



# HOME Homeowner Entry Loan Program (HOME HELP) Written Agreement for DPA

Whereas Fill in your Borrower/Co-Borrower's names

Borrower Last Name	Borrower First Name	MI
Co-Borrower Last Name	Co-Borrower First Name	MI

(you) wish to purchase a single family home with downpayment and/or closing costs assistance (downpayment assistance) provided by the Minnesota Housing Finance Agency (Minnesota Housing) through the Lending Partner identified below;

Whereas Fill in your Lending Company Name

Lending Partner

is authorized by Minnesota Housing to provide such assistance to qualified borrowers in the form of a zero percent interest rate, thirty year term deferred loan (loan); Now Therefore, you and Lender agree to the following:

- You and your family must be "low-income" at the time the loan application is completed. "Low-income" means a family annual income of not more than 80% of the area median income adjusted for family size, as determined by U.S. Department of Housing & Urban Development. A link to the current "low income" limits may be found on [HUD's website](#), or you may ask your Lender what the limit is;
- The maximum sales price of the property you purchase may not exceed \$276,683 if the property is located in the eleven-county metropolitan area of Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, Sherburne, Washington, and Wright Counties, or \$200,160 in any other counties in the State of Minnesota;
- The property to be purchased must meet minimum property standards as defined by the Department of Housing and Urban Development (HUD) prior to closing. This may limit your ability to use HOME HELP funds with specific properties. The property standards include, but are not limited to, repairing significant health and safety issues, and lead-based paint hazard reduction. HOME HELP funds cannot be used to finance any repairs needed to meet the property standard;
- If at any time prior to closing the loan, you discover that the property you are purchasing is or has been renter-occupied within the previous 3 months by someone other than yourself, you must cease all sales negotiations and contact your Lender to determine the appropriate course of action;
- If you sell the property, either voluntarily or involuntarily, such as in a foreclosure, you must immediately repay the balance owing on the loan to Minnesota Housing, but in no case will you be required to repay more than the lesser of the balance owing, or the amount of sales proceeds remaining if any after payment of superior liens and any closing costs;

- If the property is not sold but it ceases to be your principal residence before the sixth anniversary of the loan, you must immediately repay to Minnesota Housing 100% of the loan balance owing at the time the property ceased to be your principal residence. The HOME required affordability period is five years, and will expire between the fifth and sixth anniversary of the loan;
- If the property is not sold but it ceases to be your principal residence after the sixth anniversary of the loan, you must immediately repay to Minnesota Housing 30% of the loan balance owing at the time the property ceased to be your principal residence;
- The assistance provided by the loan is for payment, in whole or in part, of downpayment and closing costs associated with your purchase of an eligible property;
- The housing must be acquired (the purchase money mortgage closed and funds disbursed to the seller) by either the earlier of estimated closing date stated on your purchase agreement, or the expiration date of the HOME HELP funding request.

The maximum amount of any loan that can be awarded to you is \$10,000.

You certify that all household members are listed below (including those that do not earn income).

### HOME HELP Household Information

Please list all household members, their ages, and whether or not they receive income from any source (wages, social security, Child Support, Self-employment, unemployment, etc.) Your Lending Partner will require a signed affidavit from all household members age 18 or over who do not have an income.

Name of Member	Complete the Household Information - this is not optional. Make sure name, age and income boxes are checked appropriately. Fill in total household size.	Age	Receive any income?	
			<input type="checkbox"/> Yes	<input type="checkbox"/> No
			<input type="checkbox"/> Yes	<input type="checkbox"/> No
			<input type="checkbox"/> Yes	<input type="checkbox"/> No
			<input type="checkbox"/> Yes	<input type="checkbox"/> No
			<input type="checkbox"/> Yes	<input type="checkbox"/> No
			<input type="checkbox"/> Yes	<input type="checkbox"/> No

**Total Household Size** \_\_\_\_\_

Remember to check boxes as appropriate.

**Borrower Disclosures and Acknowledgements:**

The Lender has read or given me and all other household members a copy of the Combined Tennessee Warning and Privacy Act Notice.  Yes  No

Do you currently receive any rental subsidy from state, local, or federal government, such as Section 8, or are you currently residing in public housing (will not disqualify you from receiving HOME HELP)?  Yes  No

The property I intend to purchase was built prior to 1978 (will not disqualify you from receiving HOME HELP).  Yes  No

If you checked "yes" above, has the Lender provided you with a pamphlet called "Protect Your Family from Lead in Your Home"?  Yes  No

Borrower, Co-Borrower AND Lender must sign and date. Date of signatures must be PRIOR to the commitment of HOME HELP funds in the Minnesota Housing HDS online commitment system.

\_\_\_\_\_  
Borrower Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Co-Borrower Signature

\_\_\_\_\_  
Date of Signature

\_\_\_\_\_  
Lender Signature

\_\_\_\_\_  
Date of Signature

# **Combined Tennessee Warning and Privacy Act Notice for Grants and Deferred Loans HOME Homeowner Entry Loan Program (HOME HELP)**

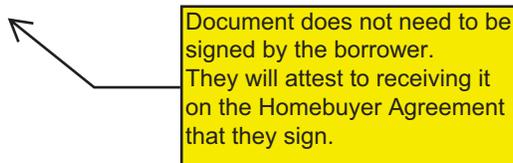
Private data requested to enable processing of your application is legally required to determine if you qualify for participation in this Minnesota Housing Finance Agency (MHFA) program and to help MHFA manage the program.

Financial information, such as credit reports, financial statements and net worth calculations, is classified as private data on individuals by Minnesota Statutes 462A.065. You are not required to provide this information, but if you refuse to provide it, we will be unable to determine your eligibility for this program and approve your application. The information will be shared with the Minnesota Housing Finance Agency (MHFA) staff, its loan servicers and contractors whose jobs require them to see it. Where access to the data is authorized by state statute or federal law, it may be made available to others as so authorized.

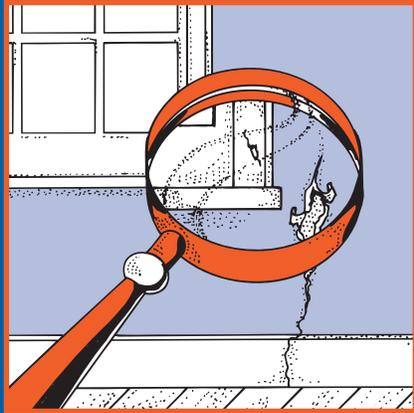
Your Social Security Number (SSN) is classified as private data by Minnesota Statutes 13.355. However, if you apply for a HOME Homeowner Entry Loan Program (HOME HELP) deferred loan, disclosure of your SSN is mandatory, as provided by the following authorities: (1) Title 42 of the United States Code, Section 405(c)(2)(C)(i), which permits the state to require disclosure of your social security number to establish your identity for purposes of administering tax laws of the state; and, (2) Minnesota Statutes, Sections 270A.01 to 270A.12, which established the Revenue Recapture Act, enables the state to collect delinquent debts owed to it by capturing tax refunds and other payments that you may otherwise be entitled. Section 270A.04, subdivisions 3 and 4, require the disclosure of a debtor's social security number for this purpose.

If you disclose your SSN, MHFA may share it with the Commissioner of the Minnesota Department of Revenue and the Minnesota Attorney General for the purposes of debt collection under the Revenue Recapture Act. If you do not disclose your SSN, you will not be eligible for this assistance.

Disclosure of your SSN for the purposes of verifying your income and credit is voluntary. However, if adequate verification of your income and credit is impossible without your SSN, we may be unable to determine your eligibility.



Document does not need to be signed by the borrower. They will attest to receiving it on the Homebuyer Agreement that they sign.



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# Protect Your Family From Lead In Your Home

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 **EPA** United States  
Environmental  
Protection Agency

 United States  
Consumer Product  
Safety Commission

 United States  
Department of Housing  
and Urban Development

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# Lead-Based Paint Requirements and Guidance

## 1. All homebuyers purchasing a pre-1978 home must receive the lead hazard brochure "Protect Your Family from Lead in Your Home".

