

APPLICATION INSTRUCTIONS
EDEN PRAIRIE REHABILITATION LOAN PROGRAM

Please complete the attached credit application **in full** and provide copies of the following required materials:

1. **Three** most recent check stubs from your employer(s).
2. **Federal Income Tax Returns (signed)** for the last two years with all schedules and **W-2 forms**. The copies must be resigned and dated next to your original signature. If you are required to file partnership or corporate tax returns, copies of these must be included.
3. Contract for Deed, if applicable.
4. Last two months' bank statement(s), both checking and savings.
5. Latest property tax statement.
6. Latest mortgage statement, showing current balance.
7. Latest Homeowner's Association (HOA) statement
8. Divorce decree with all amendments, if applicable.
9. Copy of Driver's License for all homeowners.
10. Social Security annual statement, pension statement, AFDC and/or GA statement or copy of most recent check(s) if income is received from any of these sources.

As a lender, we are required to verify all sources of income, check credit history, verify your ownership interest in the property, etc. In some instances, we may have to contact you for additional information before a determination of eligibility can be made. Financial information may have to be updated prior to final approval. Applications will be processed in the order that complete application information is received. Your cooperation is appreciated.

Work started prior to the date of loan closing will not be funded.

DIRECTIONS FOR COMPLETION

1. This packet includes all of the following forms:

1. Credit application	Please complete, sign, and return with application.
2. Individual Data Confidentiality	Read carefully and <u>Keep for Your Records.</u>
3. Lead-Based Paint Notification	Read carefully and <u>Keep for Your Records.</u>
2. Complete the credit application *in full in ink*. Include all of your account numbers and addresses for credit card accounts, loans, mortgages and name and address of the contract for deed vendor to whom you make your house payments. Be sure to sign or re-sign and date your Federal Income Tax returns.
3. You must include all sources of income for all residents of the household. A resident is someone who lives in the home for at least nine months of the year.

INCOME INCLUDES: Wages, tips, commissions, alimony, child support, spousal maintenance, AFDC, Social Security, worker's compensation benefits, unemployment benefits, pensions, state and federal supplemental income, income from renters, investment income, public assistance, self-employment income, and all other income.

Submit **all** of the application materials to:

Office of Housing and Human Services
City of Eden Prairie
8080 Mitchell Road
Eden Prairie, MN 55344

For additional information, please contact Jeanne Karschnia @ 952-949-8486 or jkarschnia@edenprairie.org

GENERAL PROGRAM REQUIREMENTS

1. Only those properties that are owner-occupied and contain no more than four dwelling units are eligible.
2. You must have no present intention to rent, sell, assign, or transfer your interest in the property to another.
3. The property must be used as a year-round, permanent residence, and must be a completed structure.
4. The property must be insured at a value at least equal to the fair market value of the home.

PROPERTY INFORMATION

1. The age of the residential property to be improved is _____ years.
2. The purchase price of the property was \$ _____.
3. The date of purchase _____. The year house was built_____.
4. The current Estimated Market Value of the property from my Property Tax Statement is
\$ _____.
5. The number of dwelling units contained in the property to be improved is: 1 2 3 4
6. The number of bedrooms in the property. _____

CREDIT INFORMATION

1. Have you or a member of your household ever received a Housing Rehabilitation Loan through the City of Eden Prairie? Yes No

Date of the Loan _____ Original principal amount of the loan \$ _____

2. Credit History

These questions apply to all applicants. If you answer "yes", provide a separate written explanation.

Are there any outstanding judgments or liens against you?	Yes	No
Have you been declared bankrupt within the past 36 months?	Yes	No
Have you had any property foreclosed upon or given title or deed in lieu thereof?	Yes	No
Are you a co-maker or endorser on a note?	Yes	No
Do you have any past due obligations owed to or insured by any agency of the Federal Government?	Yes	No

3. Bank Accounts: Provide name of bank, account number(s), and a copy of your most recent bank statement(s).

Checking _____

Savings _____

4. Debts: List all current, fixed obligations, installment accounts, revolving charge accounts, loan, and debts to banks, finance companies and government agencies. (If more space is needed, list additional debts on separate sheet.)

