



**SINGLE-FAMILY OWNER-OCCUPIED HOUSING  
REHABILITATION LOAN PROGRAM GUIDELINES  
CITY OF MOORHEAD, MINNESOTA**

**IMPORTANT – Please read this entire document to ensure you are eligible!**

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## **INTRODUCTION**

The City of Moorhead, as a Community Development Block Grant (CDBG) Entitlement Community, has the authority pursuant to U.S. Department of Housing and Urban Development (HUD) to operate a housing rehabilitation program funded all or in part by CDBG funds. These guidelines indicate the criteria established by the City and/or required by HUD for program administration. The City reserves in its sole and exclusive discretion the right to consider and grant requests for variances to these guidelines. Further, the City reserves the right to modify these guidelines as necessary to comply with new regulations or for program efficiency.

### **SECTION A. COMMUNITY DEVELOPMENT BLOCK GRANT LOAN PROGRAM**

Homeowners who satisfy all program requirements may apply for a no-interest, no-monthly-payment, equity-based, home repair loan in the amount of \$5,000 to \$20,000; an additional \$5,000 may be available dependent upon deficiencies in Housing Quality Standards (see Exhibit V). Homeowner's income cannot exceed limits as set by HUD (see Exhibit I) equal to 80% of the area median income. A loan is immediately repayable in full should the CDBG loan recipient cease to live on-site, a title change occur, or the property is sold subject to Section E.

### **SECTION B. ELIGIBLE APPLICANTS**

#### **Subd. 1. Property Ownership**

Any applicant must occupy the property to be rehabilitated and own same, subject to the following requirements:

##### **a. Fee Title:**

All fee title owners of record and spouses must consent to and jointly execute any promissory notes, mortgages or other legal papers deemed necessary by the City.

##### **b. Contract for Deed:**

All fee title owners of record and spouses, together with the contract for deed purchaser and spouse must consent to and jointly execute any promissory notes, mortgages or other legal papers deemed necessary by the City.

##### **c. Life Estate Title:**

A loan applicant who has granted a "Life Estate" interest in his/her property must obtain the consent of all life estate recipients who must also execute appropriate real estate documents and agree to repay the loan upon death of the original owner/loan applicant.

#### **Subd. 2. Income**

Household income includes the gross amount of income of all adult household members that is anticipated to be received during the coming 12-month period. Income limits, as well as inclusions and exclusions to household income are identified in Exhibit I. An applicant's gross income, as determined upon review by the City, must not exceed the limits set for the program as contained within Exhibit I.

**SECTION C. ELIGIBLE PROPERTY**

- Subd. 1. Residential Declaration  
A property must be residential, with no more than two dwelling units. Mobile homes are not eligible. Individual condominium units are eligible in accordance with legal covenants/condominium agreements, with the exclusion of "common" area improvements.
- Subd. 2. Zoning  
Properties must conform to the Zoning Ordinance of the City of Moorhead and must be outside of flood fringe or floodway areas. Residential properties grandfathered within non-residential districts will be considered for life and health safety-related improvements only, pursuant to Section D.
- Subd. 3. Age of Property  
Properties must be at least 15 years of age, except a property not 15 years of age shall be determined eligible if it is in need of repairs to correct damage resulting from a natural disaster, or to correct items that are hazardous to health and life safety (Section D, Subd.2).
- Subd. 4. Clear Title  
Mortgage payments, property tax payments, Contract-for-Deed payments and any and all other obligations must be current.
- Subd. 5. Health and Life Safety Improvements  
The property, following rehabilitation, must meet all applicable minimum health and life safety standards pursuant to Section D.
- Subd. 6. Market Value  
The market value of a property, as determined by the City Assessor, must equal or exceed the total of all mortgages, including this loan mortgage, after the project is complete, except as described in Sect C, Subd. 7.
- Subd. 7. Health and Life Safety Reports  
A property will be considered eligible for rehabilitation even though the property does not meet the equity requirements of Subd. 6 if, and only if, the CDBG rehabilitation funds are to be used solely and exclusively for health and life safety repairs pursuant to Section D Subd. 2 (limited to emergency repairs only, not "Other" improvements unless approved by program staff as budget allows).
- Subd. 8. Reverse Mortgage  
A property subject to a Reverse Mortgage is not eligible for the Single Family Owner-Occupied Housing Rehabilitation Program loan except in emergency situations pursuant to Section D, Subd 2.