- Brochures are available in a variety of languages.  
To access the brochures, please see this link:

<http://www.epa.gov/lead/pubs/leadprot.htm>

## 2. All homes built prior to 1978 must have a visual assessment performed by a person trained to identify deteriorated paint.

The visual assessment is a surface-by-surface inspection for deteriorated paint consisting of a visual search for cracking, scaling, chalking, peeling or chipping paint.<sup>1</sup> HUD also recommends that a visual assessment include a search for dust and debris, including paint chips. A visual assessment does not include a lead-based paint inspection or a risk assessment.

## 3. Who can perform a visual assessment?

The persons conducting the visual assessment for deteriorated paint must either hold a lead risk assessor license from the Minnesota Department of Health, or be trained using the Visual Assessment Training Module that is available on-line from HUD via the following web link:

<http://www.nls.gov/offices/lead/training/visualassessment/h00101.htm>

Generally, professionals (such as those listed below) already inspecting housing units may be trained, or interested in obtaining training, to conduct visual assessments.

- |  |  |
|--|--|
| <ul style="list-style-type: none"><li>• Appraiser</li><li>• Housing quality standards inspector</li><li>• Maintenance supervisor</li><li>• Building engineer</li><li>• Person with housing inspection duties</li></ul> | <ul style="list-style-type: none"><li>• Lead-based paint risk assessor</li><li>• Lead-based paint inspector</li><li>• Sampling technician</li><li>• Other building maintenance staff</li></ul> |
|--|--|

## 4. When should a visual assessment be conducted?

The visual assessment should occur as early in the home search/selection process as possible. Ideally, a home inspector or qualified appraiser will conduct the visual assessment. (See above for the Visual Assessment Training Module)

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<sup>1</sup> The HUD regulation defines deteriorated paint as: "Any interior or exterior paint or other coating that is peeling, chipping, chalking or cracking, or any paint or coating located on an interior or exterior surface or fixture that is otherwise damaged or separated from the substrate."

## **5. What if deteriorated paint is detected in the visual assessment?**

Deteriorated paint that is paint that is peeling, chipping, chalking or cracking, or any paint or coating located on a surface or fixture that is otherwise damaged or separated from the substrate. Deteriorated paint must be stabilized before the house is occupied by the buyer.

## **6. What is paint stabilization?**

“Paint stabilization” means repairing the damaged paint, and any conditions that lead to its failure, such as moisture problems, rust, etc.

## **7. All homes requiring stabilization are required to follow lead safe work practices if the area of deteriorated paint exceeds de minimis levels.**

Lead safe work practices must be used if the area of the deteriorated paint that must be repaired exceeds the de minimis levels of 24CFR §35.1350(d).

De minimis levels are areas that do not exceed:

- 1) 20 square feet on exterior surfaces,
- 2) 2 square feet in any one interior room or space,
- 3) 10 per cent of the total surface area on an interior or exterior type of component with a small surface area, such as window sills, baseboards, and trim.

Lead safe work practices are defined at HUD’s website:

<http://www.hud.gov/offices/cpd/affordablehousing/training/web/leadsafe/keyrequirements/safepactices.cfm> and include:

### **A. Occupant Protection**

Appropriate actions must be taken to protect occupants from lead-based paint hazards associated with Lead Hazard Reduction, paint stabilization, maintenance, or rehabilitation activities.

- Occupants may not enter the worksite during Lead Hazard Reduction activities.
- Occupants must be temporarily relocated to a suitable unit that is decent, safe, and sanitary and free of lead-based paint hazards during Lead Hazard Reduction activity. There are circumstances when occupant relocation is not required.
- Property owners must protect occupants' belongings from lead contamination by relocating, covering or sealing them, and securing the worksite against entry during non-work hours.

### **B. Worksite Preparation and Containment**

The worksite must be prepared to prevent the release of leaded dust and debris.

- Use practices to minimize the spread of lead dust, paint chips, soil, and debris.

- Place warning signs at each entry where Lead Hazard Reduction activities are conducted when occupants are present. The signs are required at the main and secondary entrance to a building, and at exterior worksites signs must be readable from 20 feet.

### C. Prohibited Methods

There are some methods that may not be used at any time to remove paint that is or may be lead-based paint.

- Open flame burning or torching.
- Machine sanding or grinding without a high-efficiency particulate air (HEPA) local exhaust control.
- Abrasive blasting or sandblasting without HEPA local exhaust control.
- Heat guns operating above 1,100 degrees Fahrenheit, or those that operate high enough to char the paint.
- Dry sanding or dry scraping.
  1. **Note:** Four exceptions to this provision are:
    - Dry scraping in conjunction with heat guns;
    - Dry scraping within 1.0 ft (0.20 m.) of electrical outlets;
    - Treating deteriorated paint spots that total no more than 2 ft. square (0.2 m square) in any one interior room or space; or
    - Treating deteriorated paint spots that total no more than 20 ft. square (2.0 m square) on exterior surfaces.
- Paint stripping in a poorly ventilated space using a volatile stripper that is a hazardous substance in accordance with regulations of the Consumer Product Safety Commission at *16 CFR 1500.3*, and/or a hazardous chemical in accordance with the Occupational Safety and Health Administration at *29 CFR 1010.1200* or *1926.59*, as applicable to the work.

**Note:** Methylene chloride paint strippers may cause cancer and should be avoided. Use of these strippers is prohibited by some jurisdictions.

### D. Worksite Cleanup

Worksite cleanup removes dust and debris from the work area. Good cleanup is critical to passing [clearance](#) and leaving the unit safe for habitation. Worksite cleanup must be done using methods, products and devices that are successful in cleaning lead-contaminated dust, such as vacuum cleaners with HEPA filters and household or lead-specific detergents.

The only time exemptions from lead safe work practices are allowed include:

- If the paint being disturbed has been tested and found not to be lead-based paint, OR
- If maintenance or Lead Hazard Reduction activities disturb a total surface area that is less than the [de minimis](#) amount.

**8. Clearance testing is required if the area of the deteriorated paint exceeds the de minimis levels of 24CFR §35.1350(d). Clearance must be achieved for the work site, not necessarily the entire property.**

- Clearance examinations include both a visual investigation to identify paint chips and/or dust in the worksite and the collection and analysis of dust-lead samples.
- Dust-lead samples are collected using a dust wipe of floor and window surface.
- Clearance sampling must be performed by an individual who is **authorized by** the EPA regulations.
- Lead-based paint inspectors, risk assessors, and sampling/clearance technicians may conduct a clearance examination.

**To access information on lead professionals in Minnesota, please see the following web link provided by the MN Department of Health:**

[http://www.health.state.mn.us/divs/eh/lead/find\\_firm/index.cfm](http://www.health.state.mn.us/divs/eh/lead/find_firm/index.cfm).

Companies that are listed as "Consultants" on this website generally can assist with lead risk assessments, lead paint inspections, lead project design or lead sampling technician services; companies that are listed as "Contractors" generally do the actual lead hazard reduction (painting, specialized cleaning, component replacement, etc.).

Companies that are listed on both lists are able to function as either a consultant or a contractor.



# HOME Homeowner Entry Loan Program (HOME HELP) Uniform Relocation Act/ Property Seller Notification Eminent Domain

## INSTRUCTIONS FOR LENDER:

Make three copies of this executed form. Leave one copy with the seller, keep the other copy in the loan file, and submit the third to Minnesota Housing in the loan purchase package.

## INSTRUCTIONS TO PROPERTY SELLER (OWNER):

Sign and return this document to the Lending Partner identified at the end of this form within seven days of receipt.

Dear Property Seller (Owner):

\_\_\_\_\_

Name of Seller or  
Name of Lender that owns  
property.