To Whom Indebted (Name)	Date Incurred	Original Amount	Present Balance	Monthly Payments	Check if Business Related
Mortgage:		\$	\$	\$	
Contract For Deed:		\$	\$	\$	
Car Loan:		\$	\$	\$	
		\$	\$	\$	
Other:		\$	\$	\$	
		\$	\$	\$	
		\$	\$	\$	
		\$	\$	\$	

5. Monthly Expenses: (If monthly amounts are irregular, use the annual cost divided by 12, for the monthly average.)

Tax & Home Insurance (provide monthly average if not included in mortgage/ Contract payment above.)	\$
Insurance (Auto, Life)	\$
Health Insurance & Medical Expenses	\$
Food & Household Supplies	\$
Utilities (Heat, Electric, Sewer & Water, Garbage, Phone)	\$
Transportation (Gas/Maintenance, Bus, Taxi, etc.)	\$
Recreation/Hobbies	\$
Personal Care/Clothing	\$
Other (Child Support, Spousal Maintenance, etc)	\$

6. Do you own other real estate? No Yes (If "Yes", please list below.)

Address _____

Date Purchased _____ Value \$ _____ Balance \$ _____

INCOME AND EMPLOYMENT INFORMATION

Please complete all applicable sections listed below.

1. **Self-employed applicants** (sole proprietorship business or farms), or those with highly variable incomes: Please enclose copies of your federal tax returns (including W-2 forms) for the past two years. If your income is derived from an interest in a Partnership or Subchapter S Corporation, please include a completed K1 form and schedule E with your tax returns.

Type of Business _____ Date Started (mo/yr) _____

	Year 1	Year 2
Net profit from Schedules C or F	\$ _____	\$ _____
Depreciation from Schedules C or F	\$ _____	\$ _____
Wages paid to spouse/children	\$ _____	\$ _____
Total	\$ _____	\$ _____
Average of Years 1 & 2	\$ _____	

2. **Applicants Receiving Regular Paychecks** (enclose copies of last 3 pay stubs)

Employer Name/ Your Position _____

Business Address _____

Business Telephone _____ Starting Date _____

Gross Income X Number of payments/year \$ _____ X _____ = \$ _____

3. **Co-Applicants Receiving Regular Paychecks** (enclose copies of last 3 pay stubs)

Employer Name/ Your Position _____

Business Address _____

Business Telephone _____ Starting Date _____

Gross Income X Number of payments/year \$ _____ X _____ = \$ _____

4. **Other Income** (Please provide current, written verification of any other income.)

Bonuses, overtime, interest, dividends, unemployment, child support, military reserve, contracts-for-deed, Social Security, net rental income, AFDC, alimony, etc.

Specify Sources _____

Amount X Number of payments/year \$ _____ X _____ = \$ _____

5. **Total Gross Annual Income** (sum of 1, 2, 3, &4) \$ _____

LEAD PAINT & INDIVIDUAL CONFIDENTIALITY CHECKLIST

1. Please read the enclosed notices, "Watch Out for Lead-Based Paint Poisoning" and "Individual Data Confidentiality."

NOTIFICATION
WATCH OUT FOR LEAD-BASED PAINT POISONING

IF YOUR HOME WAS BUILT BEFORE **1978**, THERE IS A POSSIBILITY IT CONTAINS LEAD-BASED PAINT. PLEASE READ THE FOLLOWING INFORMATION CONCERNING LEAD-BASED PAINT POISONING.

The interiors of older homes and apartments often have layers of lead-based paint on the walls, ceilings, window sills, doors and door frames. Lead-based paint and primers may also have been used on outside porches, railings, garages, fire escapes, and lamp posts. When the paint chips, flakes, or peels off, there may be a real danger for babies and young children.

Children may eat paint chips or chew on painted railings, window sills, or other items when parents are not around. Children can also ingest lead even if they do not specifically eat paint chips. For example, when children play in an area where there are loose paint chips or dust particles containing lead, they may get these particles on their hands, put their hands into their mouths, and ingest a dangerous amount of lead.

