ Replacement roof shingles to have a 30-year expected lifespan <p>Note special requirements in historic districts for roofing material, color, etc. if applicable</p> </td> <td style="width: 50%; vertical-align: top;"> <ul style="list-style-type: none"> ▪ Shingles with a 30 year expected lifespan ▪ Note special requirements in historic districts for roofing material, color, etc. if applicable <p>Ensure installation of water and ice shield</p> </td> </tr> </table> | <ul style="list-style-type: none"> ▪ Replace roof that is 10 years or older (15 years for architectural shingles) or that will have questionable ability to last 15+ years ▪ Ensure installation of water and ice shield and replace all flashing as component of roof replacement ▪ Replacement roof shingles to have a 30-year expected lifespan <p>Note special requirements in historic districts for roofing material, color, etc. if applicable</p> | <ul style="list-style-type: none"> ▪ Shingles with a 30 year expected lifespan ▪ Note special requirements in historic districts for roofing material, color, etc. if applicable <p>Ensure installation of water and ice shield</p> |
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| DIVISION 9 - FINISHES | | | | | |
| <p><i>Also DIVISION 11 - EQUIPMENT</i></p> | 6.6 | Bath, Kitchen, Laundry Surfaces | <p><i>(Mandatory for New Construction and Substantial Rehab. Moderate Rehabs that do not include work in the shower and tub areas are exempt from the shower and tub enclosure requirement.)</i></p> <p>Use materials that have durable, cleanable surfaces throughout bathrooms, kitchens, and laundry rooms.</p> <p>Use moisture-resistant backing materials per ASTM # D 6329 or 3273 behind tub/shower enclosures, apart from one-piece fiberglass enclosures which are exempt.</p> | | |

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| | | Flooring | <p>Finish flooring must be installed in all living areas (e.g., hardwood, engineered hardwood, bamboo, carpet with pad, tile). No subfloor or underlayment may be left exposed in the living space.</p> <p>See the Enterprise Green Communities Criteria as modified by the Minnesota Overlay for further specification. <i>Common flooring product labels that meet or exceed the mandatory CDPH emission requirement include FloorScore, GREENGUARD Gold, SCS Indoor Advantage Gold, Berkeley Analytical ClearChem, and Carpet Rug Institute Green Label Plus (CRI+).</i></p> |
| DIVISION 11 - EQUIPMENT | | | |
| <i>Also DIVISION 22 - PLUMBING</i> | 4.1 | Water-Conserving Fixtures | <p>Performance Option: 20% Reduction per Criteria.</p> <p>Prescriptive Option: Install water-conserving fixtures in all units and any common facilities with the following specifications.</p> <ul style="list-style-type: none"> - Toilets: WaterSense-labeled and 1.28 gpf; - Urinals: WaterSense-labeled and 0.5 gpf; - Showerheads: WaterSense-labeled and 2.0 gpm; - Kitchen faucets: 2.0 gpm; - Lav faucets: WaterSense-labeled and 1.5 gpm |
| | 5.7 | ENERGY STAR Appliances | <p><i>(Projects following 5.1a, 5.2b, and/or 5.4 are prequalified and exempt from this Criterion)</i></p> <p>Install ENERGY STAR clothes washers, dishwashers, and refrigerators. If appliances will not be installed or replaced at this time, specify that at the time of installation or replacement, ENERGY STAR models must be used via Criterion 8.1 and Criterion 8.4.</p> |
| <i>Also DIVISION 23 - HVAC</i> <i>Also DIVISION 28 - ELECTRONIC SAFETY & SECURITY</i> | 7.3 | Combustion Equipment | <p>For New Construction and Rehab projects, specify power-vented or direct-vent equipment when installing any new combustion appliance for space or water heating that will be located within the conditioned space. If there are any combustion appliances in the condition space, install hard-wired carbon monoxide (CO) alarm with battery backup function for each sleeping zone, placed per NFPA 72.</p> <p>In Substantial and Moderate Rehab, if there is any combustion equipment located within the conditioned space for space or water heating that is not power-vented or direct-vent and that is not scheduled for replacement, conduct combustion safety testing prior to and after the retrofit.</p> |
| | | Water Service | <p>Ensure plumbing is in good condition</p> <p>If water meter is located in pit, raise out of pit and fill in hole (see Concrete Division 3)</p> <p>Air test system and ensure proper function per code requirements</p> <p>Water meters must be newer model – check with SPRWS to ensure meter has been replaced.</p> |
| | | Exterior Hose Bibb | <p>Ensure one exterior hose bibb with frost protection, caulked and connected to house</p> |

DIVISION 23 - HVAC

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| | 5.6 | Sizing of Heating and Cooling Equipment | <i>(Projects following 5.1a, 5.2b, and/or 5.4 are prequalified and exempt from this Criterion)</i> Size and select heating and cooling equipment in accordance with ACCA manuals J and S OR in accordance with the ASHRAE Handbook of Fundamentals. | <i>(New Construction projects are considered compliant per Criterion 5.1.)</i> |
| <i>Also DIVISION 11 - EQUIPMENT</i> | 7.7 | Ventilation | install local mechanical exhaust system in each bathroom; local mechanical exhaust in each kitchen; or whole-house ventilation system. | |

DIVISION 26 - ELECTRICAL

| | | | | |
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| | | Circuit Panel | <ul style="list-style-type: none"> ▪ 100 AMP service minimum; 200 AMP preferred ▪ Service should allow for expansion of added circuits ▪ Include circuit breakers and dedicated circuit for major appliances such as refrigerator, washer, dryer, furnace <p>Service panels must be updated to breakers.</p> | |
| | | Receptacles | <ul style="list-style-type: none"> ▪ <u>Grounded, 3-prong receptacles throughout</u> ▪ GFCI protection per code in bathrooms and kitchen <p>Ensure one exterior receptacle with cover close to front or rear entry door</p> | |
| | | Doorbell | Ensure operable door bell and chime at front entry | |
| | 5.8 | Lighting | <i>(Follow the guidance for high-efficacy permanently installed lighting and other characteristics for recessed light fixtures, lighting controls, lighting power density, and exterior lighting.</i> | |

DIVISION 31 - EARTHWORK

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| | | Grading | Ensure drainage away from foundation: Defer to building code and the Green Communities Criteria. | |
| | 7.1 | Radon Mitigation | Provide testing and remediation per the MN Overlay for acquisition rehabs. | Provide a sub-slab depressurization system per code. |

DIVISION 32 - EXTERIOR IMPROVEMENTS

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| | | Fences and Gates | 6' privacy fences are allowable when screening is preferred in rear or side yards; Review fencing requirements in the Saint Paul Building Code Section 33.06 | |
| | | Retaining Wall | Avoid when possible | |

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| | | | It is preferable to leave the yard sloped and install plants/mulch to avoid future maintenance costs for a homeowner If over 2' high, include drawing of proper installation |
| | 3.3 | Ecosystem Services/ Landscape | <i>(Mandatory, if providing landscaping)</i> If providing plantings, all must be native or climate-appropriate (adapted) to the region and appropriate to the site's soil and microclimate. Do not introduce any invasive plant species. Plant, seed, or xeriscape all disturbed areas. |
| | | Landscaping and Planting | <ul style="list-style-type: none"> ▪ Defer to the Enterprise Green Communities Criteria as modified by the Minnesota Overlay ▪ Developers are encouraged to engage Capitol Region Watershed District (CRWD), who may provide free or low-cost landscape design and rain garden installation ▪ Refer to the attached Landscaping Design Guidelines for more detailed guidance. |
| | 3.6 | Efficient Irrigation and Water Reuse | <i>(Mandatory, if permanent irrigation is utilized)</i> Install an efficient irrigation system with the following: <ul style="list-style-type: none"> - Compliance with local water restrictions. - Design irrigations zones. - Establish irrigation volume and frequency per zone. - Select emission devices that will facilitate long-term reliability and serviceability. - Install time/ controller to minimize evaporative losses. - Install soil moisture sensor controllers. |

DIVISION 33 - UTILITIES

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| | 3.4 | Surface Stormwater Management | Surface Stormwater Management must be per local/ regional watershed district requirements or other municipality ordinances/ requirements. If there are no such requirements, follow the criteria requirements: <i>(Mandatory for New Construction; Mandatory for Substantial and Moderate Rehab projects if land disturbed is >= 5,000 sq.ft.)</i> Treat or retain on-site precipitation equivalent to the 60th percentile precipitation event. Where not feasible due to geotechnical issues, soil conditions, or the size of the site, treat or retain the maximum volume possible. |
| | 4.3 | Water Quality | <i>(Mandatory for Substantial and Gut Rehab of buildings built before 1986)</i> Test water from dwelling unit faucets for water quality and remediate as indicated below. For testing bottles and instructions, contact an EPA approved lab. Find certified labs near you via https://eldo.web.health.state.mn.us/public/accreditedlabs/labsearch.seam www.epa.gov/dwlabcert/contact-information-certification-programs-and-certified-laboratories-drinking-water#state-labs or by calling the Safe Drinking Water Hotline at 1.800.426.4791. <ul style="list-style-type: none"> • Test water from the primary drinking water faucet of each dwelling unit for the presence of lead. If any results are over 0 ppb, install NSF/ANSI 58 or NSF/ANSI 53 filters in all units and replace these over time per |

**N/A
(REHAB ONLY)**

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| | | | <p>manufacturer's instructions. Results must be submitted and will be reviewed by Minnesota Housing staff.</p> <ul style="list-style-type: none">• If lead faucet testing produces any results above 10 ppb, Minnesota Housing may require additional remediation such as, but not limited to, replacing lead service lines and replacing all fixtures with NSF 61 certified fixtures. If required, provide a remediation plan per applicable state or federal requirements to Minnesota Housing for approval. | |
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Improvements that are not typical and require approval from HRA Project Manager:

- Finishing unfinished basements
- Finishing unfinished attics
- Solar panels or solar water heater
- Radiant in floor heat
- Vinyl flooring
- Granite countertops
- Additions to existing houses

Improvements that are not permissible include:

- Hot tubs, saunas, swimming pools, or similar luxury improvements
- New mahogany, walnut, cherry, or similar luxury grade wood cabinets, floors, and doors
- Luxury grade lighting
- Luxury landscaping such as in-ground fireplaces, outdoor kitchens, or extensive landscaping lighting
- Garages or outbuildings that exceed basic code requirements or have building footprints in excess of 660 square feet
- Unfinished flooring in living areas

Waivers

Waivers to these Inspiring Communities Design Criteria, including Green Communities Criteria, may be considered on a case-by-case basis for individual criteria. Blanket waivers will not be considered. Submit requests in writing to the assigned HRA Project Manager.

LANDSCAPING DESIGN GUIDELINES

These design guidelines were cooperatively created with the Capitol Region Watershed District, the Forestry Unit of the Saint Paul Department of Parks and Recreation, and the Saint Paul Department of Planning and Economic Development to achieve stormwater retention, tree canopy, and neighborhood stabilization objectives detailed in the Saint Paul Comprehensive Plan.

Developers are **encouraged** to engage the Capitol Region Watershed District to conduct landscape designs. Benefits include:

- Free landscape design created by landscape architect in consultation with developer
- Rebate of up to \$1,000 for materials needed to achieve rain garden installation on site (at least one rain garden required for rebate to apply)
- CRWD will coordinate with the Saint Paul Forestry Unit to select trees that are best suited for individual site conditions and ensure existing site trees are assessed for health

Design objectives:

- Partial stormwater retention of the first ½” of rain events may be accomplished through rain gardens
- Curb appeal will be enhanced through foundation plantings or rain gardens in the front yard
- Spaces that are challenging to mow (i.e. between sidewalk and foundation, slopes, etc.) will have a garden bed (preferred) or no-mow grass solution
- Plants selected will be low maintenance and high impact, with a showy element of large blooms or seasonal color
- Garden beds should use “cues of care” design principles to indicate garden beds are planned spaces

Existing Conditions/Grading Plan

- Show impervious surfaces: sidewalk, driveways, buildings, porches, decks
- Show existing trees or large shrubs – indicate whether they will remain or be removed
 - o For trees that will remain, indicate tree protection zones to protect roots from damage caused by regrading (cut or fill) or compaction caused by construction equipment or the storage of construction materials and exclude these activities from the tree protection zone.
- Show garden beds that will be removed
- State if any additional items will be removed (i.e. pavers, fences, etc.)

Improvements

- Show impervious surfaces: sidewalk, driveways, buildings, porches, decks
- Show locations of garden beds, include plant locations by type
- Shade or indicate areas that will receive new sod (generally all areas significantly regarded up to a natural “break” in the landscape such as sidewalks, garden beds, or fences will receive new sod).
- Include plant schedule that states the quantity, name, and size of each plant
- Show site grades if any regrading is required
- Show location of downspouts
- Rain garden design should include location, size, source of water, and plant locations by type
- Show edging or retaining walls, if provided
- List instructions for how to achieve planting and include a side section of a typical rain garden
- Include 1-2 trees per site if none are currently present; consider a tree in the rain garden if feasible and visually appealing

Plant selection

- Each site will have at least one, preferably two, healthy trees
- There should be a minimum of 3-6 different types of plants on each site (not including trees)
- Each garden should be defined with mature plants (size #1 or above)
- Plugs are acceptable in rain gardens, side yards, or back yard to fill in a garden space in order to meet budget constraints. Plugs should be used minimally or not at all in front garden beds in order to achieve the curb appeal objective
- Plants shall be selected from the attached approved plant list
- Trees must be spaced to limit future maintenance issues: at least 10’ from houses or garages or more depending on the width of the tree canopy

Preferred Plants

Perennials

- *Butterfly Milkweed
- *Purple Coneflower
- *Coral Bells
- *Blue Flag Iris
- *Copper Iris
- *Peony
- *Smooth Phlox
- *Orange Coneflower 'Goldsturm'
- *Autumn Joy Sedum
- Columbine
- Lady Fern
- Spiderwort
- Purple Dome Aster
- Solomon's Seal
- Hosta

Shrubs

- *Dwarf Bush Honeysuckle
- *Smooth Hydrangea
- Spirea
- American Arborvitae
- Black Chokeberry
- Winterberry

Shrubs for Screening Adjacent Property

Only recommended when screening adjacent property is needed: typically grow up to 12' tall, maintenance should be considered.

- Red osier dogwood
- Viburnum lentago
- Compact American Highbush Cranberry
- Forsythia (nn - but showy)

Grasses

- *Prairie Dropseed
- Pennsylvania Sedge
- Long-beaked Sedge
- Sprengel's Sedge
- Blue grama
- Sideoats grama
- Junegrass
- *Little Bluestem

Preferred Trees

Trees

Small-up to 20'

- Hawthorne, Thornless
- *Pagoda Dogwood
- Snow Mantle Dogwood
- *Viburnum, Nannyberry Tree
- Crabapple- *limit use, widely planted on boulevard*

Small-up to 30'

- *Serviceberry, Autumn Brilliance
- Blue Beech-Carpinus
- Cherry-Spring Wonder (nn)
- Birch-Dakota Pinnacle (nn)
- Japanese Tree Lilac-*limit use, widely planted on boulevard*

Medium to 40'

- Regal Prince oak-tall but narrow
- Alder, Prairie Horizon (nn)
- Honeylocust, Northern Acclaim- *limit use, widely planted on boulevard*

Large

- *Birch, River
- Birch, Prairie Dream paper birch
- Kentucky coffee tree
- Bur oak
- Red oak
- Balsam Poplar
- White pine
- Honey locust, Skyline - *limit use, widely planted on boulevard*
- Basswood, Sentry Linden - *limit use, widely planted on boulevard*

(nn)= non-native

(*) = preferred



Legislation Text

File #: Ord 17-60, Version: 2

Establishing sustainable building regulations for buildings owned, operated, or funded by the City.

THE COUNCIL OF THE CITY OF SAINT PAUL DOES HEREBY ORDAIN

Section 1

For the purpose of creating new regulations pertaining to sustainable building, Saint Paul Administrative Code Chapter 81 is hereby created as follows:

Chapter 81. Sustainable Building.

Sec. 81.01. Declaration of Policy.

The purpose of this chapter is to provide for public health and welfare by increasing the environmental and financial sustainability of future development projects within the City of Saint Paul.

Sec. 81.02. Definitions.