- Subd. 9. Foreclosure and Loan Modification Programs  
Mortgage payments must be current pursuant to Section C, Subd. 4. A property at risk of foreclosure or subject to a loan modification trial period (e.g., FHA-HAMP, HARP, Special Forbearance Program, partial claim option, etc.) is not eligible for the Single Family Owner-Occupied Housing Rehabilitation Program loan except in emergency situations pursuant to Section D, Subd 2.

#### **SECTION D. ELIGIBLE IMPROVEMENTS**

- Subd. 1. Health and Life Safety Improvements  
The following health and life safety related items must be fully corrected under a Rehabilitation Loan before other improvement items may be considered:
- a. Electrical hazards and electrical code violations.
  - b. Furnace hazards, substandard heating conditions, and mechanical code violations.
  - c. Fire safety hazards and fire code violations.
  - d. Structural integrity hazards and building code violations.

- Subd. 2. Emergency Health and Life Safety Improvements  
In the event any of the Health and Life Safety Improvements as listed in Section D, Subd. 1 are detected and certified in writing by a licensed professional as constituting an emergency condition, then, upon review and concurrence of the program staff, the request for a rehabilitation loan will be processed immediately.

The maximum rehabilitation loan amount of \$20,000 may be increased to \$25,000, if the costs of health and life safety improvements require additional funds to meet minimum standards. Such a request will be reviewed on a case-by-case basis by program staff to determine if the increase is necessary and warranted.

- Subd. 3. Lead Based Paint Hazards  
HUD requires the City of Moorhead to address lead-based paint (LBP) hazards in assisted properties that were built prior to 1978. Before a loan is issued, the City will conduct a LBP “risk assessment” test on surfaces that will be disturbed during the rehabilitation project. The cost of the pretesting, analysis, and post-testing (as applicable) are paid by the City through its CDBG funds and are not part of the improvement loan. If LBP is discovered, lead-safe work practices will apply, and paint stabilization, encapsulation, or removal will be conducted as part of the project, and the cost of the LBP hazard removal will be part of the loan to the homeowner. Licensed contractors are required to conduct the removal and the City follows all state and federal regulations on LBP hazards. Homeowners will receive educational materials on LBP hazards as part of the loan reference materials.

- Subd. 4. Other Improvements  
To the extent rehabilitation loan funds are available following correction of

Health and Life Safety items pursuant Section D, Subd. 1, additional improvements may be considered in the following priority order:

- a. Energy Conservation Improvements: This includes any condition of the home which fails to meet minimum energy standards.
- b. General Improvements: This includes any condition of the home which falls under maintenance and renovation needs or which substantially improves the habitable standard of the home.
- c. Alterations: This includes changes to the home that correct Housing Quality Standard (HQS) deficiencies (See Exhibit V).

## **SECTION E. LOAN REPAYMENT**

### **Subd. 1. Loan Repayment**

Loan repayment, as required by the Promissory Note and Mortgage, must be made in the following circumstances:

- a. Upon default in any other mortgage payment of principle and interest or taxes on the rehabilitated property.
- b. Upon sale of the rehabilitated property.
- c. Upon transfer or change of title to the rehabilitated property, except to a surviving spouse who was a co-applicant.
- d. Upon the death of the loan recipient(s).
- e. Upon the loan recipient(s) moving from the rehabilitated property for any reason.

Loan recipients, heirs, and/or assigns must request and receive the written consent of the City prior to the sale or transfer of the rehabilitated property. Said consent shall not be unreasonably withheld by the City and shall be regularly given by the City absent extenuating circumstances.

Loan payoff amounts are to be calculated by and obtained from program staff.

Repayments will be made to the "City of Moorhead" and delivered to the City Planning and Neighborhood Services Department for processing. A Satisfaction of mortgage shall be executed and forwarded to the loan holder within 10 business days from said repayment.

