

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

Murray County Housing Rehabilitation
Rental Housing Repair Loans
FACT SHEET

Murray County has received \$94,500 to provide housing repair loans to five (5) single family rental units and is for Rental Property Owners who are renting to Low to Moderate Income (LMI) households in the cities of Avoca, Chandler, Currie, Dovray, Hadley, Iona, Lake Wilson and Slayton in Murray County.

Ownership - The applicant must own or be purchasing a property within the cities of Avoca, Chandler, Currie, Dovray, Hadley, Iona, Lake Wilson and Slayton in Murray County.

Target Area - The single family residential rental target area within the cities of Avoca, Chandler, Currie, Dovray, Hadley, Iona, Lake Wilson and Slayton in Murray County.

♦ **Occupancy** - The rental property to be improved must be occupied by low to moderate income tenants or, if vacant, the property owner must agree to rent to low to moderate income tenants before the grant is closed and throughout the term of the Repayment Agreement. The tenant income limits are as follows:

2017 Murray COUNTY	
Household Size	Gross Household Income
1	\$39,000
2	\$44,600
3	\$50,150
4	\$55,700
5	\$60,200
6	\$64,650
7	\$69,100
8	\$73,550

Upon participation of this grant, the rental property owner also agrees to stay within 2017 Fair Market rents for Murray County as follows:

Murray County Fair Market Rent	
Bedroom Size	Maximum Rent and Tenant Paid Utilities
Efficiency	\$437
1	\$564
2	\$681
3	\$852
4	\$1,200

Utility Allowances for Murray County 2017 are as follows:

Category	Description	0-Bedroom	1-Bedroom	2-Bedroom	3-Bedroom	4-Bedroom	5-Bedroom
Heating	Natural Gas	30	25	36	36	38	39
	Oil/Electric	24	30	31	33	35	36
Cooking	Natural Gas	15	16	16	17	17	18
	Oil/Electric	14	15	15	16	16	17
Other Electric		19	22	23	23	24	25
Water Heating	Natural Gas	21	24	24	25	26	27
	Oil/Electric	18	22	24	25	25	25
Water		17	21	23	24	24	24
Sewer		18	19	19	21	23	24
Trash Collection		21	22	23	23	25	25
Range/Microwave		5	5	5	5	5	5
Refrigerator		7	7	7	7	7	7

- ◆ **Eligible Repairs** - Repairs that are permanent and necessary are eligible. Examples are; roofing, siding, windows, heating units, electrical, plumbing, flooring, and health and safety.
- ◆ **Loan Terms** - Murray County Rental Loans will be loaned in the following manner:
 - Loan Breakdown:** 70% of the cost, 0% deferred loan*
30% owner's match.
- * **Deferred Loan** - The Murray County Rental Repair loans will be loaned as 0% deferred loans. A deferred loan is a loan with no monthly payment and no interest will accrue which will be forgiven 20% each year or will revert into a grant if no default within five (5) years. The owner must continue to rent to low to moderate income tenants and agree to not raise the rents more than 5% per year while keeping the rents at or below the current Fair Market Rents during the terms of the Repayment Agreement.
- ◆ **Real Estate Taxes** - An applicant must be current with their real estate taxes in order to receive a Rental Loan.
- ◆ **Insurance** – The building must be insured while the loan is in place.
- ◆ **Average Loan** - The average single family Rental Repair Loan for rental is \$18,900. The owner will need to furnish a match to the Murray County Rental Repair Loan.

Rental Repair Process

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

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

The program will follow the guidelines as laid out below:

- ◆ **Application** - The applicant will need to complete an application for the program that requires proof of property ownership and verification of income.

* If the **applicant's** unit is vacant at the time of full application has the right to pass over the application to the next eligible applicant until the first applicant has found tenants.

- ◆ **Application Procedures** – All households will be served on a first come first serve basis. The following levels will be adhere to on allocating funds:

- 1. APPLICANT:** An applicant is defined as a homeowner who is gathering the proof of ownership of their property, current insurance policy, proof that the real estate taxes have been paid and third party income verification. No SCDP funds will be allocated for an applicant.
- 2. CLIENT:** The client will be working with the Field Administrator in completing all necessary paperwork and inspections to determine if the project is suitable for rehabilitation; developing a scope of work; approving the scope of work; sending out the bid packets to contractors for review and bidding; and securing matching funds. No SCDP funds will be allocated for a client.
- 3. APPROVED PROJECT:** An approved project is a project where the homeowner has completed all the applicant and client requirements; and competitive bids have been received and approved; the governing entity has approved the project; the homeowner has secured matching funds for their portion of the project; the SCDP funds have been allocated to the project; the SCDP Repayment Agreements, Mortgages or other funding documents for all matching funds have been signed and are ready to be recorded; and all escrow funds have been supplied to SWMHP.

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

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