For the purposes of this chapter, the following words and phrases shall have the following meanings:

(a) City Funding means funds provided for New Construction or Major Renovations provided by agreement from the City of Saint Paul or the Saint Paul Housing and Redevelopment Authority (HRA), including:

- (1) Community Development Block Grants (CDBG)
- (2) Tax Increment Financing (TIF)
- (3) HOME Investment Partnership Program (HOME)
- (4) Multi-Family Housing Revenue Bonds
- (5) Low-Income Housing Tax Credits (LIHTC)
- (6) Any other Federal, State, or Metropolitan Council (Met Council) funding source
- (7) Any other City of Saint Paul funding source
- (8) Any other HRA funding source

(9) Notwithstanding the above, City Funding does not include the following:

- a. Department of Employment and Economic Development (DEED) Cleanup and Investigation Grants
- b. Met Council Tax Base Revitalization Account (TBRA) Contamination Cleanup Grants
- c. Met Council TBRA Site Investigation Grants
- d. Conduit Bonds issued for the benefit of qualified 501(c)(3) entities

(b) Developer means the entity, whether public or private, that undertakes New Construction or Major Renovation, and to whom the provisions of this chapter apply.

- (c) Director means the Director of the Department of Planning and Economic Development or their designee.
- (d) Major Renovation means renovation work performed on a building or portion thereof consisting of at least 10,000 square feet, and requiring installation of new mechanical, ventilation, or cooling systems, or the replacement of such systems.
- (e) New Construction means the planning, design, construction and commissioning of a new building, or an addition to an existing building if such addition requires installation of new mechanical, ventilation, or cooling systems.
- (f) Saint Paul Overlay means specific measurable standards that New Construction and Major Renovations must meet, and which are to be promulgated by the Director. The Saint Paul Overlay must include requirements for the following:
- (1) Predicted and actual energy use
 - (2) Predicted greenhouse gas emissions
 - (3) Predicted and actual use of potable water
 - (4) Predicted use of water for landscaping
 - (5) Utilization of renewable energy
 - (6) Electric vehicle charging capability
 - (7) Diversion of construction waste from landfills and incinerators
 - (8) Indoor environmental quality
 - (9) Stormwater management
 - (10) Resilient Design
 - (11) Ongoing monitoring of actual energy and water use

(g) Sustainable Building Standard means any of the following:

- (1) For commercial projects:
 - i. LEED for New Construction and Major Renovation; Certified Silver, Gold or Platinum
 - ii. State of Minnesota B3 Guidelines; Certified Compliant
 - iii. Saint Paul Port Authority Green Design Review (if applicable)
- (2) For residential projects:
 - i. LEED for New Construction and Major Renovation; Certified Silver, Gold or Platinum
 - ii. State of Minnesota B3 Guidelines; Certified Compliant
 - iii. GreenStar; Certified Silver, Gold or Platinum
 - iv. Green Communities; Certified
- (3) For parking structures:
 - i. Parksmart; Certified Silver or Gold

In the event that any of the above standards is determined by the Director to be obsolete, equivalent substitute standards may be utilized at the discretion of the Director until such time as this chapter may be updated to include new standards.

Sec. 81.03. Applicability.

This chapter applies to:

- (a) New Construction or the Major Renovation of facilities owned or operated by the City of Saint Paul or

the HRA.

- (b) New Construction or the Major Renovation of any facilities of which the City or HRA are, or will become, the sole tenant.
- (c) New Construction or Major Renovation of any facilities within the City of Saint Paul receiving more than \$200,000 of City Funding.

Sec. 81.04. Requirements.

- (a) New Construction or Major Renovations to which this chapter applies pursuant to Section 81.03 are required to be certified under an eligible Sustainable Building Standard at the listed rating level, and must meet the standards set forth in the Saint Paul Overlay.
- (b) For any projects to which this chapter applies under Sec. 81.03(c), compliance with this chapter must be a condition of receipt of City Funding.

Sec. 81.05 Waiver.

The requirements of this chapter may be waived, in whole or in part, by the Saint Paul City Council, or, in the event that the expenditure of City Funds is approved by the HRA, the HRA Board of Commissioners.

Section 2

This ordinance shall take effect and be in force on July 1, 2018, and apply to all projects for which schematic design is initiated on or after July 1, 2018.

Saint Paul Overlay

In addition to certification with one of the Sustainable Building Standards, projects complying with the Saint Paul Sustainable Building Ordinance (SPSBO) must also meet and document the requirements laid out in this section, referred to as the *Saint Paul Overlay*. The Ordinance states that the Overlay must require specific measurable requirements in the following areas:

- Predicted and actual energy use
- Predicted greenhouse gas emissions
- Predicted and actual use of potable water
- Predicted use of water for landscaping
- Utilization of renewable energy
- Electric vehicle charging capability
- Diversion of construction waste from landfills and incinerators
- Indoor environmental quality
- Stormwater management
- Resilient Design
- Ongoing monitoring of actual energy and water use

While achieving the Overlay requirements may contribute toward compliance with one or more of the identified *Sustainable Building Standards*, some additional documentation of compliance with the *Saint Paul Overlay* must be completed.

The following section lists the requirements of the *Saint Paul Overlay*, the required method(s) of demonstration of compliance, and the time at which this is due to be reported to the *Sustainability Facilitator*. Some of the *Overlay Requirements* have coordinating or overlapping reporting requirements; these are reordered to streamline project teams reporting.

List of Overlay Requirements:

1. Predicted and actual energy use
Predicted greenhouse gas emissions
Ongoing monitoring of actual energy use
2. Predicted and actual use of potable water
Predicted use of water for landscaping
Ongoing monitoring of actual water use
3. Utilization of renewable energy
4. Electric vehicle charging capability
5. Diversion of construction waste from landfills and incinerators
6. Indoor Environmental Quality
7. Stormwater Management
8. Resilient Design

* Overlay Requirement 1: Meet SB 2030 Energy Standard

Meeting this requirement during design and construction will document compliance with the following items:

- Predicted and actual energy use
- Predicted greenhouse gas emissions
- Ongoing monitoring of actual energy use

Overlay requirement:

Project teams must demonstrate that projects meet the State of Minnesota's SB 2030 Standard during both design and through 10 years of occupancy. The SB 2030 Standard sets an absolute energy target in Energy Use Intensity (EUI) in annual kBtu/sf based on the building's program and schedule. This standard is based on the following reduction from a 2003 baseline average building: 70% from 2015 through 2019, 80% from 2020 through 2024, and 90% from 2025 through 2030. Achieving this energy target may be done through improvement in energy efficiency and/or on-site renewable energy. Owners of campuses or sites that are greater than, and contiguous with the specific project site are permitted to locate new renewable systems that contribute to meeting SB 2030 anywhere on that campus, not merely on the portion associated with the relevant SPSBO project.

The SB 2030 program documentation is available at <http://www.b3mn.org/2030energystandard/>. Multiple paths may be available for projects, including methods for smaller buildings (under 20,000ft²) with more limited energy modeling requirements.

* Overlay Requirement 2: Indoor and Outdoor Water Efficiency

Meeting this requirement during design, construction, and operation will document compliance with the following items:

- Predicted and actual use of potable water indoors
- Predicted use of water for landscaping
- Ongoing monitoring of actual water use

Overlay requirement:

The project shall achieve the following:

Indoor water use: Reduce predicted and actual municipal potable water or harvested groundwater use in the building by 30% compared to code (Energy Policy Act of 1992) for any fixture types and water consuming appliances referenced by that standard. The criteria may be met by any combination of: selection of low or no flow fixtures, use of alternatively sourced water, or other strategies.

Outdoor water use: Design and maintain landscape so that after a 2-year establishment period, the landscape uses 50% less municipal potable water or harvested ground water for irrigation than a base case landscape design. (Exception: annuals are exempt.) Any amount of site-harvested rainwater, storm water, or gray or waste water treated on site to tertiary standards may be used. The criteria may be met by any combination of: selection of native or low water use plants, use of alternatively sourced irrigation water as described, use of high efficiency irrigation systems, or other strategies. In order to verify compliance with this guideline during operation of the building it is necessary to sub-meter irrigation separately from indoor water consumption.

Overlay Requirement 3: Renewable Energy

Meeting this requirement during design and construction will document compliance with the following items:

- Utilization of renewable energy

Overlay requirement:

Project teams must implement a renewable energy system designed to meet at least 2% of the annual energy need of the project through on-site solar and/or wind renewable energy systems if determined cost-effective. Cost-effectiveness is achieved when the system-lifetime cost of on-site renewable supplied energy is less than that supplied by available utility. It may be necessary to supply more than 2% of the energy needs to meet Overlay Requirement 1: Meet SB 2030 Energy Standard.

Overlay Item 4: Electric Vehicle Ready

Meeting this item during design and construction will document compliance with the following items:

- Electric vehicle charging capability

Overlay requirement:

Provide Electric Vehicle Supply Equipment (EVSE) infrastructure to permit future electric vehicle charging for at least 20% of the parking provided by the project. If the project is providing 5 or less total parking spaces EVSE Infrastructure must be provided for at least one space. EVSE infrastructure shall consist of:

- Dedicated space for future electrical distribution equipment to support EVSE
- Raceway of at least 1" connecting the future EVSE parking space(s) to dedicated space above

Considerations for locations of EVSE should include the ability for accessible parking to access charging capability.

* Overlay Requirement 5: Construction Waste Diversion

Meeting this requirement during design and construction will document compliance with the following items:

- Diversion of construction waste from landfills and incinerators

Overlay requirement:

Divert at least 75% (by weight) of construction, demolition, and land clearing debris from landfill and incinerator disposal.

* Overlay Requirement 6: Indoor Environmental Quality

Meeting this requirement during design and construction will document compliance with the following items:

- Indoor Environmental Quality

Overlay requirement:

Projects must meet all of the following:

- Projects not regulated under the Minnesota State Residential Code must achieve ventilation rates of not less than that required by the Minnesota State Energy Code or ASHRAE 62.1, whichever is more stringent.
- Projects regulated under the Residential Code must meet the Residential Code Minimums or ASHRAE 62.2, whichever is more stringent.
- Projects must document a Construction IAQ Management Plan, including following the SMACNA IAQ Guidelines for Occupied Buildings Under Construction, 2nd edition, if any portion of the building is occupied during construction.
- Document that the project is designed to meet the design, operating, and performance criteria of the most current version of ASHRAE 55.
- All newly installed interior materials must comply with the California Department of Health (CDPH) Standard Method v1.1-2010 and be certified as low-VOC. Interior materials are considered to be those within the least vapor-permeable most continuously-sealed layer.

* Overlay Requirement 7: Stormwater Management

Meeting this requirement during design and construction will document compliance with the following items:

- Stormwater Management

Overlay requirement:

Sites with 1/4 acre or more of total land disturbance must meet the following three criteria:

- Water Quality Management: For a two-year, 24-hour rainfall event, provide treatment systems designed to remove 80% of the average annual post-development Total Suspended Solids (TSS) and remove 60% of the average annual post-development Total Phosphorus (TP), by implementing Best Management Practices (BMP's) outlined in "Urban Small Sites Best Management Practices" handbook (Metropolitan Council), "Protecting Water Quality in Urban Areas" (Minnesota Pollution Control Agency), or the "Minnesota Storm Water Manual" (Minnesota Pollution Control Agency). All BMP treatments systems for the subject site shall include safety factors, maintenance, and a back-up plan in case of failure. All manufactured devices require independent laboratory testing to confirm product claims.
- Volume Control/Infiltration: Maintain or increase infiltration rates from pre-project site conditions.
- Operation and Maintenance: All practices must have an Operation and Maintenance plan

Overlay Requirement 8: Resilience in Design

Meeting this requirement during design and construction will document compliance with the following items:

- Resilient Design

Overlay requirement:

Urban resilience, as defined by the Rockefeller Foundation, is “the capacity of individuals, communities, institutions, businesses, and systems within a city to survive, adapt, and grow no matter what kinds of chronic stresses and acute shocks they experience.” Building resilience is about making people, communities, and systems better prepared to withstand catastrophic events—both natural and manmade—and able to bounce back more quickly and emerge stronger from these shocks and stressors.

For the purposes of the Saint Paul Overlay, Priority Shocks and Priority Stressors are identified as:

Priority Shocks are:

- Utility interruption: Partial or complete disruption of water, sewer, natural gas, and/or electricity service, evaluated during a period of extreme heat or extreme cold.
- Extreme rainfall: Precipitation equal to or greater than a 50-year, 24-hour (ATLAS 14) storm event.
- Transportation interruption: loss of passenger vehicle access to the building site for a period of 10 days.

Priority Stressors:

- Water quality: Document positive impact to chloride and nitrates levels leaving the site, beyond the level required by other portions of this Ordinance and other regulations.
- Heat island: Document positive impact to building’s heat island effect, beyond the level required by this Ordinance and other regulations.
- Air quality: Document positive impact to air quality or the building’s response to existing and future outdoor air quality issues, beyond the level required by this and other regulations.

The design team must identify from the above list at least one Priority Shock and one Priority Stressor that could reasonably be expected to impact the project in the future. The design team must then develop at least one strategy to address the identified Priority Shock(s) and Priority Stressor(s) and integrate those strategies into the design of the project. Additionally, the design team will provide a *Resilience Plan*, a narrative that identifies the selected Priority Shock(s) and Priority Stressor(s) and describes the strategy/strategies adopted to address the them.

**INSPIRING COMMUNITIES
CERTIFICATE OF COMPLETION OF CONSTRUCTION AND REHABILITATION**

Project Address: _____

Developer: _____

PED/HRA ("Authority") Project Manager: _____

Instructions to Developer:

1. Please attach the following:
 - a. A Certificate of Occupancy, Code Compliance report, Truth in Sale of Housing report, or each such report as otherwise required;
 - b. Single Family - Intended Methods Worksheet from the Minnesota Overlay to the Enterprise Green Communities Criteria, including the signed Compliance Certification, or evidence of post-build submittal to Enterprise Community Partners;
 - c. The final Home Performance with ENERGY STAR certificate or final Home Energy Rating System (HERS) report from an energy auditor.
 - d. Radon test reports either indicating acceptable levels of radon or that no radon is present, or documentation that a radon mitigation system has been installed;
 - e. A lead hazard risk assessment completed by a certified lead hazard risk assessor for any home built prior to 1978;
 - f. A lead clean to clearance report, if a clearance report is otherwise required;

and

2. Complete the "Developer's Certification" below or on the following page.

Developer's Certification of Substantial Completion of Construction and Rehabilitation

The Developer hereby certifies as of the date hereof that all construction and rehabilitation identified in the Plans and Specifications previously approved by the Authority or its Project Manager have been completed, except for the following minor and weather-related items:

(If none, skip to "Developer's Certification of Final Completion.") Attach additional pages if necessary and if attaching, state "see attached.")

Developer:

_____ (Name)

_____ (Signature)

_____ (Title)

_____ (Date)

Project Manager’s Certification of Receipt and Inspection

The Authority’s Project Manager certifies that they have received the Developer’s Certification of Substantial Completion of Construction and Rehabilitation, third-party reports, and has made inspection of the Project Address.

Authority Project Manager:

_____ (Name)

_____ (Signature)

_____ (Title)

_____ (Date)

Developer’s Certification of Final Completion of Construction and Rehabilitation

The Developer hereby certifies as of the date hereof that all construction and rehabilitation identified in the Plans and Specifications previously approved by the Authority or its Project Manager, including any and all minor and weather-related items identified at the time of substantial completion, have been completed.

Developer:

_____ (Name)

_____ (Signature)

_____ (Title)

_____ (Date)

Project Manager’s Certification of Receipt and Inspection

The Authority’s Project Manager certifies that they have received the Developer’s Certification of Final Completion of Construction and Rehabilitation, third-party reports, and has made inspection of the Project Address.

Authority Project Manager:

_____ (Name)

_____ (Signature)

_____ (Title)

_____ (Date)



CONGRATULATIONS!

You have entered negotiations to buy a home built or rehabilitated under the City of Saint Paul's Inspiring Communities Program. In order to determine your eligibility to benefit directly from this Program and purchase this home, we ask that you provide certain information.

Below is a list of the documents that are attached and must be completed and returned to us as soon as possible. We request at least 30 days to review prior to your closing date. Please call us at 651-266-6565 for details on where and how to send the requested documents.

Your submission of this information does not guarantee approval. We will issue a commitment letter upon determination of your eligibility and compliance with requirements of the Program.

1. Privacy Notice, Household Demographic/Project Information Consent Forms, and Tennesen Warning: Must be signed.
2. Authorization to Release Information: Must be signed.
3. Income and Asset Worksheet: Provide names of everyone who will live in the property, including minors. Disclose all sources of income and all financial assets of everyone named.
4. Certification of First-Generation Buyer Status: Must be completed and signed.
5. Demographic Questionnaire: Must be completed, although you may opt out of providing demographic information.