The purchaser of your property located at:

\_\_\_\_\_

Property Address

\_\_\_\_\_

City

is being assisted with funding from the HOME Homeowner Entry Loan Program (HOME HELP) provided through the Minnesota Housing Finance Agency.

The purpose of this letter is to inform you of your rights under federal law when federal funds are involved in property acquisition. This is a voluntary sale. Activities funded by the HOME Homeowner Entry Loan Program are covered by the Uniform Relocation Assistance and Real Property Acquisitions Policy Act, commonly called the "Uniform Act." The Uniform Act protects persons whose property is taken **involuntarily** or who are forced to move as a direct result of a federally funded project. However, because this is a **voluntary sale** negotiated between you and the buyer, there is no threat of eminent domain or condemnation to take your property, this sale is not regulated by the Uniform Act except for the following notifications which must be presented to you:

The purchaser does not have power of eminent domain to take your property if you cannot reach an agreement through negotiation.

The fair market value (from current county property tax statement) of the above property has been estimated at \$\_\_\_\_\_.

The purchase price is offered at \$\_\_\_\_\_.

Name of Seller or  
Name of Lender that  
owns property.

You (Seller) \_\_\_\_\_ have the authority to accept or reject this offer.

You, the seller, are not eligible for relocation assistance under the Uniform Relocation Act because the proposed sale is considered voluntary. If you have any questions or require additional information, please contact: HOME HELP Coordinator at 800-710-8871.

## OWNER RECEIPT OF INFORMATION

I, the owner of the above property, certify that I have received and understand the above information.

I certify that no tenant(s) has/have been required to move from the property for this pending transaction.

I further certify that this notice was received after the purchase agreement was executed; however, I do not wish to terminate this voluntary sale.

<hr/> <b>Seller Signature</b>	<hr/> <b>Date</b>
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Seller signature or P.O.A. signature. If signature can't be obtained, provide explanation as to why. If signature can't be obtained and property is bank-owned, provide Vacant Foreclosed Properties form.

### Return this form to:

<hr/> <b>Loan Officer Name</b>	<hr/> <b>Phone Number</b>		
<hr/> <b>Lending Partner Name (Company)</b>	<hr/> <b>E-mail</b>		
<hr/> <b>Address</b>	<hr/> <b>City</b>	<hr/> <b>State</b>	<hr/> <b>Zip</b>

## LENDER CERTIFICATION

I delivered this document to the Seller on this date:	<input type="checkbox"/> In person	<input type="checkbox"/> Standard mail
	<input type="checkbox"/> Certified mail return receipt	<input type="checkbox"/> Other
<hr/> <b>Lending Partner Name (Company)</b>	<hr/> <b>Lender Signature</b>	
<hr/> <b>Date</b>	<hr/> <b>Print Name</b>	

Must always be completed. Date must be prior to or within three days of commitment of HOME HELP funds in MN Housing HDS system

# VACANT FORECLOSED PROPERTIES

Use this form if property is bank-owned and URA Notification to Seller is not likely to be signed and returned. Discard if URA Notification to Seller is returned signed by the Seller/POA



Property Address

Property City

## INSTRUCTIONS:

This form is required only for the purchase of foreclosed properties when the Seller does not sign and return the Uniform Relocation Act/Property Seller Notification Eminent Domain (the Notice). Attach it to the file copy of the Notice that documents that you delivered the Notice to the Seller.

Deliver the Uniform Relocation Act/Property Seller Notification Eminent Domain in the usual manner after you receive a copy of the purchase agreement. Call the Seller and alert him to its arrival and ask him to sign and return it within seven days.

Complete the boxes

Ask the Seller the following questions and document the answers:

Was the property occupied at the time of the sales negotiation?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Is the property still occupied?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Did the Seller require a tenant to move in anticipation of HOME funds being used to finance the acquisition?	<input type="checkbox"/> Yes <input type="checkbox"/> No

**If the answer to any of the above questions is "YES", the property is ineligible for HOME HELP financing.**

I certify that I contacted the Seller on \_\_\_\_\_  
 Day                      Month                      Year

And spoke with \_\_\_\_\_  
 who confirmed that at the time the Buyer and Seller negotiated the sale, the property was vacant, the property continues to be vacant, and no tenant was required to move for this specific transaction.

Speak to P.O.A. or Seller's Agent if P.O.A isn't available

Signature of Lending Partner \_\_\_\_\_  
 Print Name of Lending Partner \_\_\_\_\_  
 Date \_\_\_\_\_

Must be dated prior to closing the loan.

This form may be discarded if the Seller returns a signed Notice before the closing.

# Single Family HOME HELP Inspection Services Inspection Report Requirements and Format

## INSPECTION REPORT SUMMARY AND INSTRUCTIONS FOR THE HOUSING QUALITY STANDARDS (HQS) INSPECTION

Address of Property: \_\_\_\_\_

Name of Borrower: \_\_\_\_\_

### Background

Name of lending institution ordering this inspection: \_\_\_\_\_

Name and phone number of loan officer: \_\_\_\_\_  
\_\_\_\_\_

Date of inspection report due: \_\_\_\_\_

Check applicable housing standard: (The inspector will evaluate a house's compliance with local housing quality standards. If there are no local standards, then the contractor will evaluate the house's compliance with HUD's HQS standards (24 CFR 982.401). In either case, a visual assessment for deteriorated paint is required if the house was built before 1978. See page three (3)).

\_\_\_\_\_ HUD HQS standard 24 CFR 982.401  
\_\_\_\_\_ Local government standard of \_\_\_\_\_  
(name of jurisdiction)

### Report Summary

I. This inspection is: (check one)

\_\_\_\_\_ An initial inspection

\_\_\_\_\_ A follow-up inspection

II. General condition of the property: (check one)

\_\_\_\_\_ ← The property meets the above-indicated applicable housing quality standard.

\_\_\_\_\_ The property did not meet the applicable standard. Repairs and a follow-up inspection are required before the loan closing may proceed.

Property must "meet" the housing quality standard prior to closing the loan and using HOME HELP funds in the transaction. If it does not "meet" the standard do not allow the loan to close.

## INSPECTION REPORT SUMMARY AND INSTRUCTIONS FOR THE HOUSING QUALITY STANDARDS (HDS) INSPECTION (cont.)

**III. Complete only for properties that were built before 1978.**

A. Will repairs require disturbing painted surfaces? \_\_\_\_\_ Yes \_\_\_\_\_ No

B. Paint condition.

\_\_\_\_\_ No deteriorated paint was found.

\_\_\_\_\_ Deteriorated paint was found in de  
24 CFR 35.1350(d).

\_\_\_\_\_ Deteriorated paint was found in amounts exceeding de minimis levels.

C. The estimated area of painted surfaces that will be disturbed by paint stabilization and / or other required repairs: (check one)

\_\_\_\_\_ Does \_\_\_\_\_ Does not exceed de minimis levels, as defined in  
24 CFR 35.1350(d).

\* If A. is checked YES  
\* If B. has 3rd line checked and  
\* If C. has "Does" checked  
You will need to have further lead paint analysis done by a Certified Lead Risk Assessor and additional costs will be incurred. Contact Minnesota Housing for guidance.

**Inspector's Certification:** I certify that I completed the inspection of the property described on the attached Housing Quality Standards (HDS) Inspection Form and this inspection report is a true and accurate representation of the condition of the property as of the date of my inspection and of the repairs necessary, if any, to bring the property into compliance with the applicable housing standard identified above.

\_\_\_\_\_  
Contract ID Number

\_\_\_\_\_  
Fee

\_\_\_\_\_  
Name (print of type)

\_\_\_\_\_  
Date

**NOTE TO LENDER:** If the sum of the area of painted surfaces that must be repaired or will be disturbed by other repairs exceed the de minimis levels, you must require from the seller either a lead clearance report indicating the property passed a lead clearance examination after completion of the repairs, or a lead-based paint inspection indicating the disturbed paint was not lead-based paint.