Hazards of Lead-Based Paint

Lead poisoning is dangerous – especially to children under the age of seven (7). It can eventually cause mental retardation, blindness, and even death.

Symptoms of Lead-Based Paint Poisoning

Has your child been especially cranky or irritable? Is he or she eating normally? Does your child have stomachaches and vomiting? Does he or she complain about headaches? Is your child unwilling to play? These may be signs of lead poisoning. Many times though, there are no symptoms at all. Because there are no symptoms does not mean that you should not be concerned if you believe your child has been exposed to lead-based paint.

Advisability and Availability of Blood Lead Level Screening

If you suspect that your child has eaten chips of paint or someone told you this, you should take your child to the doctor or clinic for testing. If the test shows that your child has an elevated blood lead level, treatment is available. Contact your doctor or clinic for testing. If the test shows that your child has an elevated blood lead level, treatment is available. Contact your doctor or local health department for help or more information. Lead screening and treatment are available through the Medicaid Program for those who are eligible. If your child is identified as having an elevated blood lead level, you should immediately notify the Community Development or other agency to which you or your landlord is applying for rehabilitation assistance so the necessary steps can be taken to test your unit for lead-based paint hazards. If your unit does have lead-based paint you may be eligible for assistance to abate that hazard.

KEEP THIS NOTIFICATION FOR YOUR RECORDS

Precautions to Take to Prevent Lead-Based Paint Poisoning

You can avoid lead-based paint and poisoning by performing some preventive maintenance. Look at your walls, ceilings, doors, door frames and window sills. Are there places where the paint is peeling, flaking, chipping, or powdering? If so, there are some things you can do immediately to protect your child.

1. Cover all furniture and appliances.
2. Get a broom or stiff brush and remove all loose pieces of paint from walls, woodwork, window wells and ceilings.
3. Sweep up pieces of paint and plaster and put them in a paper bag or wrap them in newspaper. Put these packages in the trash can. DO NOT BURN THEM.
4. Do not leave paint chips on the floor in window wells. Damp mop floors and window sills in and around the work area to remove all dust and paint particles. Keeping these areas clear of paint chips, dust and dirt is easy and very important.
5. Do not allow loose paint to remain within your child's reach since children may pick loose paint off the lower part of the walls.

Homeowner Maintenance and Treatment of Lead-Based Paint Hazards

As a homeowner, you should take the necessary steps to keep your home in good shape. Water leaks from faulty plumbing, defective roofs, and exterior holds or breaks may admit rain and dampness into the interior of your home. These conditions damage walls and ceilings and cause paint to peel, crack, or flake. These conditions should be corrected immediately. Before repainting, all surfaces that are peeling, cracking, chipping, or loose should be thoroughly cleaned by scraping or brushing the loose paint from the surface, then repainted with two (2) coats of non-lead paint. Instead of scraping and repainting, the surface may be covered with another material such as wallboard, gypsum, or paneling. Beware that when lead-based paint is removed by scraping or sanding, a dust is created, which may be hazardous. The dust can enter the body either by breathing it or swallowing it. The use of heat or paint removers could create a vapor or fume which may cause poisoning if inhaled over a long period of time. Whenever possible, the removal of lead-based paint should take place when there are no children or pregnant women on the premises. Simply painting over defective lead-based paint surfaces does not eliminate the hazard. Remember that you as an adult play a major role in the prevention of lead poisoning. Your actions and awareness about the lead problem can make a big difference.

Tenant and Homebuyer Responsibilities

You should immediately notify the management office or the agency through which you are purchasing your home if the unit has flaking, chipping, powdering or peeling paint, water leaks from plumbing, or a defective roof. You should cooperate with that office's effort to repair the unit.

KEEP THIS NOTIFICATION FOR YOUR RECORDS

INDIVIDUAL DATA CONFIDENTIALITY
EDEN PRAIRIE HOUSING REHABILITATION LOAN PROGRAM

Your Rights as a Subject of Data

In accordance with the Minnesota Government Data Practices Act, Eden Prairie is required to inform you of your rights as they pertain to the private information collected from you. Private data is that information which is available to you, but not to the public. The personal information we collect about you is private.