NEED HELP?

If you'd like help in preparing and providing the requested information, we encourage you to speak with your real estate agent, mortgage lender, or one of these nonprofit homeownership advisors:

- Neighborhood Development Alliance (NeDA):
www.nedahome.org/contact, 651-292-0131
- NeighborWorks Home Partners:
hello@nwhomepartners.org, 651-292-8710
- LSS Financial Counseling:
lssfinancialcounseling@lssmn.org, 888-577-2227



SAINT PAUL
PLANNING & ECONOMIC
DEVELOPMENT

DEPARTMENT OF PLANNING & ECONOMIC DEVELOPMENT
NICOLLE GOODMAN, DIRECTOR

HOUSING AND REDEVELOPMENT AUTHORITY
NICOLLE GOODMAN, EXECUTIVE DIRECTOR

City Hall Annex, 25 West 4th Street, Suite 1300
Saint Paul, MN 55102
Tel: 651-266-6565

- Comunidades Latinas Unidas en Servicio (CLUES):
info@clues.org, 651-379-4200
- Model Cities, Inc.:
info@modelcities.org, 651-632-8350

You can also call us at 651-266-6565.

Sincerely,

City of Saint Paul Department of Planning & Economic Development and
The Housing and Redevelopment Authority of the City of Saint Paul



**PRIVACY NOTICE, HOUSEHOLD DEMOGRAPHIC/PROJECT INFORMATION CONSENT FORM
AND TENNESSEN WARNING**

Address of Subject Property: _____, Saint Paul, MN.

Portions of the funding used to assist you in your purchase and/or in the development of the property you may purchase (the "Subject Property" identified above) may have been provided by the Minnesota Housing Finance Agency ("MHFA"), the City of Saint Paul (the "City"), the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota ("HRA"), the Metropolitan Council ("Met Council"), United States Department of Housing and Urban Development ("HUD") and/or the Family Housing Fund ("FHF"). The information attached hereto is being requested for the purposes of evaluating your application, determining compliance with the Minnesota Human Rights law and to monitor compliance with federal equal credit opportunity, fair housing and home mortgage disclosure laws for certain types of loans related to a dwelling, as well as monitoring the general performance of the various funding programs provided by the HUD, MHFA, the City, HRA, Met Council and/or FHF. You are not required to furnish the information requested regarding race, ethnicity and gender, but are encouraged to do so. Federal and State laws provide that a lender may not discriminate on the basis of this information, nor on whether you choose to furnish it.

The disclosure of your Social Security number or Minnesota Tax Identification number is mandatory for participation, by virtue of the Minnesota Revenue Recapture Act of 1980 (Minnesota Statutes, Section 270A.01 to 270A.12) as well as Federal regulations/requirements which are required within the funding programs. Supplying such information could result in the application of state tax refunds to the payment of any tax delinquent indebtedness resulting from this or any other special financing Programs. Such information may also be made available to state or federal tax authorities and state and federal personnel involved in the collection of such obligations.

Use of the data requested in the attached form is limited to that necessary for the administration and management of the funding programs by HUD, MHFA, City, HRA, Met Council and/or FHF personnel, or those under contract with HUD, MHFA, City, HRA, Met Council and/or FHF, or in instances where access to this data is authorized by federal and/or state law, it may be made available to other governmental entities.

By signing below, you authorize and consent to the above-described use of the attached information. With regard to the sharing of such information, the authorizations provided under this document will expire one (1) year from the below listed date without any further action or notice by you. At any time prior to the natural expiration of the authorizations provided in this document, you may revoke such authorizations provided in this document, by giving written notice to HRA at the following address: Department of



Planning and Economic of the City of Saint Paul, 1100 City Hall Annex, 25 West Fourth Street, Saint Paul, Minnesota 55102, Attn: Executive Director.

The data you are being asked to provide is subject to and defined in the Minnesota Government Data Practices Act, Minnesota Statutes Chapter 13. Under the Data Practices Act, some of this data is classified as public data, the remaining information classified as private or confidential. Private and confidential data is available only to you and the entities listed above with a bona fide need to know such information to process and make a decision on the approval of your application. Public data is available to anyone requesting it and consists of all data furnished in the application process that is not designated private or confidential.

APPLICANT SIGNATURE

I have read and understand the above information regarding my rights as a subject of government data.

(Applicant Name)

(Applicant Signature)

Date: _____

DEVELOPER ATTESTATION

The Developer may attest to having provided a copy of this notice to the Applicant in lieu of or in addition to obtaining the Applicant Signature.

I/we provided the Applicant with the content of this Privacy Notice, Household Demographic/Project Information Consent Form and Tennesen Warning prior to collecting data from the Applicant.

(Name of Developer and Developer's Representative)

(Developer Representative's Signature)

Date: _____



AUTHORIZATION TO RELEASE INFORMATION

I/We have applied for a loan or other assistance from the City of Saint Paul and the Housing and Redevelopment Authority of the City of Saint Paul. As part of the application process, the City of Saint Paul and the Housing and Redevelopment Authority of the City of Saint Paul may verify information contained in my/our loan application and in other documents required in connection with the loan or other assistance. This verification may be performed by employees of the City of Saint Paul or by authorized third parties, as a part of the origination, processing, underwriting, closing or quality control programs of the City of Saint Paul and the Housing and Redevelopment Authority of the City of Saint Paul.

I/We authorize you to provide the City of Saint Paul, the Housing and Redevelopment Authority of the City of Saint Paul, and to any third party authorized by the City of Saint Paul or the Housing and Redevelopment Authority of the City of Saint Paul, and their successors and/or assigns, any and all information and documentation that they request. Such information includes, but is not limited to: employment history and income; bank, money market and similar account balances; credit history; and copies of income tax returns. The City of Saint Paul, the Housing and Redevelopment Authority of the City of Saint Paul, and their agents and assigns, may address this authorization to any party named in my/our application for assistance.

A copy of this authorization may be accepted as an original.

Your prompt reply is appreciated.

Thank you.

Applicant (print name)

Co-Applicant (print name)

Applicant Signature

Co-Applicant Signature

SSN or ITIN – Last Four Digits

SSN or ITIN – Last Four Digits

Date

Date



Inspiring Communities Income Calculation Worksheet

| 1. Name: | | 2. Address of Property to be Purchased: | |
|--|------------------------------------|---|---------------------------|
| 3. Number of people in your household: | | | |
| ASSETS (see page 2) | | | |
| Household Member | Asset Description/ Account Type | Current Cash Value of Asset | Actual Income from Assets |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| 3. Net Cash Value of Assets..... | | \$0 | |
| 4. Total Actual Income from Assets..... | | | \$0 |
| 5. If line 3 is greater than \$5,000, enter Passbook Rate %*; otherwise, leave blank | | Passbook Rate: | 0.00% \$0 |

| ANTICIPATED ANNUAL GROSS INCOME | | | | | | | | | | |
|---|-----|-----|-----------------------------------|---------------------------|--------------------|------------------------|--|---------------------------|-----------------|-----------------|
| Household Member | M/F | Age | Relationship to Head of Household | a. Gross Wages/Salaries** | b. Social Security | c. Economic Assistance | d. Disability income, unemployment, etc. | e. Child support, alimony | f. Other income | g. Asset Income |
| | | | Head | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| 6. Totals | | | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 7. Total of items from 6a. through 6g is Annual Income..... | | | | | | | | | | \$0 |

*Passbook rate is 2%
 **Gross income is defined as annual income (salary, wages, tips) before taxes and deductions.

I/We certify that all of the information given is true, complete and accurate.

X _____ Date _____
 Applicant Signature

X _____ Date _____
 Applicant Signature

Section 1001 of Title 18 of the United States Code makes it a criminal offense to make willful false statements or misrepresentation of any material fact involving the use of or obtaining of Federal funds.

 For Office Use Only
 Gross Household Income: _____
 Applicable Household Income Limit per Development Agreement and Funding Sources _____

 Signature of Certifying Staff

Description of Assests

Household has: (if yes, enter values on Page 1)

| | Yes | No |
|--|----------------------|----------------------|
| 1. Cash held in savings accounts, checking accounts, safe deposit boxes, homes, etc. For checking accounts, use the average 6-month balance. Assets held in foreign countries are considered assets. | <input type="text"/> | <input type="text"/> |
| 2. Cash value of revocable trusts available. | <input type="text"/> | <input type="text"/> |
| 3. Equity in or ownership of real estate for the purposes of occupancy, rental or under a contract for deed, or other capital investments. | <input type="text"/> | <input type="text"/> |
| 4. Cash value of stocks, bonds, Treasury bills, certificates of deposit, mutual funds, and money market accounts. | <input type="text"/> | <input type="text"/> |
| 5. Individual retirement, 401(K), and Keogh accounts (even through withdrawal would result in a penalty). | <input type="text"/> | <input type="text"/> |
| 6. Retirement and/or pension funds. | <input type="text"/> | <input type="text"/> |
| 7. Cash value of life insurance policies available to the individual before death (e.g. surrender value of a whole life or universal life policy). | <input type="text"/> | <input type="text"/> |
| 8. Personal property held as an investment such as gems, jewelry, coin collections, antique cars, etc. | <input type="text"/> | <input type="text"/> |
| 9. Lump sum or one-time receipts, such as inheritances, capital gains, lottery winnings, victim's resolution, insurance settlements and other amounts not intended as periodic payments. | <input type="text"/> | <input type="text"/> |
| 10. Mortgages or deeds of trust held by an applicant. | <input type="text"/> | <input type="text"/> |

Applicant Initials

Applicant Initials

For City Use Only

Funding Sources

_____ NSP _____ CDBG _____ MHFA Impact Fund _____ Met Council LHIA

Income Limits are subject to change

Note the Development Agreement may specify a more restrictive limit.

Inspiring Communities 2021-2022 Consolidated Income Limits (all sources except Met Council LHIA)

effective February 2022

| Household Size | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|----------------|----------|----------|----------|----------|----------|----------|----------|-----------|
| 60% Limit | \$44,100 | \$50,400 | \$56,700 | \$62,940 | \$67,950 | \$73,020 | \$78,060 | \$83,100 |
| 70% Limit | \$50,050 | \$57,200 | \$64,350 | \$71,450 | \$77,150 | \$82,900 | \$88,600 | \$94,300 |
| 80% Limit | \$55,950 | \$63,950 | \$71,950 | \$79,900 | \$86,300 | \$92,700 | \$99,100 | \$105,500 |

CDBG Income Limits (80% AMI)

effective 6.1.2021

| Household Size | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|----------------|----------|----------|----------|----------|----------|----------|----------|-----------|
| Income Limit | \$55,950 | \$63,950 | \$71,950 | \$79,900 | \$86,300 | \$92,700 | \$99,100 | \$105,500 |

Met Council LHIA Income Limit (80% AMI)

effective 6.1.2021

| | | | | | | | | |
|----------------|----------|--|--|--|--|--|--|--|
| Household Size | Any | | | | | | | |
| Income Limit | \$79,900 | | | | | | | |

MHFA Impact Fund Income Limit (115% AMI)

effective 6.1.2021

| | | | | | | | | |
|----------------|-----------|--|--|--|--|--|--|--|
| Household Size | Any | | | | | | | |
| Income Limit | \$120,700 | | | | | | | |

NSP Income Limits (120% AMI)

effective 6.1.2021

| Household Size | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|----------------|----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Income Limit | \$88,100 | \$100,700 | \$113,300 | \$125,900 | \$135,950 | \$146,000 | \$156,100 | \$166,150 |

**CITY OF SAINT PAUL AND HOUSING AND REDEVELOPMENT AUTHORITY OF THE CITY OF SAINT PAUL
INSPIRING COMMUNITIES PROGRAM**

CERTIFICATION OF FIRST-GENERATION BUYER STATUS

Address of Subject Property: _____

Developer: _____

The City of Saint Paul recognizes that first-generation homebuyers face unique disadvantages to achieving homeownership. Accordingly, your Developer, who is participating in the City of Saint Paul's Inspiring Communities program, may limit sale of the Subject Property to First-Generation Buyers.

Definition of First-Generation Buyer:

A First-Generation Buyer is someone: 1. Who does not currently, nor have they previously owned a home; and 2. Whose parent(s)/legal guardian(s) do not currently, nor have they previously owned a home in the applicant's lifetime; and 3. Whose spouse, if married, does not currently own a home and has not previously owned a home; or 4. Who was in foster care.

Instructions to Developer:

Review your Marketing Plan and answer question #1 below:

1. Is sale of the Subject Property restricted to First-Generation Buyers? (Select only one)

Yes No

Instructions to Potential Homebuyer ("Applicant"):

Answer questions #2 below:

2. Do you currently own a home, or have you previously owned a home?

Yes No

3. Have any of your parent(s) or legal guardian(s) currently own a home, or have they previously owned a home in your lifetime?

Yes No

4. If you are married, does your spouse currently own a home, or have they previously owned a home?

Yes No I am not married



5. Have you ever lived in foster care?

Yes No

6. Please review the following and indicate below whether you are a First-Generation Buyer.

If you answered “Yes” to any or all questions 2-4 and “No” to question 5, you are not a First-Generation Buyer.

If you answered “No” to all questions 2-4, or “No” to questions 2 and 3 and “I am not married” to question 4, or “Yes” to question 5, you are a First-Generation Buyer.

Please indicate below whether you are a First-Generation Buyer.

Yes, I am a First-Generation Buyer **No**, I am not a First-Generation Buyer

If the answer to question 1. Is “Yes” and you are not a First-Generation Buyer, you are not eligible to purchase the Subject Property. If the answer to question 1. Is “No,” your status as a first-generation buyer does not affect your eligibility to purchase the Subject Property, but we ask that you provide this information for statistical purposes.

APPLICANT CERTIFICATION

I certify that the information contained in this Certification of First-Generation Buyer Status is true and correct to the best of my knowledge and belief.

(Applicant Name)

_____ Date: _____
(Applicant Signature)

Do you need this form translated? Call the City of Saint Paul at 651-266-6565.

¿Necesita esta traducción? Comuníquese con nosotros al 651-266-6565. Ma u baahan tahay tarjamadaan Nago soo wac 651-266-6565.

Xav tau qhov no txhais los? Hu rau peb ntawm 651-266-6565.



DEMOGRAPHIC QUESTIONNAIRE

The Inspiring Communities program receives funding from state and federal sources that request periodic reports on the race, ethnicity, and disability status of program applicants. ***SUBMISSION OF THIS INFORMATION IS VOLUNTARY.*** ***Please do not indicate the nature or severity of your disability.*** The information you provide in this Questionnaire will not be disclosed or released by this office without your consent, except as required or permitted by law. Information is gathered for statistical purposes.

1. Please provide the information below.

Is your household headed by a single person? (Select only one) Yes No

Does anyone in your household have a disability? Yes No

How many persons in your household have a disability?

Enter number, if any: _____

Please check the race and ethnicity information appropriate for your household.

Select all that apply:

- American Indian/Alaskan Native
- Asian
- Black/African American
- Hispanic or Latino
- Native Hawaiian or Other Pacific Islander
- White Non-Hispanic
- Other Multi-racial

2. Or, opt out:

I do not wish to provide this information:

Printed name: _____

Current Address: _____

Do you need this form translated? Call the City of Saint Paul at 651-266-6565.

¿Necesita esta traducción? Comuníquese con nosotros al 651-266-6565. Ma u baahan tahay tarjamadaan

Nago soo wac 651-266-6565.

Xav tau qhov no txhais los? Hu rau peb ntawm 651-266-6565.



Inspiring Communities Program Income Verification and Documentation Policy

The purpose of this policy is to ensure potential buyers of Inspiring Communities homes and persons seeking Homebuyer Assistance Incentive Program funds are at or below the program-required income limit. This policy is not intended to qualify a buyer or assess the buyer's ability to repay a debt. For the purposes of expending dollars associated with the Neighborhood Stabilization Program (NSP) grants, Minnesota Housing's Community Housing Impact Fund, and other program-related sources, the City of Saint Paul will employ the processes and procedures described herein.

Rules for Income Verification

In accordance with HUD guidance provided in the [Guide to Completing NSP Income Certifications](#), Saint Paul will determine income of potential households using the [24 CFR Part 5](#) annual income (Section 8) method. This approach is one of three permitted methods that grantees may use. The other two are a verifiable self-certification by the applicant and an adjusted gross income determination using the most recent IRS 1040. The same three methods are also used to determine income under the HOME program. It is the opinion of staff that the selected method will result in the most accurate determination of household income.

