



Murray County EDA Rental/Redevelopment Program

Program Guidelines

Program Purpose

Rehabilitation of single and multi-family rental or redevelopment homes located in Murray County. Unsecured loan amount will match dollar for dollar on permanent repairs for rental rehabilitation projects and home redevelopment, with interest and loan payments deferred for 6 months.

Maximum Assistance

Rentals of 3 or fewer units are eligible for up to \$20,000. Rentals of 4 units or more are eligible for up to \$30,000. Borrowers (landlord/property owner) must supply at least a 1:1 match of private funds.

The Murray County EDA will not accept a second application from the same borrower until first loan is satisfied.

Repayment

- Loans carry 2% interest, which begins to accrue 6 months from loan closing or final disbursement, whichever occurs first.
- Loans for the program will be repayable in equal monthly installments 6 months from loan closing or final loan disbursement, whichever occurs first, with a maturity date of 5 years after loan closing.
- Loans will be due and payable in full when the borrower refinances, sells the home, or the property is no longer a residential rental property.
- Loans made under the Rental/Redevelopment Program are not assumable.

Application Process

Applicants should complete the Rental/Redevelopment Program application and submit it, along with other required documents, in person or by mail to the Murray County EDA office at 2848 Broadway Avenue, Slayton, MN 56172. The application requests information on the property, rental history of the property, the source of matching funds and other financing necessary to complete the proposed rehabilitation project. The form provides a Notice to Applicant regarding data privacy, misrepresentation, lead-based paint warnings, and inspection considerations.

Eligible applications will be processed and funded on a first-come, first-served basis. All applicants will be notified in writing as to the approval or rejection of their application. Applicants must sign a promissory agreement and other applicable documents prior to the beginning of rehabilitation.

Order of Funding

Applications shall be logged in the order received and qualifying applications funded in the order received until funds are fully utilized.

Eligible Properties

Properties eligible for Rental/Redevelopment Program funding must be located in Murray County, be the applicant's non-homesteaded property and be used for residential rental or redevelopment purposes.

- Property must remain rental for the life of the loan or redeveloped for sale.
- Properties may not be under a contract for deed.
- Mobile homes shall not be eligible for Rental/Redevelopment funds.
- No funds will be disbursed for the rehabilitation of a property on which property taxes are delinquent and unpaid.
- No funds will be disbursed for the rehabilitation of a property which is in default of a mortgage, contract for deed or comparable obligation or if the owner is currently engaged in bankruptcy proceedings.

Eligible Improvements

Improvements must be physically attached to the property and must be permanent in nature. The following types of improvements are eligible:

- Improvements to and replacement of roofs, floors, exterior walls, interior walls, stairs, foundations, windows, doors and other basic housing features.
- Functional improvements to and the replacement of electrical systems, plumbing and plumbing fixtures, heating units, etc.
- Improvements that address energy consumption and security.
- Structural additions.

The following improvements and costs are ineligible:

- Fireplaces or wood stoves.
- Decks, patios, or landscaping beyond that required in connection with foundation or basement work.
- Appliances or other improvements not permanently installed or attached to the structure.
- Improvements that are done prior to the approval of the loan from the Rental/Redevelopment Program.
- Refinancing of existing indebtedness.
- Payment for labor of borrower.

Time of Performance

Applicants approved for funding have 90 days to begin and 6 months to complete improvements from date of loan closing, unless otherwise approved by Murray County EDA board.

Program Administration

Administrative Responsibility

The Rental/Redevelopment Program shall be administered by the staff of the Murray County EDA under the direction of its Board of Directors. Applications shall be processed and approved by EDA staff and Board of Directors. EDA staff shall have the authority to sign loan documents. Staff shall provide a monthly report to the EDA Board regarding funding commitments and expenditures under the Rental/Redevelopment Program.

Loan funds will come from a Special Projects fund within the Murray County EDA, and loan payments will be returned to that fund. Funding amount allotted to the Rental/Redevelopment Fund will be set annually by the Murray County EDA Board of Directors.

Rental Property Verification

Copies of Certificates of Rent Paid (or equivalent of) on the property shall be submitted annually for the life of the loan to the EDA.

Verification of Matching Funds

Rental/Redevelopment Program loans are provided on a matching 1:1 basis. As part of the application process, staff will verify the source of matching funds.

Contracting and Construction

Borrowers are responsible for obtaining bids for all construction labor and materials involved in the project prior to beginning rehabilitation to ensure that sufficient funds are available to complete the project. Copies of the bids shall be provided by the borrower to the EDA. The contract shall be between the borrower and the contractor. The EDA is not a party to the construction contract. Payment of local building permit fees and any inspection fees will be the responsibility of the borrower.

Disbursement

EDA staff shall have the flexibility to disburse funds under the program in such a way as to meet the requirements of any lending institutions involved. In general, if the borrower is securing matching funds from another lending institution, Rental/Redevelopment Program funds shall be deposited into the borrower's deposit account at the bank or credit union, to be disbursed with that institution's disbursement to a contractor or supplier. If the borrower is providing his/her own cash as matching funds, Rental/Redevelopment Program funds will be disbursed upon receipt of proof of disbursement of matching funds by the borrower to contractors or material suppliers and receipt of invoices from contractors or materials suppliers in the amount of the disbursement from the Rental/Redevelopment Program.

Repayment Agreements

A copy of the promissory agreement will be provided at loan closing. All originals will be kept in the EDA office. Loan terms will be 2% interest with payments deferred for 6 months from the date of closing or final disbursement, whichever occurs first. Loan matures 5 years from the date of loan closing. There is no penalty for prepayment on the loan or to pay it off early.

Fair Housing and Equal Opportunity

It is the policy of the Murray County EDA to comply fully with all Federal, State and local nondiscrimination laws and with the rules and regulations governing Fair Housing and Equal Opportunity in housing and employment. The EDA shall not deny any family or individual the equal opportunity to apply for or receive assistance under the Rental/Redevelopment Program on the basis of race, color, sex, religion, creed, national or ethnic origin, age, familial or marital status, handicap or disability or sexual orientation.

Data Privacy

Information on program applicants including, but not limited to, names, financial statements, income calculations and asset information is private data that must be administered in accordance with the Minnesota Government Data Practices Act. Applicants shall be provided with proper written notice as specified under the Act. Solely for the purpose of the administration of the program, information may be made available to the members of the Murray County EDA Board and its staff.

Conflict of Interest

No member of the EDA Board or staff is eligible to participate in the Rental/Redevelopment Program. No employee, officer or agent of the EDA shall participate directly or indirectly in the selection or in the award or administration of any loan if a conflict, real or apparent, would be involved. Such conflict would arise when a financial or other interest in a firm or individual benefiting from a loan or a contract under the program is held by an employee, officer or agent involved in making the award; a member of his/her immediate family; his/her partner; or an organization which employs, is negotiating to employ, or has an arrangement concerning prospective employment of any of the above. EDA officers, employees, or agents shall not solicit or accept gratuities, favors, or anything of monetary value from borrowers or contractors, or potential borrowers or contractors, participating in the Rental/Redevelopment Program and shall not knowingly use confidential information for actual or anticipated personal gain. Borrowers or contractors shall not retain a person to solicit or secure an EDA loan or contract for a commission, percentage, brokerage, or contingent fee, except for bona fide employees or bona fide established commercial selling agencies.