The information collected from you or from other agencies or individuals authorized by you is used to determine your eligibility for a home improvement loan. You are not required to provide information relating to your marital status and race, however, this information is vital to determine to what extent our programs are used by minorities. All other information on the form is needed to determine your eligibility. If you will not supply the required information, the City of Eden Prairie will not be able to determine your eligibility for the loan.

The dissemination and use of the private data collected is limited to that necessary for the administration and management of home improvement loans. Persons or agencies with whom this information may be shared include:

1. City of Eden Prairie and/or Hennepin County personnel or elected officials involved in administering or monitoring the loan program.
2. Federal, state, county, local and contracted private auditors.
3. Authorized personnel from the U.S. Department of Housing and Urban Development.
4. A contract for deed holder (only to state that you are a loan recipient and the amount of the loan).
5. Law enforcement personnel in the cases of suspected fraud.
6. Those individuals or agencies to which you give your written permission by signing the improvement loan application.
7. Secretary of the Treasury – only your name and address, for purpose of avoiding the acceptance of a tax credit for emergency improvements made with loan funds.

Unless otherwise authorized by statute or federal law, other government agencies utilizing the reported private data must also treat the information as private. You may wish to exercise your rights as contained in the Minnesota Government Data Practices Act. These rights include the right to:

1. See and obtain copies of the data maintained on you.
2. Be told the contents and meaning of the data.
3. Contest the accuracy and completeness of the data.

KEEP THIS NOTIFICATION FOR YOUR RECORDS

SUBORDINATION OF MORTGAGES

Housing and Community Services (HCS) may subordinate the housing rehabilitation loan. HCS will review and respond to all requests for subordinations within two weeks of the application date. The following information must be submitted before a request for subordination will be considered.

- Effective date of current first mortgage, current first mortgage balance, interest rate and term
- Proposed loan amount, interest rate and term.
- Reasons for new financing and use of proceeds by amount. If financing will be used for home improvements, specific information on the proposed home improvements must be provided.
- Good Faith Estimate.
- Copy of appraisal.
- Most recent assessor's market value of property.
- Types and amounts of any other indebtedness on property, including balance, rate and term.
- Date the housing rehabilitation loan was filed with County and the document number.
- Full name, address, telephone number, contact person and e-mail address of the new lender.
- Date subordination agreement is needed (must be at least two weeks from the date of the request).

Information provided will be analyzed to determine the appropriateness of subordination of the HCS's mortgage. The following criteria must be met before subordination of the loan will be considered.

- All current and proposed property liens, including the housing rehabilitation loan, equal less than 100 percent of the appraised value of the property.
- The subordination is necessary to refinance the principal balance of existing prior liens on the property and will facilitate a rate reduction, term reduction and/or principal reduction plus any costs to finance additional eligible home improvements. No cash may be taken out as a result of refinancing. However, the fees incurred to refinance will be an allowable expense.
- All home improvements must be eligible under the Home Rehabilitation guidelines and the homeowner is required to submit documentation of cost for all improvements as a condition of the subordination. The uses for the new financing must be justifiable as an appropriate use of public funds to warrant subordination of the public funding.
- The HCS manager may allow cash out to the borrower due to a situation of financial hardship, which may include unexpected medical bills, divorce, or loss of job within six months of applying for subordination.

If the above criteria are not met, the HCS will not subordinate its mortgage. The client will then need to either obtain financing that is subordinate to the HCS's mortgage, pay off the HCS's loan as a condition of the new financing, obtain non-mortgage financing, or forgo the additional financing. Appeals regarding interpretation of this Subordination Policy may be made in writing to the HCS's Housing Services Coordinator. Appeals that clearly do not meet the subordination requirements will not be considered.