Guidance regarding how to use the 24 CFR Part 5 method is contained in the [Technical Guide for Determining Income and Allowances for the HOME Program](#), Third Edition, dated January 2005. The guide directs Participating Jurisdictions (PJs) to select one of the three aforementioned methods and use it for all like activity (e.g. for all rehabilitation or new construction for home ownership property sales). Household income will be calculated using the Income Calculation Worksheet provided in the Guide to Completing NSP Income Certifications and adapted by staff to capture additional required information regarding household members and alternative earned income sources such as dividends, alimony, welfare, unemployment, etc. 24 CFR Part 5 and NSP require that income is projected and considered for a 12 month period.

Steps to Document Income in Compliance with the Verification Rules

HOME guidance suggests that documentation provided by the applicant, such as pay stubs and tax returns, may be the most appropriate second only to third-party verification. In addition, the Technical Guide for Determining Income and Allowances for the HOME program states the following:

PJs may develop their own verification procedures provided that they collect source documentation and that this documentation is sufficient for HUD to monitor program compliance. (Chapter 2, p.5)

There are no specific requirements, or even guidance, regarding the exact type of income documentation or the duration for which the documentation shall cover in any NSP, HOME or 24 CFR Part 5 references.

Accordingly, Saint Paul has determined that its policy relative to income documentation will be as stated in the Income and Asset Verification table below. The City will consider the documentation submitted to the lender for its use in qualifying and underwriting the primary loan. If additional documentation is required to substantiate the buyer's income, it will be

requested by city staff. Saint Paul will document the project file with any and all income verification documents obtained by the applicant's lender.

Additional Income (other than wages/salaries) and Asset Documentation

If sources of income, including income from assets, are identified on the Income Calculation Worksheet and the associated documentation has not been supplied, city staff will request appropriate documentation to substantiate the claimed income/asset. In addition, **income and asset information and documentation will be required for any non-borrowing household member.**

Annual income and income from assets will be calculated in accordance with 24 CFR Part 5. The passbook rate for calculating imputed asset income (when assets total more than \$5,000) is 2%.

Documentation required for verification purposes for Saint Paul Homebuyer Assistance

Incentive Program

Income and asset information will need to be verified to determine eligibility for the Saint Paul Homebuyer Assistance Incentive Program. The following table sets forth acceptable verifications. The verification provided must be exactly as listed in order to prevent delays in the determination of eligibility. *This information can be furnished by either the applicant or lender.*

| INCOME AND ASSET VERIFICATION | |
|--|---|
| Item needed for each source of | Acceptable form(s) of Verification |
| INCOME | |
| Employment (wages/salaries) | Most recent check stubs (six consecutive), or letter from employer (can be written to you), or termination letter (if you are no longer employed), and copy of the verification(s) of employment from the mortgage lender (where available). Copy of one year of signed federal tax returns with all required schedules. |
| Self-Employment (wages/salaries) | Copy of three years, signed federal tax returns with all required schedules. If it has been more than six months since the filing of the last return you must also include year-to-date information for the self-employment. If less than three years, turn in as many as available. |
| Social Security, SSI, RSDI, SSDI | Annual Statement (letter) from the Social Security Administration (SSA) or a printout (request to have it sent to you) from the appropriate Social Security Administration office. |
| Economic Assistance (MFIP, MSA, GA, other) | Printout (request to have it sent to you) or monthly statement from the county economic assistance department. |
| Item needed for each source of | Acceptable form(s) of Verification |
| INCOME (continued) | |
| Child support and alimony | Copy of the current support decree and copies of at least four payments or an original signed letter from the payor (we can provide a form or be sure the letter includes the payor's current address and phone number) or a printout (request to have it sent to you) of child support or alimony from the collecting agency. |

| | |
|--|---|
| Zero income | If any household member age 18 or older has zero income, contact staff for the required documentation. |
| ASSETS | |
| Checking Accounts, Savings Accounts, Stocks, Bonds, 401(k), Certificates of Deposits, etc. | Complete copy (all pages) of the most recent account statement or a printout from your financial institution for each account that indicates: the institution, type of account, current balance (value of asset) and interest rate. For CHECKING ACCOUNTS provide complete copies (all pages) of the last two monthly statements or the printout showing the balance for the last two months and/or a copy of the verification of deposit(s) received by the mortgage lender. |
| Savings Bonds | Copy of all the Savings Bonds held by any household member. |
| Property owned | Copy of the most recent county tax statement (showing at least the value and taxes paid) and a copy of the most recent mortgage statement(s) (if any) that show the outstanding balances owed on the property. In addition , if the property is being sold under a contract for deed or rented, provide a copy of the contact or the current lease. |
| OTHER | |
| Social Security number verification | All household members over the age of 18 will be required to sign a W-9 form at the time of closing certifying that the social security number presented is valid and belongs to them. |

Supplement to the Inspiring Communities Program Income Verification and Documentation Policy for Homeownership Projects Involving Duplexes and Accessory Dwelling Units (ADU)

I. Introduction

Relative to development of one-unit properties for homeownership, development of two-unit properties for homeownership introduces complexities as to household composition and income. This supplement seeks to resolve these complexities and guide consistent determinations of income eligibility for buyers of two-unit properties.

II. Guidance for Developers and PED Staff Conducting Income Determinations

In all instances, at least one unit on the Property must be occupied by a low-mod household with at least one household member having an ownership interest in the Property.

All owner-occupants of the Property must join the application for assistance and sign the homeowner assistance mortgage(s) and note(s). If an occupant of the primary unit and an occupant of the ADU/second unit will have an ownership interest in the Property, then both owner-occupants must join the application for assistance and sign the homeowner assistance mortgage(s) and note(s).

A person who is an adult household member at the time of the household’s application for assistance and will reside in the Property must have their income included in the calculation of that household’s income, regardless of the unit in with they will reside. If no additional persons will reside in the Property besides those persons that are members of the applicant’s household at the time of application, then projected rental income need not be included in the owner household’s income.

The chart below further describes scenarios and provides guidance for income determination.

III. Chart

“Current Household Members” refers to all persons living together as of the date of the application for assistance.

“Property” refers to the assisted property and is inclusive of all housing units thereon.

| Primary Unit Occupancy | ADU/Second Unit Occupancy | Primary Unit Household: Whose Income is Considered? | ADU/Second Unit Household: Whose Income is Considered? |
|--|--|--|---|
| Current Household Member(s) only, will have ownership interest | Current Household Member(s) only, no ownership interest | All Current Household Member(s) who will occupy either unit of the Property, no projected rental income; must be low-mod | N/A; included in income of the household occupying the primary unit |
| Current Household Member(s) only, will have ownership interest | Current Household Member(s) AND/OR other person(s) who are not Current Household Members | All Current Household Member(s) who will occupy either unit of the Property PLUS any other occupant of | All occupants of the ADU/second unit who are not Current Household Members and will not have an |

| | | | |
|--|--|--|--|
| | | either unit of the Property who will also have an ownership interest in the Property (including a marital interest) or co-sign a mortgage note PLUS projected rental income; must be low-mod | ownership interest or sign the mortgage note; <u>need not</u> be low-mod |
| Current Household Member(s) + additional person(s) who are not Current Household Members, will have ownership interest | Current Household Member(s) only, no ownership interest | All Current Household Member(s) who will occupy either unit of the Property PLUS income of additional occupants of the primary unit, no projected rental income; must be low-mod | N/A; included in income of the household occupying the primary unit |
| Current Household Member(s) + additional person(s) who are not Current Household Members, will have ownership interest | Current Household Member(s) AND/OR other person(s) who are not Current Household Members | All Current Household Member(s) who will occupy either unit of the Property PLUS income of additional occupants of the primary unit PLUS any other occupant of either unit of the Property who will have an ownership interest in the Property (including a marital interest) or co-sign a mortgage note PLUS projected rental income; must be low-mod | All occupants of the ADU/second unit who are not Current Household Members; <u>need not</u> be low-mod |
| Current Household Member(s) only, no ownership interest | Current Household Member(s) only, will have ownership interest | N/A; included in income of the household occupying the ADU/second unit | All Current Household Member(s) who will occupy either unit of the Property, no projected rental income; must be low-mod |
| Current Household Member(s) AND/OR | Current Household Member(s) only, will | All occupants of the primary unit who are | All Current Household Member(s) who will |

| | | | |
|--|--|---|---|
| other person(s) who are not Current Household Members | have ownership interest | not Current Household Members; <u>need not</u> be low-mod | occupy either unit of the Property PLUS any other occupant of either unit of the Property who will have an ownership interest in the Property (including a marital interest) or co-sign a mortgage note PLUS projected rental income; must be low-mod |
| Current Household Member(s) only, no ownership interest | Current Household Member(s) + additional person(s) who are not Current Household Members, will have ownership interest | N/A; included in income of the household occupying the ADU/second unit | All Current Household Member(s) who will occupy either unit of the Property PLUS income of additional occupants of the primary unit, no projected rental income; must be low-mod |
| Current Household Member(s) AND/OR other person(s) who are not Current Household Members | Current Household Member(s) + additional person(s) who are not Current Household Members, will have ownership interest | All occupants of the primary unit who are not Current Household Members; <u>need not</u> be low-mod | All Current Household Member(s) who will occupy either unit of the Property PLUS income of additional occupants of the primary unit PLUS any other occupant of either unit of the Property who will have an ownership interest (including a marital interest) in the Property or co-signs a mortgage note PLUS projected rental income; must be low-mod |

IV. Projecting Rental Income According to CDBG Regulations

If the first mortgage lender is relying on projected net rental income in its calculation of the borrower’s income, the first mortgage lender’s determination of projected net rental income will be used.

In all other instances:

If a lease has been signed, 75% of gross rent will be used. If no lease has been signed, 75% of the applicable HUD fair market rent will be used, unless it is entirely known who will occupy the Property, a lesser amount of rent or no rent will be charged, and all adult occupants attest in writing as to the amounts of rent to be exchanged during the initial 12 months of occupancy.

No further deductions for lease-up, vacancy loss, or other expenses will be taken.

V. Projecting Rental Income According to Impact Fund Procedures

In all cases the projected rental income from any part of the Property is \$0 (zero dollars) (*Ref.: Impact Fund Procedural Manual dated May 1, 2020, p. 13*).

VI. Supplemental Questions for Homebuyers of Two-Unit Properties, Including Duplexes and Single-Family Homes with Accessory Dwelling Units (ADU)

Gather the information in this section to assist in determining household income.

1. List Current Household Members. “Current Household Members” refers to all persons living together as of the date of the application for assistance.

| Name | DOB | Income, etc. |
|------|-----|--------------|
| | | |
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| | | |
| | | |
| | | |

2. Will each of these Household members occupy the new Property – either the ADU/second unit or the primary unit?

| Household Member Name (from table above) | Indicate with an “X” the unit the Household Member will primarily occupy | | |
|--|--|-----------------|---------|
| | Primary Unit | ADU/second unit | Neither |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
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| | | | |
|--|--|--|--|
| | | | |
| | | | |
| | | | |

3. Will anyone else occupy the new Property – either the ADU/second unit, or the primary unit?

No

Undecided or unknown

Yes – But we don’t yet know who will.

Yes – we know who will, and they are named below.

| Name | Indicate with an “X” the unit the named person will primarily occupy | |
|------|--|-----------------|
| | Primary Unit | ADU/second unit |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
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| | | |
| | | |

4. The City of Saint Paul has made a significant investment to build the primary unit for owner-occupancy, and the ADU/second unit on the Property, with the intent that both will be occupied by separate individuals or households, or by the home-based business(es) of the occupant(s). Please acknowledge that you understand that you must take reasonable efforts to ensure both units on the Property are occupied.

I understand and acknowledge that both the primary unit and the ADU/second unit must be occupied, and will make reasonable efforts to ensure that both units are occupied.

5. Who will have an ownership interest in the new Property?

| |
|--|
| <p>Name(s) of all people who will have an ownership interest in the new Property – typically, these people are named on the deed, or are married to those named on the deed, and are generally required by your mortgage lender(s) to sign the mortgage deed(s).</p> |
| |

6. Will anyone without an ownership interest co-sign on the mortgage note AND live in the Property (either in the primary unit or the ADU/second unit)? If yes, who?

| |
|--|
| Name(s) of all people without an ownership interest in the Property who will co-sign the mortgage note AND live in the Property. |
| |

7. Will any occupants of the Property pay rent to any other occupants of the Property?
 ___ Yes. (Describe in the table below.)

| Name of Occupant paying rent | Name of Occupant receiving rent |
|------------------------------|---------------------------------|
| | |
| | |
| | |

___ No.

8. Do you intend to offer any portion of the Property for rent and to charge rent?

___ Yes. We intend to charge rent of \$_____ per (month/week/year) to rent out the ___ Primary unit ___ ADU/second unit or ___ some other portion of the Property (please describe: _____)

___ Yes. We intend to rent out the ___ Primary unit ___ ADU/second unit or ___ some other portion of the Property (please describe or indicate "unknown": _____), but haven't decided how much to charge.

___ No. We intend not rent out any portion of the Property and do not intend to charge rent.

VII. Q & A

Q: Applicant indicates an owner will pay rent to a non-owner, or one non-owner will pay rent to another non-owner.

A: This is allowed. Households may have different ways of handling finances. The developer should collect a letter of attestation from the occupants involved explaining the arrangement.

PROMISSORY NOTE

(Inspiring Communities – Homebuyer Assistance)

Project Title: _____, Saint Paul, Minnesota

Name of Borrower: _____

Amount of Loan: **\$5,000.00**

Date: _____, 20____

FOR VALUE RECEIVED, the undersigned _____ (the "Borrower," whether one or more) jointly and severally agree(s) to pay to the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota, whose address is 25 W. 4th St., Suite 1100, Saint Paul, MN 55102 (the "Lender"), or its successors or assigns, the principal amount of **Five Thousand and No/One-Hundredths Dollars (\$5,000.00)** (the "Loan Amount") with zero percent (0%) interest upon an Event of Default. Said sum was made available to the Borrower to enable the Borrower to purchase the property located at _____, Saint Paul, Minnesota (the "Improved Property").

Borrower acknowledges having received assistance in the amount of the Loan Amount.

1. DEFINITIONS. As used in this Homebuyer Assistance Note, the following terms have the following respective meanings:

Affordability Period. Five (5) years from the date of this Note.

Default. The occurrence of any of the following prior to the end of the Affordability Period:

- a. The adjudication in bankruptcy of any owner of the Improved Property;
- b. Foreclosure sale pursuant to the Private Lender Mortgage;
- c. Deed in lieu of foreclosure to the holder of the Private Lender Mortgage or its designee;
- d. A Transfer; or
- e. Any use of the Improved Property other than as the primary residence of the Borrower.

Event of Default. A declaration by the Lender pursuant to Section 3 of this Note that the entire unpaid balance of the Note is due and payable.

Fair Market Value. The fair market value of the Improved Property as determined by the most recent assessed value.

Net Proceeds. Any and all consideration of any kind whatsoever, whether direct or indirect, that is received by the Borrower for, or in connection with, a Transfer, including without limitation, the stated purchase price, cash, notes, and any indebtedness assumed and/or to which the Improved Property is then subject, interest on any deferred portion of the purchase price, and noncustomary net prorations in favor of seller; adjusted by deducting outstanding senior debt secured against the Improved Property and customary closing costs. Notwithstanding the foregoing, if the Transfer is other than an arms-length transaction with a third party, then, at the option of the Lender, Net

Proceeds shall mean the Fair Market Value of the Improved Property less any outstanding amount of the Private Lender Note and Private Lender Mortgage against the Improved Property.

Note. This Homebuyer Assistance Note, as from time to time amended.

Maturity Date. The maturity date of this Note is _____ (“Maturity Date”) at which time the entire Loan is due and payable to Lender, unless otherwise forgiven as provided herein.

Mortgage. The mortgage of even date herewith from the Borrower in favor of the Lender securing payment of the Note, as from time to time amended.

Private Lender Mortgage. Any mortgage of the Improved Property, the lien of which has priority over this Mortgage.

Private Lender Note. The promissory note secured by the Private Lender Mortgage.