# Single Family HOME HELP Inspection Services Inspection Report Requirements and Format

## VISUAL ASSESSMENT REPORT SUMMARY AND INSTRUCTIONS FOR THE VISUAL ASSESSMENT INSPECTION

**Required for Properties Built Before 1978: Lead-Based Certification  
To be completed by a trained lead professional.**

1. I have been trained by the Department of Housing and Urban Development to conduct visual assessments or have a Lead Risk Assessor license from the Minnesota Department of Health.  
 Yes  No
  
2. I performed the visual assessment and determined there is no deteriorated paint and no paint will be disturbed in the process of making required repairs. If yes, skip question 3.  
 Yes  No
  
3. I performed the visual assessment on the property and determined that the total area of deteriorated paint and paint that must be disturbed to make required repairs does not exceed the following:
  - 20 square feet on exterior surfaces,
  - 2 square feet in any one interior room or space, or
  - 10 percent of the total surface area on an interior or exterior type of component with a small surface area, such as window sills, baseboards, and trim.<sup>1</sup> Yes  No

Name (print): _____
Signature: _____
Date: _____

<sup>1</sup> When the area of deteriorated paint exceeds the limits in question 3 above, paint stabilization using lead-safe work practices described in 24 CFR 35.1350 are required. A clearance test by a lead professional is required that demonstrates the property met clearance standards. A copy of the clearance report or report summary must be submitted to Minnesota Housing. See Lead-Based Paint Requirements and Guidance for additional information on lead-based requirements to HOME HELP.

## HOUSING QUALITY STANDARDS (HQS) INSPECTION FORM

### A. General Information

Date of Inspection: \_\_\_\_\_

Address of Inspected Unit:      Street: \_\_\_\_\_

City: \_\_\_\_\_ County: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Name of Family: \_\_\_\_\_

Current Address of Family:      Street: \_\_\_\_\_

City: \_\_\_\_\_ County: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Current Telephone of Family: \_\_\_\_\_

### B. How to Fill Out This Checklist

- Proceed through the inspection as follows:

Area	Checklist Category
Room by Room	1. Living Room 2. Kitchen 3. Bathroom 4. All Other Rooms Used for Living 5. All Secondary Rooms Not Used for Living
Outside	6. Building Exterior
Basement or Utility Room	7. Heating and Plumbing
Overall	8. General Health and Safety

- Each part of the checklist will be accompanied by an explanation of the item to be inspected.
- Important: For each item numbered on the checklist, check one box only (e.g., check one box only for item 1.4 "Security," in the Living Room).
- In the space to the right of the description of the item, if the decision on the item is "Fail," write what repairs are necessary.
- Also, if "Pass" but there are additional code items or items not consistent with rehab standards or area codes, write these in the space to the right.

1. LIVING ROOM

For each item numbered, check one box only.

Item #	Description	DECISION		Repairs Required
		Yes, PASS	No, FAIL	
1.1	LIVING ROOM PRESENT Is there a living room?			
1.2	ELECTRICITY Are there at least two working outlets or one working outlet and one working light fixture?			
1.3	ELECTRICAL HAZARDS Is the room free from electrical hazards?			
1.4	SECURITY Are all windows and doors that are accessible from the outside lockable?			
1.5	WINDOW CONDITION Is there at least one window, and are all windows free of signs of severe deterioration or missing or broken out panes?			
1.6	CEILING CONDITION Is the ceiling sound and free from hazardous defects?			
1.7	WALL CONDITION Are the walls sound and free from hazardous defects?			
1.8	FLOOR CONDITION Is the floor sound and free from hazardous defects?			
1.9	LEAD PAINT Are all interior surfaces either free of cracking, scaling, peeling, chipping, and loose paint or adequately treated and covered to prevent exposure of the occupants to lead based paint hazards?			
1.10	WEATHER STRIPPING Is weather stripping present and in good condition on all windows and exterior doors?			
1.11	OTHER			
1.12	OTHER			

Notes: (Give Item #)

2. KITCHEN

For each item numbered, check one box only.

Item #	Description	DECISION		Repairs Required
		Yes, PASS	No, FAIL	
2.1	KITCHEN AREA PRESENT Is there a kitchen?			
2.2	ELECTRICITY Is there at least one working electric outlet and one working, permanently installed light fixture?			
2.3	ELECTRICAL HAZARDS Is the kitchen free from electrical hazards?			
2.4	SECURITY Are all windows and doors that are accessible from the outside lockable?			
2.5	WINDOW CONDITION Are all windows free of signs of deterioration or missing or broken out panes?			
2.6	CEILING CONDITION Is the ceiling sound and free from hazardous defects?			
2.7	WALL CONDITION Are the walls sound and free from hazardous defects?			
2.8	FLOOR CONDITION Is the floor sound and free from hazardous defects?			
2.9	LEAD PAINT Are all interior surfaces either free of cracking, scaling, peeling, chipping, and loose paint or adequately treated and covered to prevent exposure of the occupants to lead based paint hazards?			
2.10	STOVE OR RANGE WITH OVEN Is there a working oven and a stove (or range) with top burners that work?			
2.11	REFRIGERATOR Is there a refrigerator that works and maintains a temperature low enough so that food does not spoil over a reasonable period of time?			

Property must have a working stove and refrigerator to heat and cool food in order to pass inspection. Contact HOME HELP inspector to see what they will accept for evidence of this if property does not currently have these appliances.

2.12	SINK Is there a kitchen sink that works with hot and cold running water?			
2.13	SPACE FOR STORAGE AND PREPARATION OF FOOD Is there space to store and prepare food?			
2.14	WEATHER STRIPPING Is weather stripping present and in good condition on all windows and exterior doors?			
2.15	OTHER			
2.16	OTHER			

Notes: (Give Item #)

3. BATHROOM

For each item numbered, check one box only.

Item #	Description	DECISION		Repairs Required
		Yes, PASS	No, FAIL	
3.1	BATHROOM (see description) Is there a bathroom?			
3.2	ELECTRICITY Is there at least one permanently installed light fixture?			
3.3	ELECTRICAL HAZARDS Is the bathroom free from electrical hazards?			
3.4	SECURITY Are all windows and doors that are accessible from the outside lockable?			
3.5	WINDOW CONDITION Are all windows free of signs of deterioration or missing or broken out panes?			
3.6	CEILING CONDITION Is the ceiling sound and free from hazardous defects?			
3.7	WALL CONDITION Are the walls sound and free from hazardous defects?			
3.8	FLOOR CONDITION Is the floor sound and free from hazardous defects?			
3.9	LEAD PAINT Are all interior surfaces either free of cracking, scaling, peeling, chipping, and loose paint, or adequately treated and covered to prevent exposure of the occupants to lead based paint hazards?			
3.10	FLUSH TOILET IN ENCLOSED ROOM IN UNIT Is there a working toilet in the unit for exclusive private use of the tenant?			
3.11	FIXED WASH BASIN OR LAVATORY IN UNIT Is there a working, permanently installed wash basin with hot and cold running water in the unit?			
3.12	TUB OR SHOWER IN UNIT Is there a working tub or shower with hot and cold running water in the unit?			
3.13	VENTILATION Are there operable windows or a working vent system?			

3.14	WEATHER STRIPPING Is weather stripping present and in good condition on all windows and exterior doors?			
3.15	OTHER			
3.16	OTHER			

Notes: (Give Item #)

4. OTHER ROOMS USED FOR LIVING AND HALLS

For each item numbered, check one box only.