At the sole discretion of the City of Moorhead, one exception to the full repayment requirement may be considered. An heir of a deceased loan recipient who meets all program requirements and intends to occupy the rehabilitated property must notify the City by submitting a formal letter of request to assume the loan in lieu of repayment. Such a request must include a factual showing by the eligible heir that a strong probability exists that title to the rehabilitated property will vest in the heir upon the conclusion of the probate or other disposition of the deceased loan recipient's estate. In considering the above exception, the City reserves the right to reverse any initial decision to make such exception until the time title vests in the eligible heir.

Subd. 2. Loan Subordination

The City of Moorhead will consider subordinating its mortgage position to new mortgages pursuant to the following conditions:

- a. Loan is refinancing first mortgage debt to reduce the interest rate without receiving cash back at closing or using funds to consolidate debt; **or**
- b. Loan recipient is taking out a home improvement loan for additional improvements to the subject property without cash back or using funds to consolidate debt; **or**
- c. Loan recipient is refinancing prior mortgage debt or borrowing additional funds for any other reason. Subordination under this section (c.) will be considered only after the loan recipient has attended a credit counseling session with an accredited consumer credit counselor (such as the Village Financial Resource Center). Only one request for subordination under this section (c.) will be granted over the life of the loan; **and**
- d. A Subordination Request Form (Exhibit III) signed by the Homeowner must be completed and submitted to program staff for consideration; **and**
- e. A signed Good Faith Estimate, on mortgage company letterhead, must be submitted with the Subordination Request Form; **and**
- f. There must be sufficient equity in the property to cover all proposed and existing loans. The City Assessor's Estimated Market Value adjusted slightly for resale will be used to determine market value. The City Assessor, at his/her discretion, may also consider a current professional appraisal to determine value in instances when property value is in dispute.
- g. The City will consider subordination requests up to, but not exceeding a 3<sup>rd</sup> position mortgage.
- h. The City will **not** consider subordination requests for Reverse Mortgages.
- i. Up to ten (10) business days are required to process a subordination request.

**SECTION F. PROGRAM ADMINISTRATION**

Subd. 1. Program Management Agenda

The City of Moorhead Planning and Neighborhood Services Department shall manage all phases of the rehabilitation process in the following order:

- a. Applicant screening
- b. Applicant Acknowledgement (See Exhibit II)
- c. Lead Paint Notification (See Exhibit III)
- d. Application processing
- e. Data verification
- f. Lead based paint screening (if applicable)
- g. Contractor selection, specifications, and bid letting
- h. Bid opening and contract award
- i. Loan execution and mortgage
- j. Construction contract execution
- k. Construction inspections
- l. Payment processing
- m. Lead based paint clearance exam/hazard removal (if applicable)



- n. Final inspection
- o. Close out
- p. Final payment

- Subd. 2. Fees  
Applicable foreclosure fees will be collected as allowed by law through the executed and recorded mortgage.
- Subd. 3. Contractor Selection  
The Homeowner must select a minimum of three (3) general contractors from the City's Approved Contractors List (See Exhibit VI) to bid on their home rehabilitation project. Approved contractors are those who have provided the City with the required eligibility certifications as per Section G. The City, acting on behalf of the Homeowner, will solicit bids from those contractors selected by the Homeowner for the rehabilitation project.
- Subd. 4. Contractor Payments  
Payments will be by invoice request from contractors followed by inspection and homeowner release. The City may withhold 20% of the total contract loan amount pending resolution of a dispute. Payment may be released by the City within 90 days from the date of final payment request and when construction has been completed if mutual agreement cannot be achieved.
- Subd. 5. Warranty Provisions  
Any and all warranties, expressed or implied, relating in any manner whatsoever to the performance of eligible improvements work under a City rehabilitation loan or grant, or the provision of material therefore shall be between the contractor and homeowner pursuant to a scope of work and homeowner/contractor agreement and not the City. The City makes no warranties, expressed or implied, as to the performance of eligible improvements work under a City rehabilitation loan or grant or the provision of material therefore.
- Subd. 6. Sweat Equity  
All eligible improvements financed under the CDBG program are to be completed by the contractor. Sweat equity is not permitted by the program.
- Subd. 7. Escrow Provisions  
Escrow provisions are available to Homeowners who desire additional improvements in circumstances where the Rehabilitation Loan limit has been reached, or when additional improvements are not eligible or fundable through the program.