Transfer. A sale or transfer of all or any part of the Improved Property, or an interest therein, whether by lease, deed or contract for deed or otherwise, whether for consideration or by gift or in the event of death or otherwise, and whether voluntarily, involuntarily or by operation of law; provided, however, (a) if the Borrower owns the Improved Property as co tenants, a transfer of the Improved Property or any interest therein, from one co tenant to another co tenant whether by reason of death or otherwise, shall not be considered a Transfer, (b) a taking by eminent domain shall not be considered a Transfer unless it is a total taking in the sense that payment is made for the full value of the Improved Property, (c) the creation of a lien or encumbrance subordinate to the Mortgage shall not be considered a Transfer, (d) the creation of a purchase money security interest for household appliances shall not be considered a Transfer, and (e) a lease to a tenant if the Improved Property is a duplex, provided the Borrower occupies the Improved Property, shall not be considered a Transfer.

2. FORGIVENESS. If no Event of Default has occurred prior to the end of the Affordability Period, the Borrower will have no obligation to repay the Loan Amount and this Note will be forgiven by the Lender. Provided further, that twenty percent (20%) of the Loan Amount will be forgiven at the end of each year during the Affordability Period that the Borrower has fully complied with the terms of the Note and Mortgage.
3. EVENT OF DEFAULT. If a Default occurs prior to the end of the Affordability Period, the Lender will mail notice to the Borrower specifying: (a) the Default; (b) the action required to cure such Default; (c) a date not less than thirty (30) days from the date the notice is mailed to the Borrower by which date such Default must be cured; and (d) that failure to cure such Default on or before the date specified in the notice may result in acceleration of the Loan Amount, at which point, Lender may declare the entire Loan Amount immediately due and payable. Failure by the Lender to make that declaration by reason of an Event of Default will not waive its right to make such a declaration upon the subsequent occurrence of the same or any other Event of Default.
4. NET PROCEEDS. Lender agrees that the Loan Amount will be payable solely out of Net Proceeds.

5. SUBORDINATION. This Note and the Mortgage is subordinate to the Private Lender Note and Private Lender Mortgage. No further subordinations will be given for refinancing or otherwise.

6. MISCELLANEOUS.

6.1 This Note is secured by the Mortgage. All of the terms, covenants, conditions, provisions and agreements of the Mortgage are hereby made a part of this instrument to the same extent and with the same force and effect as if fully set forth herein.

6.2 If any payment due under this Note is not paid when due, and this Note is placed in the hands of any attorney or attorneys for collection or foreclosure of the Mortgage or enforcement of any other security instrument securing payment hereof, the Borrower promises to pay, in addition to the amount due hereon, the reasonable costs and expenses of foreclosure and collection (including attorneys' fees), and all such costs and expenses shall be secured by the Mortgage.

6.3 No failure or delay by the Lender to exercise any right or remedy under this Note shall waive such right or remedy.

6.4 This Note is made and delivered in Minnesota, and accordingly, the clauses and provisions of this Note and the rights, payments, charges, indebtedness and other items hereby secured shall be construed and enforced according to the laws of the State of Minnesota.

6.5 Demand, protest and notice of demand and protest are hereby waived and the undersigned waives, to the extent authorized by law, any and all homestead and other exemption rights which otherwise would apply to the debt evidenced by this Note.

IN WITNESS WHEREOF, the Borrower has caused this Note to be executed the day and year first above written.

Borrower

Borrower

PROMISSORY NOTE

(Inspiring Communities – Homebuyer Assistance)

Project Title: _____, Saint Paul, Minnesota

Name of Borrower:

Amount of Loan: **[\$More than 5,000.00]**

Date: _____, 20____

FOR VALUE RECEIVED, the undersigned _____ (the "Borrower," whether one or more) jointly and severally agree(s) to pay to the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota, whose address is 25 W. 4th St., Suite 1100, Saint Paul, MN 55102 (the "Lender"), or its successors or assigns, the principal amount of **[GREATER THAN Five Thousand and No/One-Hundredths Dollars (>\$5,000.00)]** (the "Loan Amount") with zero percent (0%) interest upon an Event of Default. Said sum was made available to the Borrower to enable the Borrower to purchase the property located at _____, Saint Paul, Minnesota (the "Improved Property").

Borrower acknowledges having received assistance in the amount of the Loan Amount.

- 1. DEFINITIONS. As used in this Homebuyer Assistance Note, the following terms have the following respective meanings:

Affordability Period. **Thirty (30) years from the date of this Note.**

Default. The occurrence of any of the following prior to the end of the Affordability Period:

- a. The adjudication in bankruptcy of any owner of the Improved Property;
- b. Foreclosure sale pursuant to the Private Lender Mortgage;
- c. Deed in lieu of foreclosure to the holder of the Private Lender Mortgage or its designee;
- d. A Transfer; or
- e. Any use of the Improved Property other than as the primary residence of the Borrower.

Event of Default. A declaration by the Lender pursuant to Section 3 of this Note that the entire unpaid balance of the Note is due and payable.

Fair Market Value. The fair market value of the Improved Property as determined by the most recent assessed value.

Net Proceeds. Any and all consideration of any kind whatsoever, whether direct or indirect, that is received by the Borrower for, or in connection with, a Transfer, including without limitation, the stated purchase price, cash, notes, and any indebtedness assumed and/or to which the Improved Property is then subject, interest on any deferred portion of the purchase price, and noncustomary net prorations in favor of seller; adjusted by deducting outstanding senior debt secured against the Improved Property and customary closing costs. Notwithstanding the foregoing, if the Transfer is other than an arms-length transaction with a third party, then, at the option of the Lender, Net

Proceeds shall mean the Fair Market Value of the Improved Property less any outstanding amount of the Private Lender Note and Private Lender Mortgage against the Improved Property.

Note. This Homebuyer Assistance Note, as from time to time amended.

Maturity Date. The maturity date of this Note is _____ (“Maturity Date”) at which time the entire Loan is due and payable to Lender, unless otherwise forgiven as provided herein.

Mortgage. The mortgage of even date herewith from the Borrower in favor of the Lender securing payment of the Note, as from time to time amended.

Private Lender Mortgage. Any mortgage of the Improved Property, the lien of which has priority over this Mortgage.

Private Lender Note. The promissory note secured by the Private Lender Mortgage.

Transfer. A sale or transfer of all or any part of the Improved Property, or an interest therein, whether by lease, deed or contract for deed or otherwise, whether for consideration or by gift or in the event of death or otherwise, and whether voluntarily, involuntarily or by operation of law; provided, however, (a) if the Borrower owns the Improved Property as co tenants, a transfer of the Improved Property or any interest therein, from one co tenant to another co tenant whether by reason of death or otherwise, shall not be considered a Transfer, (b) a taking by eminent domain shall not be considered a Transfer unless it is a total taking in the sense that payment is made for the full value of the Improved Property, (c) the creation of a lien or encumbrance subordinate to the Mortgage shall not be considered a Transfer, (d) the creation of a purchase money security interest for household appliances shall not be considered a Transfer, and (e) a lease to a tenant if the Improved Property is a duplex, provided the Borrower occupies the Improved Property, shall not be considered a Transfer.

2. FORGIVENESS. If no Event of Default has occurred prior to the end of the Affordability Period, the Borrower will have no obligation to repay the Loan Amount and this Note will be forgiven by the Lender. Provided further, that twenty percent (20%) of the Loan Amount will be forgiven at the end of each year during the Affordability Period that the Borrower has fully complied with the terms of the Note and Mortgage.
3. EVENT OF DEFAULT. If a Default occurs prior to the end of the Affordability Period, the Lender will mail notice to the Borrower specifying: (a) the Default; (b) the action required to cure such Default; (c) a date not less than thirty (30) days from the date the notice is mailed to the Borrower by which date such Default must be cured; and (d) that failure to cure such Default on or before the date specified in the notice may result in acceleration of the Loan Amount, at which point, Lender may declare the entire Loan Amount immediately due and payable. Failure by the Lender to make that declaration by reason of an Event of Default will not waive its right to make such a declaration upon the subsequent occurrence of the same or any other Event of Default.
4. NET PROCEEDS. Lender agrees that the Loan Amount will be payable solely out of Net Proceeds.

5. SUBORDINATION. This Note and the Mortgage is subordinate to the Private Lender Note and Private Lender Mortgage. No further subordinations will be given for refinancing or otherwise.

6. MISCELLANEOUS.

6.1 This Note is secured by the Mortgage. All of the terms, covenants, conditions, provisions and agreements of the Mortgage are hereby made a part of this instrument to the same extent and with the same force and effect as if fully set forth herein.

6.2 If any payment due under this Note is not paid when due, and this Note is placed in the hands of any attorney or attorneys for collection or foreclosure of the Mortgage or enforcement of any other security instrument securing payment hereof, the Borrower promises to pay, in addition to the amount due hereon, the reasonable costs and expenses of foreclosure and collection (including attorneys' fees), and all such costs and expenses shall be secured by the Mortgage.

6.3 No failure or delay by the Lender to exercise any right or remedy under this Note shall waive such right or remedy.

6.4 This Note is made and delivered in Minnesota, and accordingly, the clauses and provisions of this Note and the rights, payments, charges, indebtedness and other items hereby secured shall be construed and enforced according to the laws of the State of Minnesota.

6.5 Demand, protest and notice of demand and protest are hereby waived and the undersigned waives, to the extent authorized by law, any and all homestead and other exemption rights which otherwise would apply to the debt evidenced by this Note.

IN WITNESS WHEREOF, the Borrower has caused this Note to be executed the day and year first above written.

Borrower

Borrower

HOMEBUYER ASSISTANCE MORTGAGE
(Inspiring Communities – Homebuyer Assistance)

THIS MORTGAGE, made this ____ day of _____, 20__ by [_____, a single person OR _____ and _____ married to each other] ("**Mortgagor**") to the *INSTRUCTION Confirm whether homebuyer assistance will come from City budget or HRA budget and then enter the appropriate authority here*: Housing and Redevelopment Authority of the City of Saint Paul, Minnesota, a public body corporate and politic organized and existing under the laws of the State of Minnesota *AND/OR*, City of Saint Paul, a Minnesota municipal corporation and home rule charter city, whose main office is located at 25 W. 4th St, Suite _____, Saint Paul, Minnesota 55102 ("**Mortgagee**").

WITNESSETH: That Mortgagor hereby mortgages and conveys to Mortgagee the following described premises and improvements located at _____, Saint Paul, Minnesota and legally described as:

See attached Exhibit A (the "**Improved Property**").

This Mortgage is given in consideration of and as security for the payment of _____ and No/100 Dollars (\$_____.00) (the "**Loan Amount**"), receipt of which is hereby acknowledged, and which is made to enable the Mortgagor to acquire the Improved Property. The Loan Amount is evidenced by a homebuyer assistance note (the "**Note**") with the full debt, if not paid earlier, due and payable on the Maturity Date as defined in the Note, but in no event later than five years from the date of the mortgage. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Note.

Mortgagor makes and includes in this Mortgage the statutory covenants and other provisions set forth in Minnesota Statutes, Section 507.15, including the following:

- a. To warrant title to the Improved Property.
- b. To pay all other mortgages, liens, charges or encumbrances against the Improved Property as and when they become due.
- c. To pay the indebtedness of the Note.
- d. To pay all real estate taxes and special assessments on the Improved Property.
- e. To keep the Improved Property in good repair and in compliance with all applicable state and local building, housing and health codes and laws and not commit waste.
- f. To keep the Improved Property insured against loss by fire and other hazards for at least the sum of the full insurable value of the Improved Property for the protection of the Mortgagee and identify the Mortgagee as an additional insured and loss payee.
- b. Mortgagor(s) further covenants:

- a. To use and occupy the Property solely as a personal place of residence from the date of this Mortgage through the Affordability Period.
- b. Not to use or permit the use of the Property for any illegal or criminal activity.

If the Loan Amount is forgiven according to the terms of the Note, then this Mortgage shall become null and void. But if an Event of Default occurs under the Note, then the Mortgagee, its successors or assigns, are hereby authorized and empowered to foreclose this Mortgage by action or advertisement, pursuant to the statutes of the State of Minnesota in such case provided, power being expressly granted to sell the Improved Property at public auction and convey the same to the purchaser in fee simple and, out of the proceeds arising from such sale, to pay the Loan Amount of the Note, together with all legal costs and charges of such foreclosure and the maximum attorney's fees permitted by law.

Notwithstanding any other provision of this Mortgage, if the Property is or becomes subject to any mortgage or other lien insured by the United States Department of Housing and Urban Development (an "insured mortgage"), then any "legal restrictions on conveyance" (as that term is defined in 24 CFR 203.41(a)(3)) imposed by this Mortgage shall automatically, permanently, and immediately terminate upon foreclosure of the insured mortgage, transfer of a deed in lieu of foreclosure of the insured mortgage, or assignment of the insured mortgage to the United States Secretary of Housing and Urban Development.

Mortgagee prior to acceleration shall mail notice to Mortgagor specifying: (1) the Event of Default; (2) the action required to cure such default; (3) the date, not less than thirty (30) days from the date the notice is mailed to Mortgagor, by which date such default must be cured; and (4) that failure to cure such default on or before the date specified in the notice may result in acceleration of the sums secured by this Mortgage and sale of the Improved Property. The notice shall further inform Mortgagor of the right to reinstate after acceleration and the right to bring a court action to assert the nonexistence of a default or any other defense of Mortgagor to acceleration and sale. If the default is not cured on or before the date specified in the notice, Mortgagee, at Mortgagee's option, may declare all of the sums secured by this Mortgage to be immediately due and payable without further demand and may invoke the power of sale hereby granted and any other remedy permitted by applicable law. Notwithstanding Mortgagee's acceleration of the sums secured by this Mortgage, Mortgagor shall have the right to have any proceedings begun by Mortgagee to enforce this Mortgage discontinued at any time prior to the earlier of (i) sale of the Improved Property pursuant to the power of sale contained in this Mortgage or (ii) a judgment enforcing this Mortgage, if: (a) Mortgagor pays Mortgagee all sums constituting the default actually existing under this Mortgage and the Note at the commencement of foreclosure proceedings under this Mortgage; (b) Mortgagor cures all breaches of any other covenants or agreements of Mortgagor contained in this Mortgage, (c) Mortgagor pays all reasonable expenses incurred by Mortgagee in enforcing the covenants and agreements of Mortgagor contained in this Mortgage and in enforcing Mortgagee's remedies as provided herein, including, but not limited to, reasonable attorney's fees; and (d) Mortgagor takes such action as Mortgagee may reasonably require to assure that the lien of this Mortgage, Mortgagee's interest in the Improved Property and Mortgagor's obligation to pay the sums secured by this Mortgage shall continue unimpaired. Upon such payment and cure by Mortgagor, this Mortgage and the obligations secured hereby shall remain in full force and effect as if no acceleration had occurred.

MORTGAGOR HEREBY: EXPRESSLY CONSENTS TO THE FORECLOSURE AND SALE OF THE MORTGAGED PROPERTY BY ACTION PURSUANT TO MINNESOTA STATUTES CHAPTER 581 OR, AT THE OPTION OF MORTGAGEE, BY ADVERTISEMENT PURSUANT TO MINNESOTA

STATUTES CHAPTER 580, WHICH PROVIDES FOR SALE AFTER SERVICE OF NOTICE THEREOF UPON THE OCCUPANT OF THE MORTGAGED IMPROVED PROPERTY AND PUBLICATION OF SAID NOTICE FOR SIX WEEKS IN THE COUNTY IN MINNESOTA WHERE THE MORTGAGED PROPERTY IS SITUATED AND ACKNOWLEDGES THAT SERVICE NEED NOT BE MADE UPON MORTGAGOR PERSONALLY UNLESS MORTGAGOR IS AN OCCUPANT AND THAT NO HEARING OF ANY TYPE IS REQUIRED IN CONNECTION WITH THE SALE AND EXCEPT AS MAY BE PROVIDED IN SAID STATUTES, EXPRESSLY WAIVES ANY AND ALL RIGHT TO PRIOR NOTICE OF SALE OF THE MORTGAGED PROPERTY AND ANY AND ALL RIGHTS TO A PRIOR HEARING OF ANY TYPE OF CONNECTION WITH THE SALE OF THE MORTGAGED PROPERTY.

MORTGAGOR ACKNOWLEDGES THAT THIS IS A LEGAL DOCUMENT AND THAT BEFORE SIGNING MORTGAGOR HAS FULLY UNDERSTOOD THE TERMS AND CONDITIONS HEREIN, AND THE RIGHTS WAIVED HEREBY AND THE EFFECT OF SUCH WAIVER OR HAS SOUGHT LEGAL COUNSEL TO EXPLAIN SUCH TERMS AND CONDITIONS, RIGHTS AND THE WAIVER OF SUCH RIGHTS.