Item #	Description	DECISION		Repairs Required
		Yes, PASS	No, FAIL	
4.1	ROOM CODE and ROOM LOCATION:  right/left _____ front/rear _____ floor level _____	ROOM CODES 1 = Bedroom or any other room used for sleeping (regardless of type of room) 2 = Dining Room, or Dining Area 3 = Second Living Room, Family Room, Den, Playroom, TV Room 4 = Entrance Halls, Corridors, Halls, Staircases 5 = Additional Bathroom 6 = Other		
4.2	ELECTRICITY If Room Code = 1, are there at least two working outlets or one working outlet and one working, permanently installed light fixture? If Room Code does not = 1, is there a means of illumination?			
4.3	ELECTRICAL HAZARDS Is the room free from electrical hazards?			
4.4	SECURITY Are all windows and doors that are accessible from the outside lockable?			
4.5	WINDOW CONDITION If Room Code = 1, is there at least one window? And, regardless of Room Code, are all windows free of signs of severe deterioration or missing or broken out panes?			
4.6	CEILING CONDITION Is the ceiling sound and free from hazardous defects?			
4.7	WALL CONDITION Are the walls sound and free from hazardous defects?			
4.8	FLOOR CONDITION Is the floor sound and free from hazardous defects?			
4.9	LEAD PAINT Are all interior surfaces either free of cracking, scaling, peeling, chipping, and loose paint, or adequately treated and covered to prevent exposure of the occupants to lead based paint hazards?			
4.10	WEATHERSTRIPPING Is weather stripping present and in good condition on all windows and exterior doors?			

4.11	OTHER			
4.12	OTHER			

Notes: (Give Item #)

5. ALL SECONDARY ROOMS NOT USED FOR LIVING

For each item numbered, check one box only.

Item #	Description	DECISION		Repairs Required
		Yes, PASS	No, FAIL	
5.1	NONE. GO TO PART 6			
5.2	SECURITY Are all windows and doors that are accessible from the outside lockable in each room?			
5.3	ELECTRICAL HAZARDS Are all these rooms free from electrical hazards?			
5.4	OTHER POTENTIALLY HAZARDOUS FEATURES IN ANY OF THESE ROOMS Are all of these rooms free of any other potentially hazardous features? For each room with an "other potentially hazardous feature" explain hazard and means of control of interior access to room.			
5.5	OTHER			
5.6	OTHER			

Notes: (Give Item #)

6. BUILDING EXTERIOR

For each item numbered, check one box only.

Item #	Description	DECISION		Repairs Required
		Yes, PASS	No, FAIL	
6.1	CONDITION OF FOUNDATION Is the foundation sound and free from hazards?			
6.2	CONDITION OF STAIRS, RAILS, AND PORCHES Are all the exterior stairs, rails and porches sound and free from hazards?			
6.3	CONDITION OF ROOF AND GUTTERS Are the roof, gutters and downspouts sound and free from hazards?			
6.4	CONDITION OF EXTERIOR SURFACES Are exterior surfaces sound and free from hazards?			
6.5	CONDITION OF CHIMNEY Is the chimney sound and free from hazards?			
6.6	LEAD PAINT: EXTERIOR SURFACES Are all exterior surfaces which are accessible to children under seven years of age free of cracking, scaling, peeling, chipping, and loose paint, or adequately treated or covered to prevent exposure of such children to lead based paint hazards?			
6.7	MOBILE HOMES: TIE DOWNS If the unit is a mobile home, it is properly placed and tied down? If not a mobile home, check "Not Applicable."			
6.8	MOBILE HOMES: SMOKE DETECTORS If unit is a mobile home, does it have at least one smoke detector in working condition? If not a mobile home, check "Not Applicable."			
6.9	CAULKING Are all fixed joints including frames around doors and windows, areas around all holes for pipes, ducts, water faucets or electric conduits, and other areas, which may allow unwanted air flow appropriately caulked.			
6.10	OTHER			
6.11	OTHER			

Notes: (Give Item #)

7. HEATING, PLUMBING AND INSULATION

For each item numbered, check one box only.

Item #	Description	DECISION		Repairs Required
		Yes, PASS	No, FAIL	
7.1	<p>ADEQUACY OF HEATING EQUIPMENT</p> <p>a. Is the heating equipment capable of providing adequate heat (either directly or indirectly) to all rooms used for living?</p> <p>b. Is the heating equipment oversized by more than 15%?</p> <p>c. Are pipes and ducts located in unconditioned space insulated?</p>			
7.2	<p>SAFETY OF HEATING EQUIPMENT</p> <p>Is the unit free from unvented fuel burning space heaters, or any other types of unsafe heating conditions?</p>			
7.3	<p>VENTILATION AND ADEQUACY OF COOLING</p> <p>Does this unit have adequate ventilation and cooling by means of operable windows or a working cooling system?</p>			
7.4	<p>HOT WATER HEATER</p> <p>Is hot water heater located, equipped, and installed in a safe manner?</p>			
7.5	<p>WATER SUPPLY</p> <p>Is the unit served by an approvable public or private sanitary water supply?</p>			
7.6	<p>PLUMBING</p> <p>Is plumbing free from major leaks or corrosion that causes serious and persistent levels of rust or contamination of the drinking water?</p>			
7.7	<p>SEWER CONNECTION</p> <p>Is plumbing connected to an approvable public or private disposal system, and is it free from sewer back up?</p>			
7.8	<p>INSULATION</p> <p>Are the attic and walls appropriately insulated for regional conditions?</p>			
7.9	OTHER			
7.10	OTHER			

Notes: (Give Item #)

8. GENERAL HEALTH AND SAFETY

For each item numbered, check one box only.

Item #	Description	DECISION		Repairs Required
		Yes, PASS	No, FAIL	
8.1	ACCESS TO UNIT Can the unit be entered without having to go through another unit?			
8.2	EXITS Is there an acceptable fire exit from this building that is not blocked?			
8.3	EVIDENCE OF INFESTATION Is the unit free from rats or severe infestation by mice or vermin?			
8.4	GARBAGE AND DEBRIS Is the unit free from heavy accumulation of garbage or debris inside and outside?			
8.5	REFUSE DISPOSAL Are there adequate covered facilities for temporary storage and disposal of food wastes, and are they approved by a local agency?			
8.6	INTERIOR STAIRS AND COMMON HALLS Are interior stairs and common halls free from hazards to the occupant because of loose, broken or missing steps on stairways, absent or insecure railings; inadequate lighting, or other hazards?			
8.7	OTHER INTERIOR HAZARDS Is the interior of the unit free from any other hazards not specifically identified previously?			
8.8	ELEVATORS Where local practice requires, do all elevators have a current inspection certificate? If local practice does not require this, are they working and safe?			
8.9	INTERIOR AIR QUALITY Is the unit free from abnormally high levels of air pollution from vehicular exhaust, sewer gas, fuel gas, dust, or other pollutants?			
8.10	SITE AND NEIGHBORHOOD CONDITIONS Are the site and immediate neighborhood free from conditions, which would seriously and continuously endanger the health or safety of the residents?			

8.11	LEAD PAINT: OWNER CERTIFICATION If the owner of the unit is required to treat or cover any interior or exterior surfaces, has the certification of compliance been obtained? If the owner was not required to treat surfaces, check "Not Applicable."			
8.12	OTHER			
8.13	OTHER			

Notes: (Give Item #)



# HOME Homeowner Entry Loan Program (HOME HELP) Commitment Request

Complete all spaces appropriately.

CASA Loan Number      Borrower Last Name      Borrower First Name      MI

Property Address      Property Zip

Property City      Lender Contact

Contact E-Mail      Contact Phone      Contact Fax #

Verify that you've executed the Homebuyer Written Agreement with your borrower and sent the URA Notification to Seller by checking these boxes

<b>Lender Certifications:</b>	
The Homebuyer Agreement <a href="#">Form</a> was Signed and Dated by the Borrower	<input type="checkbox"/> Yes
The URA Notification to Seller <a href="#">Form</a> was dated and sent to the Seller	<input type="checkbox"/> Yes

**INSTRUCTIONS:**

Fax completed Commitment Request, Attention: HOME HELP Coordinator to 651-296-8292

Fax this Commitment Request form to Minnesota Housing program staff.