A Homeowner, pursuant to an Escrow Agreement, may choose to include additional rehabilitation items as a part of the rehabilitation project subject to the following conditions:

- a. At the time of loan closing, homeowner must deposit in escrow with the City funds to cover all costs in excess of the rehabilitation project loan

amount.

- b. Escrowed funds will be the first funds expended on the rehabilitation project and shall be handled in the same manner as loan funds, subject to the executed Escrow Agreement.

**SECTION G. CONTRACTOR ELIGIBILITY**

Subd. 1. Indemnity and Save Harmless

General contractors shall execute an indemnity and save harmless agreement in favor of the City covering the performance of any eligible improvements work awarded to the contractors under a City rehabilitation loan or grant. This indemnity and save harmless agreement in no way limits general contractor's obligation to provide liability insurance for the benefit of the City as per Subdivision 2 below.

Subd. 2. Insurance

General contractor shall provide to the City a certificate of comprehensive and general public liability insurance against claims for bodily injury, personal injury or death, arising out of performance of any eligible improvements work awarded to the contractors under a City rehabilitation loan or grant. The limits of such insurance shall not be less than \$2,000,000 per occurrence and \$4,000,000 aggregate.

Subd. 3. Credit History

General contractors shall have verifiable good credit for material, supplies and sub-contract payments.

Subd. 4. Licenses and Permits

General contractors and subcontractors shall comply with all state and local license and permit requirements.

Subd. 5. References

General contractors shall supply a list of four references of past performance.

Subd. 6. Exclusions

A general contractor cannot be a blood relative or immediate member of the family of the loan recipient.

Subd. 7. Interest of City Personnel and Local Public Officials

Loans may be originated for City of Moorhead personnel and local public officials provided:

- a. The employee meets all applicable eligibility requirements for a loan.
- b. All applications for loans to an employee are reviewed and accepted or rejected according to guidelines and other criteria which are consistently applied by the City to all applications.
- c. City has in no way deviated from the consistent application of such guidelines and other criteria in considering and approving the application of

the employee.

- d. City has informed the HUD Field Office of the conflict of interest and obtained written consent from HUD.

Subd. 8. Suspension of Contractor or Subcontractor

General contractors or subcontractors may be temporarily or permanently suspended by the City from eligibility for being awarded improvement work under these guidelines if the City has received a complaint(s) from a homeowner(s) regarding past improvement work and the City determines that good and reasonable cause exists based on such a complaint(s) for suspension.

**SECTION H. OTHER CONDITIONS**

Subd. 1. Refinancing

Refinancing will be considered if there is sufficient equity in the home to cover all existing and proposed positions. Standard application procedures using an adjusted assessed property value will be used. Other appraisal values will not be considered except as provided in Section E, Subd. 2.

Subd. 2. Applicant, Second Loans

An applicant who has received a rehabilitation loan may receive additional loans only if the applicant has purchased another home and repaid the existing CDBG rehabilitation loan subject to all other eligibility criteria.

Subd. 3. Property, Second Loans

Property previously rehabilitated may receive additional rehabilitation pursuant to this program following a change in ownership.

Subd. 4. Temporary Relocation

Should a rehabilitation project require a temporary vacancy of the residence, any and all costs of said vacancy shall be the sole responsibility of the loan recipient.

## **EXHIBITS I-IV**

**EXHIBIT I: Maximum Gross Income Limits as per HUD**

(80% of Area Median Income) 2020 – UPDATED AND REVISED YEARLY

Household Size	Maximum Income to Participate
1	\$56,300
2	\$64,350
3	\$72,400
4	\$80,400
5	\$86,850
6	\$93,300
7	\$99,700
8	\$106,150

Household sizes in excess of eight (8) persons are calculated by adding 8% of the four (4) person income limit for each additional family member and rounded to the nearest \$50.