This Mortgage and the Note shall be construed according to the laws of the State of Minnesota.

(signature page follows)

IN WITNESS WHEREOF, the Mortgagor has caused this Mortgage to be duly executed as of the day and year first above written.

MORTGAGOR

By _____
Name: _____

By _____
Name: _____

State of Minnesota)
) ss
County of Ramsey)

This instrument was acknowledged before me on this day of _____, _____, 202__, by [_____, a single person OR _____ and _____, married to each other].
(Seal if any)

(signature of notarial officer)
Title (and Rank): _____
My commission expires: _____
(month/day/year)

This instrument was drafted by:
Saint Paul City Attorney Office
15 W. Kellogg Blvd.
Room 400 City Hall
Saint

Paul, MN 55102

EXHIBIT A
(to Homebuyer Assistance Mortgage)
IMPROVED PROPERTY

The following are not a part of the legal description above and are for convenience of reference only

Select One Property
Common Address:
Tax Parcel ID:

Maturity Date means the earliest to occur of one or more of the following dates. The date on which the Property ceases to be Maker's principal place of residence.

- (i) The date on which a Transfer occurs.
- (ii) The date of repayment of the first mortgage, if co-terminus with this Impact Fund (Balloon) Loan Note.
- (iii) The date of occurrence of an Event of Default.
- (iv) The date that is 30 years from the date of this Impact Fund (Balloon) Loan Note.

Property means the real estate that is referred to in the Impact Fund (Balloon) Loan Mortgage and located at the property address specified above in the State of Minnesota, and all improvements situated thereon.

Transfer means a sale or transfer of all or any part of Maker's ownership interest in the Property, whether by lease, deed, contract for deed, or otherwise, whether for consideration or by gift, or in the event of death or otherwise, and whether voluntarily, involuntarily or by operation of law. Provided, however, the following events shall not be considered to be such a sale or transfer:

- (i) If the Maker owns the Property as co-tenants, tenants in common, or joint tenants, then a transfer of the Property, or any interest therein, from one co-tenant to another co-tenant, from one tenant in common to another tenant in common, or from one joint tenant to another joint tenant, whether by reason of death or otherwise;
- (ii) A taking by eminent domain of a portion of the Property, unless it is a total taking in the sense that payment is made for the full value of the Property;
- (iii) The creation of a sale or transfer to which Impact Fund Lender has consented to in writing;
- (iv) The creation of a purchase money security interest for household appliances; or
- (v) Any transfer that is required by law.

2. PAYMENT AND PREPAYMENT.

2.1 The total and outstanding unpaid principal balance of this Impact Fund (Balloon) Loan Note shall become due and payable in a single lump sum balloon payment on the Maturity Date. All of the payments required hereunder shall be made to Impact Fund Lender at its address shown above, or at such other place as Impact Fund Lender may direct in writing. If Borrower does not repay the full lump sum balloon payment on the Maturity Date, the Borrower will be in default.

2.2 This Impact Fund (Balloon) Loan Note may be prepaid in full or in part at any time without penalty.

3. MAKER'S REPRESENTATIONS AND WARRANTIES. To induce Impact Fund Lender to make the mortgage loan evidenced by this Impact Fund (Balloon) Loan Note, Maker hereby makes the following representation and provides the following warranties to Impact Fund Lender.

3.1 Maker will be the record owner of the Property.

3.2 Maker will occupy the Property as their primary and permanent residence.

- 3.3 The facts provided by Maker to Impact Fund Lender in connection with its application for the Impact Fund (Balloon) Loan are all true and correct as of the date hereof.
- 3.4 Maker will cooperate fully with Impact Fund Lender in obtaining and furnishing all information with respect to Maker's qualification for the Impact Fund (Balloon) Loan as Impact Fund Lender may reasonably request, and will further enter into and execute any and all documents needed to further document and secure the repayment of the Impact Fund (Balloon) Loan as Impact Fund Lender may reasonably request.
4. **EVENTS OF DEFAULT.** The occurrence of any one or more of the following events shall be an Event of Default under this Impact Fund (Balloon) Loan Note that will allow Impact Fund Lender to accelerate the repayment of the Impact Fund (Balloon) Loan.
- 4.1 Any information or data that Maker provided to Impact Fund Lender in order to qualify for the Impact Fund (Balloon) Loan is false or misleading in any material respect.
- 4.2 Any representation made by Maker hereunder or in the Impact Fund (Balloon) Loan Mortgage is incorrect, or is misleading in any material respect.
- 4.3 Maker fails to comply with any term, condition, requirement, provision, warranty or covenant contained herein or in the Impact Fund (Balloon) Loan Mortgage.
5. **MISCELLANEOUS.**
- 5.1 The repayment of the obligation evidenced by this Impact Fund (Balloon) Loan Note is secured by the Impact Fund (Balloon) Loan Mortgage and is the Impact Fund (Balloon) Loan Note referred to therein. All of the terms and conditions of the Impact Fund (Balloon) Loan Mortgage are incorporated herein by reference and are hereby made a part of this instrument to the same extent as if fully set forth herein.
- 5.2 Maker and all others who may become liable under this Impact Fund (Balloon) Loan Note agree hereby to be jointly and severally bound and jointly and severally waive demand, protest, notice of nonpayment and any and all lack of diligence or delays in collection or enforcement hereof, and specifically consent to any extension of time, or release of any party liable hereunder, including any maker, or acceptance of other security therefore. Any such extension or release may be made without notice to said party and without in any way affecting the liability of such party.
- 5.3 If any payment due under this Impact Fund (Balloon) Loan Note is not paid when due, and this Impact Fund (Balloon) Loan Note is placed in the hands of any attorney or attorneys for collection or foreclosure of the Impact Fund (Balloon) Loan Mortgage or enforcement of any other security instrument securing payment hereof, Maker promises to pay, in addition to the amount due hereon, the reasonable costs and expenses of collection of the amounts due hereunder and the foreclosure of the Impact Fund (Balloon) Loan Mortgage (including attorneys' fees), and all such costs and expenses shall be secured by the Impact Fund (Balloon) Loan Mortgage.
- 5.4 This Impact Fund (Balloon) Loan Note is not assumable.

- 5.5 No failure or delay by Impact Fund Lender to exercise any right or remedy under this Impact Fund (Balloon) Loan Note shall waive such right or remedy.
- 5.6 Any notice that must be given under this Impact Fund (Balloon) Loan Note shall be given by delivering or mailing, by certified mail, such notice to the address shown above for Impact Fund Lender and to the Property Address shown above for Maker, or such other address as Impact Fund Lender or Maker may designate in writing.
- 5.7 This Impact Fund (Balloon) Loan Note shall be construed and enforced according to the laws of the State of Minnesota.
- 5.8 This Impact Fund (Balloon) Loan Note shall be binding upon and shall extend to the parties hereto and their respective successors and assigns.
- 5.9 Maker acknowledges receipt of a copy of this Impact Fund (Balloon) Loan Note.
- 5.10 Notwithstanding anything to the contrary contained herein, if the Maker's default results solely from the Maker's violation of a restriction on conveyance, then Maker is not contractually liable for Impact Fund Lenders' expenses or any other amounts except for the repayment of the original indebtedness.
- 5.11 Any legal restriction on conveyance, as defined in 24 C.F.R. § 203.41, such as the owner-occupancy restriction or restrictions on resale, terminates upon foreclosure, deed-in-lieu of foreclosure, or assignment of the first mortgage to the U.S. Department of Housing and Urban Development.

IN WITNESS WHEREOF, Maker has caused this Impact Fund (Balloon) Loan Note to be executed as of the day and year first above written.

MAKER(S)

Name of Maker

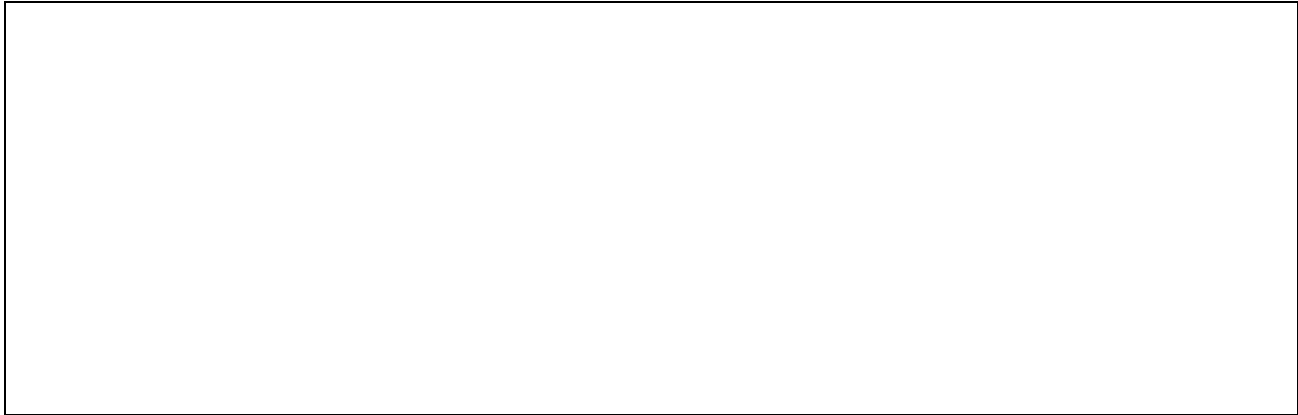
BORROWER(S)

Signature

Type Name of Borrower

Signature

Type Name of Borrower



Pay to the order of
Minnesota Housing Finance Agency
without recourse

Impact Fund Lender

Authorized Signature

Title

TIL and NMLSR ID

Loan Originator Company Name

Loan Originator Individual Name
(as name appears on NMLSR)

Loan Originator Company NMLSR ID

Loan Originator Individual NMLSR ID
(if applicable)

Impact Fund Agreement #: _____

**Community Homeownership Impact Fund (Impact Fund)
Impact Fund (Balloon) Loan Mortgage**

THE LOAN SECURED BY THIS MORTGAGE HAS A BALLOON PAYMENT. AT THE END OF THE LOAN TERM, YOU MUST REPAY THE ENTIRE BALANCE OF THE LOAN.

TIL and NMLSR ID

Loan Originator Company Name

Loan Originator Individual Name
(as name appears on NMLSR)

Loan Originator Company NMLSR ID

Loan Originator Individual NMLSR ID
(if applicable)

THIS MORTGAGE ("Impact Fund (Balloon) Loan Mortgage") is made and executed this

by

(collectively, the "Borrower"), and

whose address is

(the preceding named lender and its successors and assigns are defined as the "Impact Fund Lender").

RECITALS

- A. Impact Fund Lender has made a loan pursuant to the Impact Fund to Borrower and supplied funds to Borrower, in an amount of \$ _____ (the "Impact Fund (Balloon) Loan").
- B. Borrower is obligated to repay the Impact Fund Lender the full outstanding and unpaid balance of the Impact Fund (Balloon) Loan in one lump sum payment (balloon payment) on _____
- C. Borrower must, upon the occurrence of certain events, repay to Impact Fund Lender the Impact Fund (Balloon) Loan earlier, in accordance with the provisions set forth in that certain Impact Fund (Balloon) Loan Note (the "Impact Fund (Balloon) Loan Note").
- D. **NOW, THEREFORE**, in consideration of the foregoing premises and to secure (i) the repayment of indebtedness evidenced by the Impact Fund (Balloon) Loan Note, (ii) the payment of all other sums, advanced in accordance with this Impact Fund (Balloon) Loan Mortgage to protect the security of this Impact Fund (Balloon) Loan Mortgage, and (iii) the performance of the covenants and agreements of Borrower under this Impact Fund (Balloon) Loan Mortgage and the Impact Fund (Balloon) Loan Note, Borrower does grant, bargain, sell and convey to Impact Fund Lender and its successors and assigns, forever and with a power of sale, all of their interests in the following described real property located in the County of _____, State of Minnesota (the "Real Property"):

which has the address of _____ (the "Property Address");

Together with all improvements now or hereafter erected on the Real Property, and all easements, rights, appurtenances, rents, royalties, mineral, oil and gas rights and profits, water, water rights, and water stock, and all fixtures now or hereafter a part of the Real Property. All of Borrower's interest in any and all replacements and additions shall also be covered by this Impact Fund (Balloon) Loan Mortgage. All of the foregoing, together with the Real Property are referred to in this Impact Fund (Balloon) Loan Mortgage as the "Mortgaged Property".

If Borrower shall (i) pay to Impact Fund Lender the outstanding balance due and payable under the Impact Fund (Balloon) Loan Note, (ii) pay all other sums, with interest thereon, as may be payable by Borrower to Impact Fund Lender in accordance with the Impact Fund (Balloon) Loan Note or this Impact Fund (Balloon) Loan Mortgage, or the payment of which may now or hereafter be secured by this Impact Fund (Balloon) Loan Mortgage, including, but not limited to, all amounts disbursed or incurred by Impact Fund Lender in exercising any rights and remedies under this Impact Fund (Balloon) Loan Mortgage, including without limitation, all reasonable attorneys' fees, and (iii) keep and perform all the covenants and warranties herein contained on the part of Borrower to be performed, then this Impact Fund (Balloon) Loan Mortgage shall be null and void; otherwise this Impact Fund (Balloon) Loan Mortgage shall be and remain in full force and effect.

The Mortgaged Property may be subject to liens and encumbrances that currently exist thereon and have been filed of record (the "Existing Liens and Encumbrances"), which are prior and superior to the lien created by this Impact Fund (Balloon) Loan Mortgage.

Borrower warrants and covenants that; (i) it is lawfully seized in fee simple of that portion of the Mortgaged Property that is real property and is the absolute owner of that portion of the Mortgaged Property that is personal property, (ii) it has the right and power to mortgage and convey the Mortgaged Property, (iii) the Mortgaged Property is free from all liens, security interests, and encumbrances, except for the Existing Liens and Encumbrances, (iv) it will warrant and defend the title to the Mortgaged Property against all claims, whether now existing or hereafter arising, other than the Existing Liens and Encumbrances, (v) all buildings, improvements, and fixtures now or hereafter located on the Real Property are, or will be, located entirely within the boundaries of the Real Property, and (vi) Borrower shall quietly enjoy and possess the Mortgaged Property. The foregoing warranties shall survive foreclosure of this Impact Fund (Balloon) Loan Mortgage and shall run with the Real Property.

UNIFORM COVENANTS. Borrower and Impact Fund Lender further agree as follows:

1. **Payment of Principal.** Borrower shall promptly pay to Impact Fund Lender, or its successor and assigns, when due the principal of and interest on the indebtedness evidenced by the Impact Fund (Balloon) Loan Note.
2. **Application of Payments.** Unless applicable law provides otherwise, any payment(s) received by Impact Fund Lender under Section 1 hereof shall be applied first to any payments which Impact Fund Lender has paid on behalf of Borrower under the Impact Fund (Balloon) Loan Note or this Impact Fund (Balloon) Loan Mortgage, second to interest due to Impact Fund Lender under the Impact Fund (Balloon) Loan Note or this Impact Fund (Balloon) Loan Mortgage, and last to principal due to Impact Fund Lender under the Impact Fund (Balloon) Loan Note.

3. **Prior Liens; Charges; Other Liens.** Borrower shall comply with all of the terms and conditions contained in all mortgages, deeds of trust, contract for deeds, leases, or other security agreements that have a priority over this Impact Fund (Balloon) Loan Mortgage, including but not limited to the Existing Liens and Encumbrances and any mortgage in a first lien position ("First Mortgage"), and shall pay all taxes, assessments, charges, fines and impositions attributable to the Mortgaged Property that may attain a priority over this Impact Fund (Balloon) Loan Mortgage, and leasehold payments or ground rents, if any. Borrower shall promptly furnish to Impact Fund Lender upon request all notices of amounts due under this Section 3, and receipts evidencing such payments.

Borrower shall, except for the Existing Liens and Encumbrances, promptly discharge any lien which has priority over this Impact Fund (Balloon) Loan Mortgage unless Borrower; (i) agrees in writing to the payment of the obligation secured by such lien in a manner acceptable to Impact Fund Lender; (ii) contests in good faith such lien by, or defends against enforcement of such lien in, legal proceedings which in Impact Fund Lender's opinion operates to prevent the enforcement of the lien or forfeiture of any part of the Mortgaged Property; or (iii) secures from the holder of the lien an agreement satisfactory to Impact Fund Lender subordinating the lien to this Impact Fund (Balloon) Loan Mortgage. If Impact Fund Lender determines that any part of the Mortgaged Property is subject to a lien which may attain priority over this Impact Fund (Balloon) Loan Mortgage, except for the Existing Liens and Encumbrances, Impact Fund Lender may give Borrower a notice identifying the lien and Borrower shall satisfy the lien or take one or more of the actions set forth above within 10 days of the giving of such notice.