## NOTICE TO PROSPECTIVE BUYERS OF PROPERTIES LOCATED IN RUNWAY CLEAR ZONES AND CLEAR ZONES

In accordance with [24 CFR 51.303\(a\)\(3\)](#), this Notice must be given to anyone interested in using HUD assistance, subsidy or insurance to buy an existing property which is located in either a runway Clear Zone<sup>1</sup> at a civil airport or a Clear Zone at a military installation. The original signed copy of the Notice to Prospective Buyers must be maintained as part of the project file on this action. The property that you are interested in purchasing at:

Lender completes only if property falls within Airport Clear Zones. Minnesota Housing will inform lender if this is required.

Property Address	City	State	Zip
is located in the Runway Clear Zone/Clear Zone for:			
Airport/Airfield	City	State	

Studies have shown that if an aircraft accident were to occur, it is more likely to occur within the Runway Clear Zone/Clear Zone than in other areas around the airport /airfield. Please note that we are not discussing the chances that an accident will occur, only where one is most likely to occur.

You should also be aware that the airport/airfield operator may wish to purchase the property at some point in the future as part of a clear zone acquisition program. Such programs have been underway for many years at airports and airfield across the country. We cannot predict if or when this might happen since it is a function of many factors, particularly the availability of funds but it is a possibility.

We want to bring this information to your attention. Your signature on the space below indicates that you are now aware that the property you are interested in purchasing is located in a Runway Clear Zone/Clear Zone.

Borrower signs/dates prior to Minnesota Housing approval of Environmental Worksheet

Signature of Prospective Buyer	Date
Print Name of Prospective Buyer	

<sup>1</sup> Also referred to as runway protection zone.



# 2012 HOME Homeowner Entry Loan Program (HELP) Income & Purchase Price Limits

(for CASA Commitments on or after February 9, 2012)

Income limits for the HOME HELP program typically change in the first quarter of each year.

County	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
Aitkin County	\$33,600	\$38,400	\$43,200	\$48,000	\$51,850	\$55,700	\$59,550	\$63,400
Anoka County	\$45,500	\$52,000	\$58,500	\$65,000	\$70,200	\$75,400	\$80,600	\$85,800
Becker County	\$33,600	\$38,400	\$43,200	\$48,000	\$51,850	\$55,700	\$59,550	\$63,400
Beltrami County	\$33,600	\$38,400	\$43,200	\$48,000	\$51,850	\$55,700	\$59,550	\$63,400
Benton County	\$38,850	\$44,400	\$49,950	\$55,450	\$59,900	\$64,350	\$68,800	\$73,200
Big Stone County	\$33,600	\$38,400	\$43,200	\$48,000	\$51,850	\$55,700	\$59,550	\$63,400
Blue Earth County	\$38,650	\$44,200	\$49,700	\$55,200	\$59,650	\$64,050	\$68,450	\$72,900
Brown County	\$35,950	\$41,100	\$46,250	\$51,350	\$55,500	\$59,600	\$63,700	\$67,800
Carlton County	\$34,900	\$39,900	\$44,900	\$49,850	\$53,850	\$57,850	\$61,850	\$65,850
Carver County	\$45,500	\$52,000	\$58,500	\$65,000	\$70,200	\$75,400	\$80,600	\$85,800
Cass County	\$33,600	\$38,400	\$43,200	\$48,000	\$51,850	\$55,700	\$59,550	\$63,400
Chippewa County	\$33,600	\$38,400	\$43,200	\$48,000	\$51,850	\$55,700	\$59,550	\$63,400
Chisago County	\$45,500	\$52,000	\$58,500	\$65,000	\$70,200	\$75,400	\$80,600	\$85,800
Clay County	\$39,450	\$45,050	\$50,700	\$56,300	\$60,850	\$65,350	\$69,850	\$74,350
Clearwater County	\$33,600	\$38,400	\$43,200	\$48,000	\$51,850	\$55,700	\$59,550	\$63,400
Cook County	\$33,600	\$38,400	\$43,200	\$48,000	\$51,850	\$55,700	\$59,550	\$63,400
Cottonwood County	\$33,600	\$38,400	\$43,200	\$48,000	\$51,850	\$55,700	\$59,550	\$63,400
Crow Wing County	\$33,600	\$38,400	\$43,200	\$48,000	\$51,850	\$55,700	\$59,550	\$63,400
Dakota County	\$45,500	\$52,000	\$58,500	\$65,000	\$70,200	\$75,400	\$80,600	\$85,800
Dodge County	\$45,500	\$52,000	\$58,500	\$65,000	\$70,200	\$75,400	\$80,600	\$85,800
Douglas County	\$34,000	\$38,850	\$43,700	\$48,550	\$52,450	\$56,350	\$60,250	\$64,100
Faribault County	\$33,600	\$38,400	\$43,200	\$48,000	\$51,850	\$55,700	\$59,550	\$63,400
Fillmore County	\$34,950	\$39,950	\$44,950	\$49,900	\$53,900	\$57,900	\$61,900	\$65,900
Freeborn County	\$33,800	\$38,600	\$43,450	\$48,250	\$52,150	\$56,000	\$59,850	\$63,700
Goodhue County	\$40,800	\$46,600	\$52,450	\$58,250	\$62,950	\$67,600	\$72,250	\$76,900
Grant County	\$33,600	\$38,400	\$43,200	\$48,000	\$51,850	\$55,700	\$59,550	\$63,400
Hennepin County	\$45,500	\$52,000	\$58,500	\$65,000	\$70,200	\$75,400	\$80,600	\$85,800
Houston County	\$38,300	\$43,800	\$49,250	\$54,700	\$59,100	\$63,500	\$67,850	\$72,250
Hubbard County	\$33,600	\$38,400	\$43,200	\$48,000	\$51,850	\$55,700	\$59,550	\$63,400
Isanti County	\$45,500	\$52,000	\$58,500	\$65,000	\$70,200	\$75,400	\$80,600	\$85,800
Itasca County	\$33,600	\$38,400	\$43,200	\$48,000	\$51,850	\$55,700	\$59,550	\$63,400
Jackson County	\$33,600	\$38,400	\$43,200	\$48,000	\$51,850	\$55,700	\$59,550	\$63,400
Kanabec County	\$33,600	\$38,400	\$43,200	\$48,000	\$51,850	\$55,700	\$59,550	\$63,400
Kandiyohi County	\$36,400	\$41,600	\$46,800	\$52,000	\$56,200	\$60,350	\$64,500	\$68,650
Kittson County	\$35,650	\$40,750	\$45,850	\$50,900	\$55,000	\$59,050	\$63,150	\$67,200
Koochiching County	\$34,800	\$39,800	\$44,750	\$49,700	\$53,700	\$57,700	\$61,650	\$65,650
Lac qui Parle County	\$33,600	\$38,400	\$43,200	\$48,000	\$51,850	\$55,700	\$59,550	\$63,400
Lake County	\$33,600	\$38,400	\$43,200	\$48,000	\$51,850	\$55,700	\$59,550	\$63,400
Lake of the Woods County	\$34,000	\$38,850	\$43,700	\$48,550	\$52,450	\$56,350	\$60,250	\$64,100
Le Sueur County	\$40,600	\$46,400	\$52,200	\$58,000	\$62,650	\$67,300	\$71,950	\$76,600
Lincoln County	\$33,600	\$38,400	\$43,200	\$48,000	\$51,850	\$55,700	\$59,550	\$63,400
Lyon County	\$36,550	\$41,750	\$46,950	\$52,150	\$56,350	\$60,500	\$64,700	\$68,850
McLeod County	\$40,600	\$46,400	\$52,200	\$58,000	\$62,650	\$67,300	\$71,950	\$76,600
Mahnomen County	\$33,600	\$38,400	\$43,200	\$48,000	\$51,850	\$55,700	\$59,550	\$63,400