### Income Inclusions & Exclusions Table

Income Inclusions	Income Exclusions
<ul style="list-style-type: none"> <li>• Wages before deductions (gross)</li> <li>• Self-employment</li> <li>• Interest and dividends</li> <li>• Public assistance payments/TANF (excluding food/housing)</li> <li>• Veteran’s Administration (VA) compensation/Armed Forces</li> <li>• Fees/rental income</li> <li>• Trusts or estates</li> <li>• Worker’s compensation</li> <li>• Death benefits</li> <li>• Unemployment/disability</li> <li>• Business income</li> <li>• Periodic retirement or insurance payments</li> <li>• Social security payments</li> <li>• Alimony/child support</li> <li>• Regular contributions or gifts</li> </ul>	<ul style="list-style-type: none"> <li>• Income of minors or live-in aides</li> <li>• Foster care payments</li> <li>• Lump sum additions to family assets (inheritances, insurance payments, capital gains, settlement for personal or property losses)</li> <li>• Payments/reimbursements for medical expenses</li> <li>• Student loan disbursements</li> <li>• Special pay to family member serving in Armed Forces who is exposed to hostile fire</li> <li>• Amounts received under training programs funded by HUD</li> <li>• Certain increases in income of a disabled member (of qualified families residing in HOME-assisted housing or receiving HOME tenant-base rental assistance)</li> <li>• Self-sufficiency program income</li> <li>• Sporadic income such as one-time gifts, reparation, and income in excess of \$480 for each full-time student 18 years or older (excluding head of household or spouse)</li> <li>• Adoption assistance payment in excess of \$480 per adopted child</li> </ul>
<p>Note: Read full detail of income inclusions and exclusions in the next section.</p>	

### Income Inclusions Detailed

1. The **full amount**, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services;
2. The **net income from operation of a business or profession**. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a

business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family;

3. **Interest, dividends, and other net income** of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation is permitted only as authorized in paragraph (2) above. Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family. Where the family has net family assets in excess of \$5,000, annual income shall include the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD;
4. The full amount of **periodic amounts** received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a \*\*periodic amount (e.g., Black Lung Sick benefits, Veterans Disability, Dependent Indemnity Compensation, payments to the widow of a serviceman killed in action). See paragraph (13) under Income Exclusions for an exception to this paragraph;\*\*
5. Payments in **lieu of earnings**, such as unemployment, disability compensation, worker's compensation, and severance pay, except as provided in paragraph (3) under Income Exclusions;
6. **Welfare Assistance**.
  - a. Welfare assistance received by the family.
  - b. If the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and utilities, the amount of welfare assistance income to be included as income shall consist of:
    - i. The amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; plus
    - ii. The maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family's welfare assistance is ratably reduced from the standard of need by applying a percentage, the amount calculated under this paragraph shall be the amount resulting from one application of the percentage.
7. **Periodic and determinable allowances**, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling; and
8. **All regular pay, special pay, and allowances** of a member of the Armed Forces, except as provided in paragraph (7) under Income Exclusions.
9. For Section 8 programs only and as provided in 24 CFR 5.612, any financial assistance, in excess of amounts received for tuition, that an individual receives under the Higher Education Act of 1965 (20 U.S.C. 1001 *et seq.*), from private sources, or from an institution of higher education (as defined under the Higher Education Act of 1965 (20 U.S.C. 1002)), shall be considered income to that individual, except that financial assistance described in this paragraph is not considered annual income for persons over the age of 23 with dependent children. For purposes of this paragraph "financial assistance" does not include loan proceeds for the purpose of determining income. \*(Note: This paragraph also does not apply to a student who is living with his/her parents who are applying for or receiving

**Income Exclusions Detailed**

1. Income from employment of children (including foster children) under the age of 18 years;
2. Payments received for the care of foster children or foster adults (usually persons with disabilities unrelated to the tenant family, who are unable to live alone);
3. Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains, and settlement for personal or property losses, except as provided in paragraph (5) under Income Inclusions;
4. Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member;
5. Income of a live-in aide, as defined in 24 CFR 5.403;
6. The full amount of student financial assistance paid directly to the student or to the educational institution (see Income Inclusions (9), above, for students receiving Section 8 assistance);
7. The special pay to a family member serving in the Armed Forces who is exposed to hostile fire (e.g., in the past, special pay included Operation Desert Storm);
8.
  - a. Amounts received under training programs funded by HUD (e.g., training received under Section 3);
  - b. Amounts received by a person with a disability that are disregarded for a limited time for purposes of supplemental security income eligibility and benefits because they are set-aside for use under a Plan to Attain Self-Sufficiency (PASS);
  - c. Amounts received by a participant in other publicly assisted programs that are specifically for or in reimbursement of out-of-pocket expenses incurred (special equipment, clothing, transportation, child care, etc.) and which are made solely to allow participation in a specific program;
  - d. Amounts received under a resident service stipend. A resident service stipend is a modest amount (not to exceed \$200 per month) received by a resident for performing a service for the owner, on a part-time basis, that enhances the quality of life in the project. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, and resident initiative coordination. No resident may receive more than one such stipend during the same period of time;  
or
  - e. Incremental earnings and benefits resulting to any family member from participation in qualifying state or local employment training programs (including training programs not affiliated with a local government) and training of a family member as a resident management staff person. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives, and are excluded only for the period during which the family member participates in the employment training program.
9. Temporary, nonrecurring, or sporadic income (including gifts);
10. Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era. (Examples include payments by the German and Japanese governments for atrocities committed during the Nazi era);