Borrower shall not enter into any agreement that alters any of the provisions of the Existing Liens and Encumbrances without first obtaining the written approval of the Impact Fund Lender.

4. **Insurance.** Borrower shall keep the improvements now existing or hereafter erected on the Mortgaged Property insured against loss by fire, hazards included within the term "extended coverage," and such other hazards for which Impact Fund Lender requires insurance. This insurance shall be maintained in the amounts and for the periods Impact Fund Lender requires. The insurance carrier providing the insurance shall be chosen by Borrower subject to Impact Fund Lender's approval, which such approval shall not be unreasonably withheld.

All insurance policies and renewals must be in a form that is acceptable to Impact Fund Lender, and shall include a standard mortgage clause in favor of Impact Fund Lender. Impact Fund Lender shall have the right to hold the policies and renewals thereof. If Impact Fund Lender requires, Borrower shall promptly give to Impact Fund Lender all receipts of paid premiums and renewal notices. In the event of loss, Borrower shall give prompt notice to the insurance carrier and Impact Fund Lender. Impact Fund Lender may make proof of loss if not made promptly by Borrower.

Insurance proceeds shall, unless Impact Fund Lender and Borrower otherwise agree in writing, be applied to restoration or repair of the damaged Mortgaged Property if such restoration or repair is economically feasible and Impact Fund Lender's security is not lessened. If such restoration or repair is not economically feasible or Impact Fund Lender's security would be lessened, then the insurance proceeds shall be applied to the sums secured by this Impact

Fund (Balloon) Loan Mortgage, whether due or not, with any excess paid to Borrower. If Borrower abandons the Mortgaged Property or does not answer within 30 days a notice from Impact Fund Lender that the insurance carrier has offered to settle a claim, then Impact Fund Lender may collect the insurance proceeds. Impact Fund Lender may use the proceeds to repair or restore the Mortgaged Property or to pay sums secured by this Impact Fund (Balloon) Loan Mortgage, whether or not then due. The 30-day period will begin when the notice is given.

Unless Impact Fund Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date referred to in the Impact Fund (Balloon) Loan Note. If under Section 17 the Mortgaged Property is acquired by Impact Fund Lender, Borrower's right to any insurance policies and proceeds resulting from damage to the Mortgaged Property prior to the acquisition shall pass to Impact Fund Lender to the extent of the sums secured by this Impact Fund (Balloon) Loan Mortgage immediately prior to such acquisition.

The provisions contained in this Section 4 are subject to any contrary provisions contained in the Existing Liens and Encumbrances or any other mortgage, deed of trust, contract for deed, or other security agreement that Impact Fund Lender has consented to in writing and to which this Impact Fund (Balloon) Loan Mortgage is subordinate.

5. **Preservation and Maintenance of Property; Leaseholds; Condominiums; and Planned Unit Developments.** Borrower shall keep the Mortgaged Property in good repair, and shall not destroy, damage or substantially change the Mortgaged Property, allow the Mortgaged Property to deteriorate, commit waste, or permit impairment or deterioration of the Mortgaged Property. Borrower shall further comply with the provisions of any lease if this Impact Fund (Balloon) Loan Mortgage is on a leasehold. If this Impact Fund (Balloon) Loan Mortgage is on a unit in a condominium or a planned unit development, Borrower shall perform all of Borrower's obligations under the declaration or covenants creating or governing the condominium or planned unit development, the by-laws and regulations of the condominium or planned unit development, and the constituent documents.

6. **Protection of Impact Fund Lender's Security.** If Borrower defaults under this Impact Fund (Balloon) Loan Mortgage, or if there is any proceeding that may significantly affect Impact Fund Lender's interest in the Mortgaged Property (such as a proceeding in bankruptcy, probate, for condemnation or to enforce laws or regulations), then Impact Fund Lender may, in its sole discretion, do and pay for whatever is necessary to protect the value of the Mortgaged Property and Impact Fund Lender's rights in the Mortgaged Property. Impact Fund Lender's actions may include paying any sums secured by a lien that has priority over this Impact Fund (Balloon) Loan Mortgage, appearing in court, paying reasonable attorneys' fees and entering on the Mortgaged Property to make repairs.

Any amounts disbursed by Impact Fund Lender under this Section 6 shall become additional debt of Borrower secured by this Impact Fund (Balloon) Loan Mortgage. These amounts shall bear interest from the date of disbursement at the lesser of 10% per annum or the highest interest rate permissible under applicable law, and shall be payable, with interest, upon notice from Impact Fund Lender to Borrower requesting payment.

Any action taken or expense incurred by Impact Fund Lender hereunder shall be in its sole

discretion, and nothing contained in this Section 6 shall require Impact Fund Lender to take any action or to incur any expense hereunder.

7. **Inspections.** Impact Fund Lender may make or cause to be made reasonable entries upon and inspections of the Mortgaged Property. Provided, however, Impact Fund Lender shall give Borrower notice at the time of or prior to any inspection specifying reasonable cause for the inspection.

8. **Condemnation.** The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of any part of the Mortgaged Property or for conveyance in lieu of condemnation are hereby assigned and shall be paid to Impact Fund Lender. In the event of a total taking of the Mortgaged Property, the proceeds shall be applied to the sums secured by this Impact Fund (Balloon) Loan Mortgage, whether or not then due, with any excess paid to Borrower. In the event of a partial taking of the Mortgaged Property, unless Borrower and Impact Fund Lender otherwise agree in writing, a portion of such proceeds shall be applied against the indebtedness secured by this Impact Fund (Balloon) Loan Mortgage, with such portion being equal to the amount of the proceeds multiplied by a fraction the numerator of which is the total amount of the sums secured by this Impact Fund (Balloon) Loan Mortgage immediately before the taking, and the denominator of which is the fair market value of the Mortgaged Property immediately before the taking. Any balance shall be paid to Borrower.

If the Mortgaged Property is abandoned by Borrower, or if Borrower, after notice by Impact Fund Lender that the condemner offers to make an award or settle a claim for damages, fails to respond to Impact Fund Lender within 30 days after the date the notice is given, then Impact Fund Lender is authorized to collect and apply the proceeds, at its option, either to restoration or repair of the Mortgaged Property or to the sums secured by this Impact Fund (Balloon) Loan Mortgage, whether or not then due.

Unless Impact Fund Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date referred to in the Impact Fund (Balloon) Loan Note.

The provisions contained in this Section 8 are subject to any contrary provisions contained in the Existing Liens and Encumbrances or any other mortgage, deed of trust, contract for deed, or other security agreement that Impact Fund Lender has consented to in writing and to which this Impact Fund (Balloon) Loan Mortgage is subordinate.

9. **Borrower Not Released; Forbearance by Impact Fund Lender Not a Waiver.** Extension of the time for payment or modification of amortization of the sums secured by this Impact Fund (Balloon) Loan Mortgage granted by Impact Fund Lender to Borrower or any successor in interest of Borrower shall not operate to release any liability of the Borrower or Borrower's successors in interest. Impact Fund Lender shall not be required to commence proceedings against any successor or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Impact Fund (Balloon) Loan Mortgage by reason of any demand made by Borrower or Borrower's successors in interest. Any forbearance by Impact Fund Lender in exercising any right or remedy shall not be a waiver of or preclude the exercise of any such right or remedy.

10. **Successors and Assigns Bound; Joint and Several Liability; Co-Signers.** The covenants and agreements herein contained shall, subject to the provisions contained in Section 16 below, bind and benefit the successors and assigns of Impact Fund Lender and Borrower. Borrower's covenants and agreements shall be joint and several. Any Borrower who co-signs this Impact Fund (Balloon) Loan Mortgage but does not execute the Impact Fund (Balloon) Loan Note; (i) is co-signing this Impact Fund (Balloon) Loan Mortgage only to mortgage, grant and convey that Borrower's interest in the Mortgaged Property under the terms of this Impact Fund (Balloon) Loan Mortgage, (ii) is not personally obligated to pay the sums secured by this Impact Fund (Balloon) Loan Mortgage, and (iii) agrees that Impact Fund Lender and any other Borrower may agree to extend, modify, forbear, or make any other accommodations with regard to the terms of this Impact Fund (Balloon) Loan Mortgage or the Impact Fund (Balloon) Loan Note without that Borrower's consent and without releasing that Borrower or modifying this Impact Fund (Balloon) Loan Mortgage as to that Borrower's interest in the Mortgaged Property.
11. **Loan Charges.** If the indebtedness secured by this Impact Fund (Balloon) Loan Mortgage is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other charges collected or to be collected in connection with such indebtedness exceed the permitted limits, then; (i) any such charges shall be reduced by the amount necessary to reduce the charge to the permitted limit, and (ii) any sums already collected from Borrower which exceeded permitted limits will be refunded to Borrower. Impact Fund Lender may choose to make this refund by reducing the principal owed under the Impact Fund (Balloon) Loan Note or by making direct payment to Borrower. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge under the Impact Fund (Balloon) Loan Note.
12. **Legislation Affecting Impact Fund Lender's Rights.** If enactment or expiration of applicable laws has the effect of rendering any provision of the Impact Fund (Balloon) Loan Note or this Impact Fund (Balloon) Loan Mortgage unenforceable according to its terms, then Impact Fund Lender, in its sole discretion, may require immediate payment in full of all sums secured by this Impact Fund (Balloon) Loan Mortgage and may invoke any remedies permitted under Section 17 below. If Impact Fund Lender exercises this option, then Impact Fund Lender shall give Borrower notice of such acceleration, and the notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Borrower may pay all sums secured by this Impact Fund (Balloon) Loan Mortgage. If Borrower fails to pay such sums prior to the expiration of such time period, then Impact Fund Lender may invoke any remedies permitted by this Impact Fund (Balloon) Loan Mortgage without further notice or demand on Borrower.
13. **Notice.** Except for any notice required under applicable law to be given in another manner any notice to Borrower provided for in this Impact Fund (Balloon) Loan Mortgage shall be given by delivering it or by mailing such notice by certified mail addressed to Borrower at the Property Address or at such other address as Borrower may designate by notice to Impact Fund Lender as provided herein, and any notice to Impact Fund Lender shall be given by certified mail to Impact Fund Lender's address stated herein or to such other address as Impact Fund Lender may designate by notice to Borrower as provided herein. Any notice provided for in this Impact Fund (Balloon) Loan Mortgage shall be deemed to have been given to Borrower or Impact Fund Lender when given in the manner provided in this Section 13.

Borrower shall promptly notify Impact Fund Lender of the occurrence of any act or action referred to under the definition for "Maturity Date" in the Impact Fund (Balloon) Loan Note.

14. **Governing Law and Venue; Severability.** This Impact Fund (Balloon) Loan Mortgage shall be governed by the laws of the State of Minnesota and any action brought under this Impact Fund (Balloon) Loan Mortgage or the Impact Fund (Balloon) Loan Note shall be brought in the Minnesota District Court for the County of Ramsey, State of Minnesota. If any provision or clause of this Impact Fund (Balloon) Loan Mortgage or the Impact Fund (Balloon) Loan Note conflicts with applicable law, such conflict shall not affect other provisions of this Impact Fund (Balloon) Loan Mortgage or the Impact Fund (Balloon) Loan Note that can be given effect without that conflicting provision, and to this end the provisions of this Impact Fund (Balloon) Loan Mortgage and the Impact Fund (Balloon) Loan Note are declared severable.
15. **Borrower's Copy.** Borrower shall be given a conformed copy of the Impact Fund (Balloon) Loan Note and of this Impact Fund (Balloon) Loan Mortgage at the time of execution or within a reasonable time after recordation hereof.
16. **Transfer of the Mortgaged Property.** If all or any part of the Mortgaged Property, or an interest therein, is sold or transferred, whether by lease, deed, contract for deed, or otherwise, whether for consideration or by gift or in the event of death or otherwise, and whether voluntarily, involuntarily or by operation of law, then all sums secured by this Impact Fund (Balloon) Loan Mortgage shall be immediately due and payable. Notwithstanding the foregoing; (i) if the Borrower owns the Mortgaged Property as co-tenants, tenants in common, or joint tenants, then a transfer of the Mortgaged Property, or any interest therein, from one co-tenant to another co-tenant, from one tenant in common to another tenant in common, or from one joint tenant to another joint tenant, whether by reason of death or otherwise, shall not be considered a transfer; (ii) a taking by eminent domain of a portion of the Mortgaged Property shall not be considered a transfer, unless it is a total taking in the sense that payment is made for the full value of the Mortgaged Property, (iii) the creation of a sale or transfer which has been consented to in writing by Impact Fund Lender shall not be considered a transfer, (iv) the creation of a purchase money security interest for household appliances shall not be considered a transfer, and (v) any transfer that is required by law shall not be considered a transfer.

Impact Fund Lender shall give Borrower notice of such acceleration, and the notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Borrower may pay all sums secured by this Impact Fund (Balloon) Loan Mortgage. If Borrower fails to pay such sums prior to the expiration of such time period, then Impact Fund Lender may invoke any remedies permitted by this Impact Fund (Balloon) Loan Mortgage without further notice or demand on Borrower.

NONUNIFORM COVENANTS. Borrower and Impact Fund Lender further agree as follows:

17. **Acceleration; Remedies.** Impact Fund Lender shall, prior to its acceleration of the indebtedness secured by this Impact Fund (Balloon) Loan Mortgage, give written notice to Borrower by certified mail of any breach or default by Borrower of any covenant or agreement in the Impact Fund (Balloon) Loan Note or this Impact Fund (Balloon) Loan

Mortgage. The notice shall specify; (i) the breach or default, (ii) the action required to cure such breach or default, (iii) a date, not less than 30 days from the date the notice is given to Borrower, by which such breach or default must be cured, (iv) that failure to cure the breach or default on or before the date specified in the notice may result in acceleration of the sums secured by this Impact Fund (Balloon) Loan Mortgage and the sale of the Mortgaged Property, and (v) that failure to cure such breach or default shall result in interest accruing on the sums secured by this Impact Fund (Balloon) Loan Mortgage from and after the date of Borrower's breach or default at the lesser of 10% per annum or the highest lawful interest rate. The notice shall further inform Borrower of the right to reinstate after acceleration and the right to bring a court action to assert the nonexistence of a breach or default or any other defense of Borrower to acceleration and sale. If the breach or default is not cured on or before the date specified in the notice, or if the "Maturity Date" as such term is used and defined in the Impact Fund (Balloon) Loan Note, has occurred, then Impact Fund Lender, at its sole option and discretion, may require immediate payment in full of all of sums secured by this Impact Fund (Balloon) Loan Mortgage without further demand, and may invoke the power of sale and any other remedies permitted by applicable law. Impact Fund Lender shall be entitled to collect all reasonable costs and expenses incurred in pursuing the remedies provided in this Section 17, including, but not limited to, reasonable attorneys' fees.

If Impact Fund Lender invokes the power of sale, then the Mortgaged Property shall be sold at public auction in the manner prescribed by applicable law. Impact Fund Lender or its designee may purchase the Mortgaged Property at any sale. The proceeds of the sale shall be applied in the following order; (i) to all sums secured by this Impact Fund (Balloon) Loan Mortgage; (ii) to all costs and expenses of the sale, including, but not limited to, reasonable attorneys' fees; and (iii) the excess, if any, to the person or persons legally entitled thereto.

18. **Borrower's Right to Reinstate.** Notwithstanding Impact Fund Lender's acceleration of the sums secured by this Impact Fund (Balloon) Loan Mortgage due to Borrower's breach or default, Borrower shall have the right to have any proceedings begun by Impact Fund Lender to enforce this Impact Fund (Balloon) Loan Mortgage discontinued at any time prior to the earlier to occur of the sale of the Mortgaged Property pursuant to the power of sale contained herein or the entry of a judgment enforcing this Impact Fund (Balloon) Loan Mortgage, if (i) Borrower pays Impact Fund Lender all sums constituting the default actually existing under this Impact Fund (Balloon) Loan Mortgage and the Impact Fund (Balloon) Loan Note at the commencement of foreclosure proceeding under this Impact Fund (Balloon) Loan Mortgage, (ii) Borrower cures all breaches or defaults of any other covenants or agreements of Borrower contained in this Impact Fund (Balloon) Loan Mortgage, (iii) Borrower pays all reasonable expenses incurred by Impact Fund Lender in enforcing the covenants and agreements of Borrower contained in this Impact Fund (Balloon) Loan Mortgage, and in enforcing Impact Fund Lender's remedies as provided in Section 17, including, but not limited to, reasonable attorneys' fees; and (iv) Borrower takes such action as Impact Fund Lender may reasonably require to assure that the lien of this Impact Fund (Balloon) Loan Mortgage, Impact Fund Lender's interest in the Mortgaged Property, and Borrower's obligation to pay the sums secured by this Impact Fund (Balloon) Loan Mortgage shall continue unimpaired. Upon such payment and cure by Borrower, this Impact Fund (Balloon) Loan Mortgage and the obligation secured hereby shall remain in full force and effect as if no acceleration had occurred.