Ineligible Conditions for Subordination

- To pay off or consolidate credit card or other debt.
- To take cash out of the property for personal use.
- To obtain a reverse mortgage.
- To obtain a Home Equity Line of Credit (HELOC)

SIGNATURE PAGE

Please read and understand all the statements and authorizations listed below before signing this application. Please ***initial*** each statement below indicating that you have read them. If you do not understand any of the statements and authorizations or have any questions, please do not hesitate to call the City of Eden Prairie, Office of Housing and Human Services at 952-949-8486 or 952-949-8439.

_____ I/We certify that the statements contained in this application are true and complete to the best of my/our knowledge.

_____ I/We hereby authorize the release of any information necessary for the lending institution to process this application.

_____ I/We hereby authorize the City of Eden Prairie HHS staff to verify my/our past and present employment records, compensation from other sources, bank statements, securities holdings, and any other asset balances that are needed to process my/our application for home improvement related loan.

_____ I/We further authorize the City of Eden Prairie HHS staff to obtain a consumer and/or business credit report and verify other past and present mortgage references as it may deem necessary.

_____ I/We request all employers, financial institutions, and other creditors to accept a photocopy of this signature page as evidence of my/our consent and authorization to release information to the City of Eden Prairie HHS to verify my/our eligibility for a home improvement loan.

_____ I/We hereby declare the I/we have received a copy of the "Individual Data Confidentiality" form and that I/we have read it, understand my/our rights as a subject of data, and have kept it for my/our records.

_____ I/We have received a copy of the notice entitled "Watch Out for Lead-Based Paint Poisoning" and have kept it for my/our records.

_____ I/We have read a copy of the city's "Subordination of Mortgages" and have kept it for my/our records.

Applicant Name (Print)

Applicant Signature

Applicant Name (Print)

Applicant Signature

Applicant Name (Print)

Applicant Signature

Date

Warning: Section 1001 of Title 18 U.S. Code makes it a criminal offense to make false statements or misrepresentations to any department of Agency of the U.S. as to matters within its jurisdiction.



EDEN PRAIRIE HOUSING PROGRAMS RELEASE OF INFORMATION AND DATA PRIVACY STATEMENT

RELEASE OF INFORMATION

I authorize and direct any Federal, State or local agency, organization, business, or individual to release to Eden Prairie staff any information or material needed to complete and verify my application for benefits under one or more of the programs administered by Eden Prairie, including but not limited to; HOME Investment Partnerships (HOME) Program, Community Development Block Grant (CDBG) or the Lead Hazard Control Program, hereinafter referred to as "the Programs."

I understand and agree that such information and material may be given to and used by Eden Prairie in administering and enforcing the Programs rules and regulations. I understand that this authorization cannot be used to obtain any information about me that is not pertinent to my eligibility for and participation in the Programs.

The groups or individuals that may be asked to release the above information (depending on program requirements) includes, but is not limited to:

Mortgage Companies	Past and Present Employers	Veterans Administration
Income Assistance Agencies	Retirement Services	Banks and Financial Institutions
Courts and Post Offices	Credit Bureau	State Unemployment Agencies
Schools and Colleges	Social Security Administration	Previous Landlords
Enforcement Agencies	Utility Companies	Child Care Providers
Medical Providers	Support and Alimony Providers	

I acknowledge and agree that:

- A photocopy of this authorization is as valid as the original and may be used for the purposes stated above; and
- I have the right to review the file and the information received using this form (with a person of my choosing to accompany me); and
- I have the right to copy information from the file and to request correction of information I believe inaccurate; and
- This authorization will stay in effect until the Programs have been completed or terminated; and

TENNESSEN WARNING

As an applicant for benefits under one or more of the housing programs administered by Eden Prairie, including but not limited to; the HOME Investment Partnerships (HOME) Program, Community Development Block Grant (CDBG) Program or the Lead Hazard Control Program, hereinafter referred to as ("the Programs") you will be asked to provide information that may be considered private under the Minnesota Government Data Practices Act (the "Act"). The Act requires that you be provided with the following information.

The data that you will be asked to provide to Eden Prairie for the Programs includes, but is not limited to the following data about members of your household:

- Income
- Social security numbers
- Identity of household members
- Income verification

The foregoing information is needed in order to determine your eligibility for the Programs. You may refuse to provide the requested information, but this may result in delay in processing or rejection of your application.