11. Earnings in excess of \$480 for each full-time student 18 years or older (excluding the head of household and spouse);
12. Adoption assistance payments in excess of \$480 per adopted child;
13. Deferred periodic amounts from supplemental security income and social security benefits that are received in a lump-sum amount or in prospective monthly amounts;
14. Amounts received by the family in the form of refunds or rebates under state or local law for property taxes paid on the dwelling unit;
15. Amounts paid by a state agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home; or
16. Amounts specifically excluded by any other federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under any program to which the exclusions set forth in 24 CFR 5.609(c) apply. A notice will be published in the *Federal Register* and distributed to housing owners identifying the benefits that qualify for this exclusion. Updates will be published and distributed when necessary.

**EXHIBIT II: City of Moorhead Subordination Policy (w/Sample Form)**

**Pursuant to current City of Moorhead policy, requests for subordination will be considered under the following circumstances:**

- a. Loan is refinancing first mortgage debt to reduce the interest rate without receiving cash back at closing or using funds to consolidate debt; or
- b. Loan recipient is taking out a home improvement loan for additional improvements to the subject property without cash back or using funds to consolidate debt; or
- c. Loan recipient is refinancing prior mortgage debt or borrowing additional funds for any other reason. Subordination under this section (c.) will be considered only after the loan recipient has attended a credit counseling session with an accredited consumer credit counselor (such as the Village Financial Resource Center). Only one request for subordination under this section (c.) will be granted over the life of the loan; and
- d. A Subordination Request Form (Exhibit III) signed by the Homeowner must be completed and submitted to program staff for consideration; and
- e. A signed Good Faith Estimate, on mortgage company letterhead, must be submitted with the Subordination Request Form; and
- f. There must be sufficient equity in the property to cover all proposed and existing loans. The City Assessor's Estimated Market Value adjusted slightly for resale will be used to determine market value. The City Assessor, at his/her discretion, may also consider a current professional appraisal to determine value in instances when property value is in dispute.
- g. The City will consider subordination requests up to, but not exceeding a 3<sup>rd</sup> position mortgage.
- h. The City will not consider subordination requests for Reverse Mortgages.
- i. Up to ten (10) business days are required to process a subordination request.

**If you have questions or need additional information, please contact the Planning and Neighborhood Services Department at 218-299-5434 or [mary.schmitt@ci.moorhead.mn.us](mailto:mary.schmitt@ci.moorhead.mn.us)**







### Subordination Request SAMPLE Form

This form is designed to provide the information necessary for responding to a request for the subordination of a City of Moorhead mortgage. Please fill out the form completely. Incomplete forms will be returned. Additional information may be required. The City of Moorhead is in sole discretion to agree to subordinate the mortgage. **Sample: Do not complete, read previous page.**

Name of Homeowner(s): sample

Current Address: sample

Appraised Value: sample Date of Appraisal: sample

(Attach copy of appraisal if available)

City Assessed Value: sample (available at [www.moorheadproperty.org](http://www.moorheadproperty.org))

### **LENDER INFORMATION**

Lending Institution (to which City would subordinate): sample

Lender Contact Name: sample

Phone: sample

Address to return subordination: sample

### **Reason for Request** (check all that apply):

Simple refinance – refinance for lower interest rate only (no debt consolidation or cash back)