Marshall County	\$34,550	\$39,500	\$44,450	\$49,350	\$53,300	\$57,250	\$61,200	\$65,150
Martin County	\$33,800	\$38,600	\$43,450	\$48,250	\$52,150	\$56,000	\$59,850	\$63,700
Meeker County	\$35,750	\$40,850	\$45,950	\$51,050	\$55,150	\$59,250	\$63,350	\$67,400
Mille Lacs County	\$33,600	\$38,400	\$43,200	\$48,000	\$51,850	\$55,700	\$59,550	\$63,400
Morrison County	\$33,600	\$38,400	\$43,200	\$48,000	\$51,850	\$55,700	\$59,550	\$63,400
Mower County	\$33,600	\$38,400	\$43,200	\$48,000	\$51,850	\$55,700	\$59,550	\$63,400
Murray County	\$33,600	\$38,400	\$43,200	\$48,000	\$51,850	\$55,700	\$59,550	\$63,400
Nicollet County	\$38,650	\$44,200	\$49,700	\$55,200	\$59,650	\$64,050	\$68,450	\$72,900
Nobles County	\$33,600	\$38,400	\$43,200	\$48,000	\$51,850	\$55,700	\$59,550	\$63,400
Norman County	\$33,600	\$38,400	\$43,200	\$48,000	\$51,850	\$55,700	\$59,550	\$63,400
Olmsted County	\$45,500	\$52,000	\$58,500	\$65,000	\$70,200	\$75,400	\$80,600	\$85,800
Otter Tail County	\$33,600	\$38,400	\$43,200	\$48,000	\$51,850	\$55,700	\$59,550	\$63,400
Pennington County	\$33,600	\$38,400	\$43,200	\$48,000	\$51,850	\$55,700	\$59,550	\$63,400
Pine County	\$33,600	\$38,400	\$43,200	\$48,000	\$51,850	\$55,700	\$59,550	\$63,400
Pipestone County	\$33,600	\$38,400	\$43,200	\$48,000	\$51,850	\$55,700	\$59,550	\$63,400
Polk County	\$36,250	\$41,400	\$46,600	\$51,750	\$55,900	\$60,050	\$64,200	\$68,350
Pope County	\$33,850	\$38,650	\$43,500	\$48,300	\$52,200	\$56,050	\$59,900	\$63,800
Ramsey County	\$45,500	\$52,000	\$58,500	\$65,000	\$70,200	\$75,400	\$80,600	\$85,800
Red Lake County	\$33,600	\$38,400	\$43,200	\$48,000	\$51,850	\$55,700	\$59,550	\$63,400
Redwood County	\$33,600	\$38,400	\$43,200	\$48,000	\$51,850	\$55,700	\$59,550	\$63,400
Renville County	\$33,600	\$38,400	\$43,200	\$48,000	\$51,850	\$55,700	\$59,550	\$63,400
Rice County	\$40,500	\$46,300	\$52,100	\$57,850	\$62,500	\$67,150	\$71,750	\$76,400
Rock County	\$33,900	\$38,750	\$43,600	\$48,400	\$52,300	\$56,150	\$60,050	\$63,900
Roseau County	\$33,600	\$38,400	\$43,200	\$48,000	\$51,850	\$55,700	\$59,550	\$63,400
St. Louis County	\$34,900	\$39,900	\$44,900	\$49,850	\$53,850	\$57,850	\$61,850	\$65,850
Scott County	\$45,500	\$52,000	\$58,500	\$65,000	\$70,200	\$75,400	\$80,600	\$85,800
Sherburne County	\$45,500	\$52,000	\$58,500	\$65,000	\$70,200	\$75,400	\$80,600	\$85,800
Sibley County	\$35,150	\$40,150	\$45,150	\$50,150	\$54,200	\$58,200	\$62,200	\$66,200
Stearns County	\$38,850	\$44,400	\$49,950	\$55,450	\$59,900	\$64,350	\$68,800	\$73,200
Steele County	\$39,350	\$44,950	\$50,550	\$56,150	\$60,650	\$65,150	\$69,650	\$74,150
Stevens County	\$37,700	\$43,100	\$48,500	\$53,850	\$58,200	\$62,500	\$66,800	\$71,100
Swift County	\$33,600	\$38,400	\$43,200	\$48,000	\$51,850	\$55,700	\$59,550	\$63,400
Todd County	\$33,600	\$38,400	\$43,200	\$48,000	\$51,850	\$55,700	\$59,550	\$63,400
Traverse County	\$33,600	\$38,400	\$43,200	\$48,000	\$51,850	\$55,700	\$59,550	\$63,400
Wabasha County	\$38,650	\$44,200	\$49,700	\$55,200	\$59,650	\$64,050	\$68,450	\$72,900
Wadena County	\$33,600	\$38,400	\$43,200	\$48,000	\$51,850	\$55,700	\$59,550	\$63,400
Waseca County	\$37,600	\$43,000	\$48,350	\$53,700	\$58,000	\$62,300	\$66,600	\$70,900
Washington County	\$45,500	\$52,000	\$58,500	\$65,000	\$70,200	\$75,400	\$80,600	\$85,800
Watonwan County	\$33,600	\$38,400	\$43,200	\$48,000	\$51,850	\$55,700	\$59,550	\$63,400
Wilkin County	\$34,850	\$39,800	\$44,800	\$49,750	\$53,750	\$57,750	\$61,700	\$65,700
Winona County	\$36,700	\$41,950	\$47,200	\$52,400	\$56,600	\$60,800	\$65,000	\$69,200
Wright County	\$45,500	\$52,000	\$58,500	\$65,000	\$70,200	\$75,400	\$80,600	\$85,800
Yellow Medicine County	\$33,750	\$38,550	\$43,350	\$48,150	\$52,050	\$55,900	\$59,750	\$63,600

## HOME HELP Purchase Price Limits

11-County Twin Cities Metro*	Balance of State
\$276,683	\$200,160

\*11-County Metro Area includes the following counties: Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, Sherburne, Washington and Wright



# HOME HOMEOWNER ENTRY LOAN PROGRAM (HOME HELP) Income Eligibility Calculation Worksheet\*

**INSTRUCTIONS:** This is a required tool when determining MHFA HOME HELP Eligibility Income (current projected household income). Print and include in the HOME HELP file shipped to MN Housing.

Income Types	A	B	C	D	E
Household Member Name	Name	Name	Name	Name	Name
Wages, salaries, tips, bonuses before withholding of household members 18 years or older	\$	\$		\$	\$
Business Income	\$	\$		\$	\$
Interest & Dividend Income	\$	\$		\$	\$
Retirement & Insurance Income	\$	\$	\$	\$	\$
Unemployment & Disability Income	\$	\$	\$	\$	\$
Welfare Assistance	\$	\$	\$	\$	\$
Alimony, Child Support & Gift Income	\$	\$	\$	\$	\$
Other	\$	\$	\$	\$	\$
<b>Subtotal</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
	0.00	0.00	0.00	0.00	0.00

Underwriter completes. If household member claims "no income" have them submit a signed affidavit for the file.

**Total of All Income Types/Household Members (Add subtotals of A-E and any additional Household Members)**

**\$ 0.00**

Underwriter completes. Reflect number as annual amount for household.

**Include:**

- ❖ All Adult Residents (18+) ❖ Unearned Income From Minors
- ❖ Based on household's expected ability to pay, not their past earnings ❖ Household Income Not Used For Loan Underwriting/Qualifying Purposes Unless Specifically Excluded

\*These required calculations are in accordance with 24 CFR 5.609.