This information may be shared with County and applicable city staff, the U. S. Department of Housing and Urban Development (HUD), the Minnesota Housing Finance Agency (MN Housing), contracted monitoring agencies, contracted community partnership organizations, and internal and independent auditors. It may also be released to appropriate Federal, State, and local agencies when relevant, to civil, criminal, or regulatory investigations.

PRIVACY ACT NOTICE

As an applicant for the Programs unit, you may be asked to provide your social security number. If it is requested, the federal Privacy Act of 1974 requires that you be provided with the following information:

- Furnishing your social security number is mandatory in order for the Program to determine your eligibility for the Programs.
- The statutory authority for the Program to request disclosure of your social security number is Title 42, Chapter 7, Subchapter II 405(c)(2)(C)(i).

All adult household members, 18 years or older, will sign this form and cooperate with the eligibility process.

I declare that I have read and understood the information given above regarding the Release of Information, the Minnesota Government Data Practices Act, and the Privacy Act of 1974.

Applicant(s):

Signature	Printed Name	Date

Signature	Printed Name	Date

HOMEOWNER PROCEDURES

CITY OF EDEN PRAIRIE

HOUSING REHABILITATION LOAN PROGRAM

Listed below is the schedule of events that will occur in the Housing Rehabilitation Loan Program's work process. The events are explained and numbered in the order of occurrence from the time of the initial property inspection to the recording of the Repayment Agreement. The homeowner should read this information and become acquainted with the work process.

1. Property Inspection

An inspection of your property will be performed by the Building Inspector for the City of Eden Prairie. The inspection report, written up at the time of the inspection, describes the present condition of the house and its systems relative to the Housing Rehabilitation Loan Program objectives. This report is used to determine what improvements are eligible for funding through the program.

2. Scope of Improvements

Once the applicant's eligibility is determined a Scope of Improvements is prepared specifying the eligible improvement work in detail. The eligible repairs listed on the Scope of Improvements are in prioritized order. The priority order determines what improvements will be funded if the cost of repairs should exceed the maximum loan amount allowed.

3. Bidding Procedure

The homeowner is responsible for obtaining contractor bids for all items listed on the Scope of Improvements. Copies of the Scope of Improvements will be provided to the homeowner so that the contractor can bid directly on the Scope of Improvements. Two separate contractor bids are required for each type of work. The bids must be itemized with a separate price indicated for each separate work item to be done. The homeowner can obtain general contractors or separate contractors for individual items.

4. Work Contract

Once a contractor is selected, arrangements will be made to have the Work Contract signed by the contractor and homeowner and approved by the Loan Administrator. The work contract will indicate when the work will begin and when it will be completed.

The Work Contract authorizes the work to begin. Any work started before execution of the Work Contract will not be paid for with loan funds.

It is the responsibility of the contractor to arrange a schedule with the homeowner for the work to be done. Contact the Loan Administrator with questions during the construction process.

5. Changes in the Work Order

All changes to the Scope of Improvements and/or Work Contract must be written on an Amendment Request form. This form requires the contractor to list and describe all the proposed changes in the improvement work and costs associated with the changes. The form must be signed by the contractor and the homeowner. If the proposed changes are approved, the form will be signed by the Loan Administrator and a copy sent to the contractor and homeowner. Cost overruns cannot exceed the total loan amount.

6. Completion Certificate

This form requires the contractor's signature and a bill attached stating the total cost and work done. The homeowner must also sign the form, however, only when they are completely satisfied with the contractor's work. The contractor will be paid following an inspection done by the inspector from the City of Eden Prairie.

7. Recording of Repayment Agreement

The Repayment Agreement will be recorded with Hennepin County when the work is completed and the contractors are paid. The homeowner will be sent a copy of the recorded Repayment Agreement for their records.

8. The Loan Administrator is:

Jeanne Karschnia 952-949-8486
Office of Housing and Human Services
City of Eden Prairie
8080 Mitchell Road
Eden Prairie, MN 55344