Borrow money to make additional improvements to the property. *List the improvements and their estimated costs below.*

Type of Improvement

Estimated Cost

Borrow money to consolidate or re-finance non-housing-related debt. *Detail the other debt to be consolidated below. Credit counseling is advised.*

Description

Amount

Other sample

Financing Summary	Mortgager	Amount	Interest rate	Monthly Pmt.
<b>Existing</b>				
1 <sup>st</sup> Mortgage	Sample	\$		\$
2 <sup>nd</sup> Mortgage	Sample	\$		\$
3 <sup>rd</sup> Mortgage	Sample	\$		\$
4 <sup>th</sup> Mortgage	Sample	\$		\$
	Totals:	\$		\$

<b>Proposed</b>				
1 <sup>st</sup> Mortgage	Sample	\$		\$
2 <sup>nd</sup> Mortgage	Sample	\$		\$
3 <sup>rd</sup> Mortgage	Sample	\$		\$
4 <sup>th</sup> Mortgage	Sample	\$		\$
	Totals:	\$		\$

**Terms of New Mortgage Loan:**

Amount of Loan:	Term (in years):
Interest Rate:	Variable or Fixed:

\*\*\*Owner & Encumbrance Report needs to be attached to this request.\*\*\*

Fees - Provide a summary of the fees/other charges associated with this re-finance.  
(Closing costs, fees, etc.):

**Homeowner's Statement**

I am the owner of the property located at sample, which is my principal residence. The information supplied above is true and accurate. The new loan funds will be used for the purpose stated herein. Document has to be signed by homeowner or documentation needs to be attached giving you authorization to access homeowner's financial information.

<u>sample</u>	<u>sample</u>
Homeowner	Homeowner
Date	Date

**City of Moorhead Recommendation**

The City of Moorhead has reviewed and retained the necessary documents. Based on the information provided, the City recommendation is as follows.

Approve subordination – request meets the city's subordination requirements - Lender can prepare and submit subordination agreement for signature.

Deny subordination – request does not meet the city’s subordination requirements

Other: \_\_\_\_\_

By: sample Date: sample

To contact someone about this request form, please call 218-299-5434

### **EXHIBIT III: Housing Quality Standards per 24 CFR 982.401**

Key aspects of housing quality are:

- A. Sanitary Facilities
- B. Food Preparation and Refuse Disposal
- C. Space and Security
- D. Thermal Environment
- E. Illumination and Electricity
- F. Structure and Materials
- G. Interior Air Quality
- H. Water Supply
- I. Lead-Based Paint
- J. Access
- K. Site and Neighborhood
- L. Sanitary Condition
- M. Smoke Detectors

**Sanitary Facilities** –The dwelling unit must include properly operating sanitary facilities (usable in privacy and located in the unit) and be adequate for personal cleanliness and the disposal of human waste (i.e., hot and cold running water, flushing toilet, fixed sink basin with a sink trap, approved disposal system).

**Food Preparation and Refuse Disposal** –The dwelling unit must have suitable space and equipment to store, prepare, and serve foods in a sanitary manner; an operable oven, stove/range/microwave, an appropriately sized refrigerator, and a kitchen sink with hot and cold running water and a trap are required. The sink must drain into an approvable public or private system. Service and facilities must be adequate for disposal of food wastes and refuse, including facilities for temporary storage (e.g., garbage cans).

**Space and Security** - The dwelling unit must provide adequate space and security (i.e., living room, kitchen, bathroom, and at least one bedroom or living/sleeping room for each two persons) are required. Dwelling unit windows that are accessible from the outside, such as basement, first floor, and fire escape windows, must be lockable. Windows that are nailed shut are acceptable only if they are not needed for ventilation or as an alternate fire exit. The exterior doors of the dwelling unit must be lockable.

**Thermal Environment** –The dwelling unit must have and be capable of maintaining a thermal environment healthy for the human body. The heating and cooling system must be in safe operating condition and provide adequate room conditioning in every room. The dwelling unit must not contain unvented room heaters that burn gas, oil, or kerosene. Electric heaters are acceptable.