19. **Release.** Upon payment of all sums secured by this Impact Fund (Balloon) Loan Mortgage, Impact Fund Lender shall discharge this Impact Fund (Balloon) Loan Mortgage without charge to Borrower. Borrower shall pay all costs of recordation.
20. **Waiver of Homestead.** Borrower hereby waives all right of homestead exemption in the Mortgaged Property.
21. **Subject to Existing Liens and Encumbrances.** This Impact Fund (Balloon) Loan Mortgage is subject and subordinate to the Existing Liens and Encumbrances, but not to any modification, extension, replacement, or renewal thereof, and only to the extent of the amounts from time to time remaining unpaid thereon, and no further or additional documents shall be needed or required to effectuate such subordination.
22. **Principal Residence.** Borrower shall, for all time periods that any amount is due and owing under the Impact Fund (Balloon) Loan Note and this Impact Fund (Balloon) Loan Mortgage is outstanding, occupy the Mortgaged Property as its principal residence.
23. **Validity of Information.** All of the facts and information Borrower supplied regarding the loan evidenced by and relating to the Impact Fund (Balloon) Loan Note and this Impact Fund (Balloon) Loan Mortgage, and the loans secured by the Existing Liens and Encumbrances were true at the time they were made.
24. **U.S. Department of Housing and Urban Development/Federal Housing Administration.** In the event of foreclosure or deed in lieu of foreclosure of the First Mortgage by the Federal Housing Administration or assignment of the First Mortgage to the Secretary of Housing and Urban Development, any provisions herein or any provisions in any other collateral agreement restricting the use of the Mortgaged Property or otherwise restricting the Borrower's ability to sell the Mortgaged Property shall have no further force or effect. Any person, including their successors or assigns (other than the Borrower or a related entity of the Borrower), receiving title to the Mortgaged Property through a foreclosure or deed in lieu of foreclosure of the First Mortgage by the Federal Housing Administration or assignment of the First Mortgage to the Secretary of Housing and Urban Development shall receive title to the Mortgaged Property free and clear from such restrictions and Impact Fund Lender will release such restrictions after foreclosure or acceptance of deed in lieu of foreclosure by the Federal Housing Administration or after assignment of the First Mortgage to the Secretary of Housing and Urban Development.
25. **Contractual Liability.** Notwithstanding anything to the contrary contained herein, if the Borrower's default results solely from the Borrower's violation of a restriction on conveyance, then Borrower is not contractually liable for Impact Fund Lender's expenses or any other amounts except for repayment of the original indebtedness.

IN WITNESS WHEREOF, Borrower has executed this Impact Fund (Balloon) Loan Mortgage on the day and date first above written.

BORROWER(S)

Signature

Type Name of Borrower

Signature

Type Name of Borrower

State of Minnesota }
County of _____ } ss.

This instrument was acknowledged before me this _____ day of _____,
_____ , by _____.

Notary Public

Space Below This Line Reserved for Impact Fund Lender and Recorder.

Inspiring Communities Homebuyer Assistance

LOAN GUIDELINES

March 31, 2022

Program Overview

Homebuyer Assistance loans, also referred to as down payment or entry cost assistance loans, are available to owner-occupant buyers of properties redeveloped under the Inspiring Communities program.

Borrower Eligibility

Owner Occupancy: Borrowers must occupy the property as their principal residence for at the term of their Homebuyer Assistance loan.

Household Income Limit: Generally, Borrowers must have an annual gross household income of 80% of the Area Median Income or less. Other income limits may apply to sales of certain properties.

Education Requirement: Prospective buyers must attend Neighborhood Stabilization Program-approved homebuyer counseling or education within the 12 months prior to purchase. All Borrowers and people taking title to the property must attend and provide certificates of completion to the HRA. For more information, and a link to approved agencies visit: <http://www.hocmn.org>.

Minimum Borrower Contribution: Borrower must contribute their own funds to the cost to purchase. The amount varies depending on the Borrower's household income and the housing type of the property. See the table below.

| Borrower's Household Income: | Property Type | Minimum Borrower Contribution: |
|-------------------------------------|--------------------------------------|---------------------------------------|
| At or below 70% AMI | Townhome or Single-Family Home (SFH) | \$1,500 |
| | Duplex, or SFH with ADU | 1.5% of the purchase price |
| Over 70% AMI | Townhome or Single-Family Home (SFH) | 1% of the purchase price |
| | Duplex, or SFH with ADU | 2% of the purchase price |

First Time Home Buyer: Not required. Borrower may have previously owned a home.

Timing: Closing must be on or after June 1, 2022 and on or before December 31, 2025.

Loan Details

Loan Amounts: All eligible Borrowers qualify for Homebuyer Assistance of \$5,000.00.

Amounts greater than \$5,000.00 may be provided to Borrowers whose projected household housing ratio must exceed 30% prior to accounting for Homebuyer Assistance. The amount of Homebuyer Assistance will be the amount necessary to achieve a household housing ratio of 30%, then rounded up to the nearest \$500, not to exceed the amounts shown in the table below.

| Household Income | And the Property is a | Amount of Homebuyer Assistance |
|---------------------|---|--|
| At or below 70% AMI | Townhome | Between \$5,000 and \$30,000 |
| | Single-family home | Between \$5,000 and \$40,000 |
| | Duplex, or single-family home with an ADU | Between \$5,000 and \$90,000 |
| Over 70% AMI | Townhome | Between \$5,000 and \$15,000 |
| | Single-family home | Between \$5,000 and \$25,000 |
| | Duplex, or single-family home with an ADU | Between \$5,000 and \$90,000 |

Funding Sources: Loans will be funded by local HRA or City of Saint Paul dollars, or by funds awarded to the HRA from the Minnesota Housing Finance Agency's Community Homeownership Impact Fund ("Impact Fund").

Interest Rate: 0%

Term: **Locally-funded loans of \$5,000** will be forgiven at a rate of 1/5 annually, so that they are completely forgiven after five (5) years.*

Locally-funded loans of over \$5,000 will be forgiven at a rate of 1/30 annually, so that they are completely forgiven after 30 years.*

Loans funded by Impact Fund dollars are balloon loans, deferred until and payable upon expiration of the 30-year loan term.*

*In any case, if the buyer sells or no longer occupies the property during the term of the loan, the remaining balance becomes due and payable.

Loan Security: Loans will be evidenced by a promissory note and secured in the name of the HRA or Minnesota Housing Finance Agency by a mortgage recorded against the property.

Loan Servicing: Locally funded loans will be serviced by the HRA. Impact Fund loans will be serviced by the Minnesota Housing Finance Agency's designated servicer.

How to Apply

[INFORMATION PENDING]

These program guidelines may be amended, modified or terminated from time to time and without notice by the HRA.

Inspiring Communities Addendum to Purchase Agreement

Addendum to Purchase Agreement between _____
("Seller") and _____ ("Buyer")
dated _____, 20____, pertaining to the purchase and sale of real property at
_____, Saint Paul, Minnesota.

1. The Buyer acknowledges that the following documents have been made available to Buyer for review and inspection, namely:

- a. Lead hazard risk assessment completed by a certified lead hazard risk assessor, dated _____. (Not required for homes built after 1978.)
- b. Lead clean to clearance report indicating that the property has "passed" post-rehab lead testing, dated _____. (Not required for homes built after 1978, nor for all rehabilitation of pre-1978-built homes.)
- c. Radon test reports either indicating acceptable levels of radon or that no radon is present or that a radon mitigation system has been installed, dated _____.
- d. The final Home Performance with ENERGY STAR certificate or final Home Energy Rating System (HERS) report from the third-party energy auditor, dated _____.
- f. Homebuyer Information Packet (which Buyer agrees to deliver to Seller prior to closing), including the Privacy Notice, Household Demographic/Project Information Consent Form and Tennessee Warning.
- g. Homebuyer Assistance Note(s) and Homebuyer Assistance Mortgage(s), or Declaration(s) of Covenants, as applicable.
- h. Disclosure report required under Minn Stat 513.52 to 513.60 dated _____.
- i. Other _____.

2. The Buyer acknowledges receipt of the inspiring Communities Homebuyer Assistance Incentive Program Guidelines offered by the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota.

3. The Buyer acknowledges that its private lender is required under Neighborhood Stabilization Program (NSP) Guidelines to execute a Certification and Agreement from the Buyer's lender that the lender agrees to comply with the bank regulator's guidance for non-traditional mortgages located in FDIC regulations, Chapter 5000-Statements of Policy-Interagency Guidance on Nontraditional Mortgage Product Risks. The Buyer hereby authorizes Seller to request such Certification and Agreement directly from Buyer's lender, and Seller has the right to approve or reject such Certification and Agreement. This Purchase Agreement is subject to Seller's approval of such Certification and Agreement and if such approval is not given, then this Purchase Agreement is terminated and neither party shall have any further rights or obligations hereunder except that any earnest money paid by a Buyer shall be returned.

4. The Buyer agrees to attend and complete, or has already attended and completed, the required 8 hours of homebuyer training as required by the Inspiring Communities Program and to submit to Seller prior to and as a condition of closing, a certificate evidencing such course completion that will be dated within twelve months of date of closing.

5. The Buyer certifies and represents that the Buyer's projected gross annual household income does not exceed the income limit applicable to the above referenced property, and that this certification will be true and correct as of the date of closing. The income limit for the above referenced property is (Seller check one):

60% of area median income

70% of area median income

80% of area median income

115% of area median income

120% of area median income

Income restrictions not applicable

6. If the Buyer does not satisfy all of the conditions to closing as described in this Addendum and Purchase Agreement, then the Seller has the option to terminate this Purchase Agreement and return the earnest money to Buyer, or waive the conditions and proceed to closing.

7. The Buyer agrees to occupy the Property as Buyer's principal residence for no less than five (5) years from the date of closing and for the duration required by any Homebuyer Assistance Note(s), Homebuyer Assistance Mortgage(s), and declaration(s) of covenants executed by the Buyer.

8. The terms and conditions of this Addendum prevail over any inconsistent term or condition in the Purchase Agreement

IN WITNESS WHEREOF, the Buyer and Seller have executed this Addendum on _____, 202__.

Seller: _____

By _____

Its _____

Buyer:

Exhibit M
Two-Bid Policy

Effective Date: January 21, 2009

**Policy Regarding
Requirement of Two (2) bids**

I. Purpose

The Housing and Redevelopment Authority of the City of Saint Paul, Minnesota ("HRA") has the power to engage in development and redevelopment activities under Minnesota Law, Chapter 469. To accomplish its objectives under Chapter 469, the HRA (i) awards financial assistance and contracts to profit and not-for-profit applicants, and (ii) contracts with community development corporations and other similar entities ("Conduit Organizations") to operate programs on behalf of the HRA.

The purpose of this policy is to require two (2) written bids for construction work by all recipients of HRA or Conduit Organizations Contracts and this requirement will also apply to single family residences. This policy is effective on the Effective Date for all new and pending requests for HRA or Conduit Organizations financial assistance and HRA Contracts not approved by the HRA Board of Commissioners. This Policy applies to the contracts for the entire project even though only a portion of the improvements are being funded with public assistance.

This policy does not apply to (i) those portions of a HRA or Conduit Organizations Contract that are self-performed by the recipient of the HRA or Conduit Organizations Contract or (ii) contracts involving 'soft costs' i.e. professional services.

II. Definitions

Contract(s) means any HRA or Conduit Organizations agreement or City STAR (i.e. sales tax) agreement involving financial assistance with a value of \$20,000 or more in any of the following forms: grant; contribution of personal or real property; with respect to a loan given by the HRA or Conduit Organizations, the present value of the difference in the interest rate given by the HRA or Conduit Organizations and that rate commercially available to the recipient; reduction or deferral of any tax, assessment or fee; guaranty of any loan, lease or other obligation; tax increment financing; tax credits; or other HRA or Conduit Organizations financial participation. Conduit bonds and bond host approval are excluded from this definition and this policy.

III. Minimum of 2 Bid requirement-All contracts.

1. For all Contracts, whether for single family residence or non-single family residence, in any of the forms described in Section II above, each applicant and recipient of public financial assistance must request and obtain at least two (2) written bids for the construction work to be performed under the Contract by the general contractor/construction manager and subcontractors and award the contract or contracts to the lowest responsible bidder.

IV. **Waiver/Exemption**

1. The requirements of this Policy may be waived in whole or in part by the HRA Executive Director or his/her designee after consideration of the advantages and disadvantages of a waiver, and upon a showing by the applicant of a compelling public purpose.
2. Subcontracts with entities that are the sole providers of a product or service are exempt from the competitive bid requirements of this Policy.

Effective Date: March 5, 2009

Supplement to Policy Regarding Requirement of Two (2) bids

The HRA's Policy Regarding Requirement of Two (2) bids ("Policy") requires, in part, that each applicant of public financial assistance request and obtain at least two {2} bids for the general contractor/construction manager contract and to award the contract to the lowest responsible bidder. As an alternative to fulfilling this requirement, *if* an applicant elects to negotiate a contract with a general contractor/construction manager in lieu of obtaining 2 written bids and awarding the contract to the lowest responsible bidder, then the applicant must contact at least 3 potential general contractors/construction managers and consider the following standards in making its decision to award the contract to particular general contractor/construction manager:

1. Experience in constructing the type of improvements being funded in whole or in part by the HRA.
2. Experience in the construction and management of publicly financed projects and familiarity with reporting requirements and accounting for public funds.
3. Having the licenses required by state, county and city authorities.
4. Proven track record of bringing similar projects to completion within budget, on-time and in an industry acceptable manner during the past five years.
5. Having the appropriate material, equipment, facility and personnel resources and expertise available, or the ability to obtain such resources and expertise, necessary to indicate the capability to meet all contractual responsibilities.
6. Previous and current compliance with federal laws, state statutes, and city ordinances and regulations applicable to the work of a contract.
7. Having sufficient financial resources to perform the contract.
8. Not being a debarred vendor under the City of St. Paul's debarment ordinance; or other state or federal debarment list.
9. History of complying with the HRA's requirements for affirmation action, apprenticeship training program, labor standards, vendor outreach program, project labor agreements, and other HRA requirements.
10. History of change orders on projects, including their frequency, size and percentage of total development cost.
11. Amount of proposed overhead profit and charges.
12. Amount of proposed general conditions charges.
13. Amount of proposed contingency.

Each applicant must submit to the HRA: (a) information and documents on the above described standards for each potential general contractor/construction manager, and (b) resulting rationale for selecting a particular general contractor/construction manager, before the HRA makes a decision on awarding any public assistance or executes a contract awarding public assistance.

The other provisions of the Policy remain in full force and effect including without limitation the requirement of receiving 2 bids from subcontractors.

April 14, 2009

Two (2) Bid Policy

Example 1.

Developer has hired architect and has full construction drawings. Developer solicits bids for construction contract. Developer must solicit 2 or more bids from general contractor and award contract to lowest responsible bidder. No need to solicit bids from those subcontractors whose bids are included in general contractor's bid.

In the case of a subcontractor whose bid is not included in the general contractor's bid but instead contracts directly with the developer, then two (2) or more bids are required from those subcontractors and contracts must be awarded to lowest responsible bidders.

Example 2.

Developer has no construction drawings and wants to retain general contractor/construction manager. Developer can elect to proceed under Supplement to Two (2) Bid Policy and contact at least 3 potential general contractors/construction managers. Developer must consider the 13 factors listed in Supplement and submit to HRA requested information and documents.

Full construction drawings are then prepared. Two (2) or more bids are required from the subcontractors and contracts must be awarded to lowest responsible bidders.

Example 3.

Recipient of public financial assistance is homeowner of single-family residence who acts as his own general contractor. Homeowner must solicit 2 or more bids from each subcontractor and award contracts to lowest responsible bidder.