**Illumination and Electricity** - Each room must have adequate natural or artificial illumination to permit normal indoor activities and to support the health and safety of occupants (i.e., window required in every sleeping room and living room, kitchen and bathroom must have permanent ceiling or wall light fixture, at least one electrical outlet in the kitchen and at least two in each bedroom and the living room –permanent overhead or wall-mounted light fixtures may count as

one of the two required electrical outlets in the bedrooms and living room,). All electrical fixtures must be operable and wiring must ensure safety from fire.

**Structure and Materials** –The dwelling unit must be structurally sound and protect the occupants from the environment, nonthreatening to the health and safety of the occupants. Ceilings, walls, and floors must not have any defects (i.e., severe bulging or leaning, large holes, loose surface materials, severe buckling, missing parts, or other serious damage). The roof must be structurally sound and weathertight. The exterior wall structure and surface must not have any defects (i.e., serious leaning, buckling, sagging, large holes, or defects that may result in air infiltration or vermin infestation). The condition and equipment of interior and exterior stairs, halls, porches, walkways, etc., must not present a danger of tripping and falling. For example, broken or missing steps or loose boards are unacceptable. Elevators must be working and safe.

**Interior Air Quality** –The dwelling unit must be free of pollutants (e.g., carbon monoxide, sewer gas, fuel gas, dust, and other) in the air at levels that threaten the health of the occupants. There must be adequate air circulation in the dwelling unit. Bathroom areas must have one openable window or other adequate exhaust ventilation. Rooms used for sleeping must have at least one window; windows designed to open must work.

**Water Supply** –The water supply must be free from contamination. The dwelling unit must be served by an approvable public or private water supply that is sanitary and free from contamination.

**Lead-Based Paint** –The Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821–4846), the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C.4851–4856), and implementing regulations at 24 CFR Part 35, Subparts A, B, M, and R apply. The dwelling unit will be assessed for lead based paint hazards if built prior to 1978 and lead-safe work practices will be used.

**Access** –The dwelling unit must be able to be used and maintained without unauthorized use of other private properties. If dwelling unit is within a building, it must provide an alternate means of exit in case of fire (such as fire stairs or egress through windows).

**Site and Neighborhood** –The site and neighborhood must be reasonably free from disturbing noises, reverberations, and other dangers to the health, safety, and general welfare of the occupants. The site and neighborhood may not be subject to serious adverse environmental conditions, natural or manmade (i.e., dangerous walks or steps, instability, flooding, poor drainage, septic tank back-ups or sewage hazards, mudslides, abnormal air pollution, smoke or dust, excessive noise, vibration or vehicular traffic, excessive accumulations of trash, vermin or rodent infestation, or fire hazards).

**Sanitary Condition** –The dwelling unit and its equipment must be in sanitary condition, free of vermin and rodent infestation.

**Smoke Detectors** –Each dwelling unit must have at least one battery-operated or hard-wired smoke detector, in proper operating condition, on each level of the dwelling unit, including basements (crawl spaces and unfinished attics excluded if not being used as sleeping space). Smoke detectors must be installed in accordance with and meet the requirements of the National Fire Protection Association Standard (NFPA) 74 (or its successor standards). If the dwelling unit is occupied by any hearing-impaired person, smoke detectors must have an alarm system, designed for hearing-impaired persons as specified in NFPA 74 (or successor standards).

## EXHIBIT IV: City of Moorhead Approved Contractor List

Bradsteen Construction  
Moorhead, MN 56560  
(218)-477-1037  
[scott@bradsteenconstruction.com](mailto:scott@bradsteenconstruction.com)  
[www.bradsteenconstruction.com](http://www.bradsteenconstruction.com)

Remodeling by Foss  
1911 26 St S  
Moorhead, MN 56560  
(218) 236-9310  
[www.remodelingbyfoss.com](http://www.remodelingbyfoss.com)

Rick Halvorson  
1915 27 St S Unit A  
Moorhead, MN 56560  
(218) 236-5622  
[rick@rickhalvorsonconstruction.com](mailto:rick@rickhalvorsonconstruction.com)  
[www.rickhalvorsonconstruction.com](http://www.rickhalvorsonconstruction.com)

Mint Installations  
1825 Main Ave SE #202  
Moorhead, MN 56560  
(218) 303-7388  
[mintinstallations@gmail.com](mailto:mintinstallations@gmail.com)