## Employment/Business Income

Type	Key Items to Address	Documentation
Income from Wages, Salaries, Tips, etc.	The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services.	<p>Verification provided to include rate of pay; number of pay periods; and year-to-date income amount (as of mortgage application date but no earlier than six months prior to the purchase of the property):</p> <ul style="list-style-type: none"> <li>• 3 months current, consecutive paycheck stubs; or</li> <li>• A Verification of Employment form completed by the employer;</li> </ul>
Business Income	<ul style="list-style-type: none"> <li>• The net income from the operation of a business or profession.</li> <li>• Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income.</li> <li>• 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.</li> <li>• 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.</li> </ul>	<p>Sole Proprietorship or Farm Operation:</p> <ul style="list-style-type: none"> <li>• Schedule C – for a proprietorship</li> <li>• Form 8829 – if Borrower operates the business out of the home</li> <li>• Schedule F – for a farm operation</li> </ul> <p>Partnership:</p> <ul style="list-style-type: none"> <li>• Schedule E</li> <li>• Form 1065 K-1</li> <li>• US Partnership Return of Income Form 1065</li> </ul> <p>S-Corporation:</p> <ul style="list-style-type: none"> <li>• Schedule E</li> <li>• Form 1120S K-1</li> <li>• W-2 or 1099 Form</li> <li>• US Small Business Income Tax Return Form 1120S</li> </ul>
Interest & Dividend Income	<ul style="list-style-type: none"> <li>• Interest, dividends, and other net income of any kind from real or personal property.</li> <li>• Expenditures for amortization of capital indebtedness shall not be used as deductions in determining net income.</li> </ul>	<ul style="list-style-type: none"> <li>• Current statements, bank passbooks, certificates of deposit if they show the current rate of interest</li> <li>• 1099 Forms; or</li> <li>• Federal Tax Form 1040</li> </ul>

<p>Interest &amp; Dividend Income (cont.)</p>	<ul style="list-style-type: none"> <li>• An allowance for depreciation is permitted only as straight line depreciation as provided by Internal Revenue Service regulation.</li> <li>• 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.</li> <li>• 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.</li> </ul>	<ul style="list-style-type: none"> <li>• Broker's quarterly statement showing value of stocks/bonds and earnings credited to the applicant</li> <li>• Call Minnesota Housing HOME HELP coordinator for current Passbook Rate 800-710-8871</li> <li>• Previous two years W-2 forms;</li> <li>• Must accurately project income over next 12 months</li> </ul>
<p>Retirement &amp; Insurance Income</p>	<ul style="list-style-type: none"> <li>• 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 (except deferred periodic amounts from SSI and Social Security benefits that are received in a lump sum amount or in prospective monthly amounts).</li> </ul>	<ul style="list-style-type: none"> <li>• Current or recent check stubs with date and amount</li> <li>• Award letters or computer printout from agency</li> <li>• Copies of validated bank deposit slips with identification by bank</li> <li>• Most recent quarterly retirement account statement</li> </ul>
<p>Unemployment &amp; Disability Income</p>	<ul style="list-style-type: none"> <li>• Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation, and severance pay</li> </ul>	<ul style="list-style-type: none"> <li>• Current copies of checks or records from agency stating payment amounts and dates</li> <li>• Benefit notification letter signed by authorizing agency</li> <li>• Award letters or computer printout from court or public agency</li> <li>• Copies of validated bank deposit slips</li> </ul>
<p>Welfare Assistance</p>	<p>Welfare Assistance. Welfare assistance payments made under the Temporary Assistance for Needy Families (TANF) program are included in annual income:</p>	<ul style="list-style-type: none"> <li>• Documented telephone call to county social service agency; and</li> <li>• Cancelled checks/bank statements</li> </ul>

<p>Welfare Assistance (cont.)</p>	<ul style="list-style-type: none"> <li>• Qualify as assistance under the TANF program definition at 45 CFR 260.31; and</li> <li>• Are otherwise excluded from the calculation of annual income per 24 CFR 5.609(c).</li> </ul> <p>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:</p> <ul style="list-style-type: none"> <li>• The amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; <b>plus</b></li> <li>• 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 reduced from the standard of need by applying a percentage, the amount calculated under 24 CFR 5.609 shall be the amount resulting from one application of the percentage.</li> </ul>	<ul style="list-style-type: none"> <li>• Computer generated print outs from the disbursing agency</li> </ul>
<p>Alimony, Child Support, &amp; Gift Income</p>	<p>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.</p> <ul style="list-style-type: none"> <li>• Use average of actual support received.</li> <li>• If support is scheduled to stop during next 12 months (i.e. child is 17+ years old), use amount of support through scheduled expiration and average over 12 months.</li> </ul>	<ul style="list-style-type: none"> <li>• Divorce Decree/Child Support Agreement; or</li> <li>• Documented telephone call to county social service agency; and</li> <li>• Cancelled checks/bank statements</li> </ul>
<p>Armed Forces Income</p>	<p>All regular pay, special day and allowances of a member of the Armed Forces (except as provided in number 7 of Income Exclusions).</p>	<ul style="list-style-type: none"> <li>• Copies of paycheck stubs</li> </ul>

## Other Income

Other Household Income

Always include other sources of income not specifically excluded.

### **Exclusions**

- Income no longer available
- ✓ Borrowers can't manipulate income (quit job, etc.) to become eligible
- Income of children (including foster children) under the age of 18
- Foster care income
- Inheritance and Insurance income – lump sum additions to family assets
- Medical expense reimbursements for any family member
- Income of a live-in aide (as defined in 24 CFR 5.403).
- Student financial aid – the full amount of student financial assistance paid directly to the student or to the educational institution
- Armed Forces Hostile Fire Pay – special pay to a family member serving in the Armed Forces who is exposed to hostile fire
- Self-sufficiency Program Income – amounts received under training programs funded by HUD
- Gifts – temporary, nonrecurring, or sporadic income
- Reparations – paid by a foreign government
- Income in excess of \$480 for each full-time student 18 years or older (excluding the head of household or spouse)
- Adoption assistance payments – payments in excess of \$480 adopted child can be excluded
- Social Security & SSI Income – deferred periodic amounts from SSI and Social Security benefits received in a lump sum amount or in prospective monthly amounts
- Property Tax Refunds – 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
- Home Care Assistance – amounts paid by a state agency to a family member who has a developmental disability and is living at home to offset the cost of services and equipment
- Other Federal Exclusions as determined in 24 CFR 5.609(c )

# **Minnesota Housing**

## **Part 5 Income Determination**

for

### **HOME Homeowner Entry Loan Program (HOME HELP)**

Source: Technical Guide for Determining Income and Allowances for the HOME Program, Third Edition, January 2005. U.S. Department of Housing and Urban Development Community Planning and Development Office of Affordable Housing Programs HOME Model Series

## Chapter Two

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### General Requirements

While PJs have the option of choosing one of three definitions of annual (gross) income to determine income eligibility of applicants to their HOME Program activities, certain rules and requirements apply regardless of the definition used. These overarching requirements include how to determine whose income to count, anticipate and verify income, and compare income to HUD income limits. This chapter reviews these requirements.

#### Determining Whose Income to Count

The HOME Program regulations require that income of all family members be included in the determination of income.

The Part 5 definition of annual income provides specific guidance pertaining to whose income in a household must be included in that calculation. Chapter Three reviews this in detail.

#### Anticipating Income

The HOME regulations at 24 CFR 92.203(d)(1) require that, for the purpose of determining eligibility for HOME assistance, a PJ must project a household's income in the future. To do so, a "snapshot" of the household's current circumstances is used to project future income. In general, a PJ should assume that today's circumstances will continue for the next 12 months, unless there is verifiable evidence to the contrary. For example, if a head of household is currently working for \$7.00 per hour, 40 hours per week, the PJ should assume that this family member will continue to do so for the next year. Thus, estimated earnings will be \$7.00 per hour multiplied by 2,080 hours, or \$14,560 per year.

This method should be used even when it is not clear that the type of income received currently will continue in the coming year. For example, assume a family member has been receiving unemployment benefits of

\$100 per month for 16 weeks at the time of income certification. It is unlikely that the family member will continue on unemployment for another 52 weeks. However, because it is not known whether or when the family member will find employment, the PJ should use the current circumstances to anticipate annual (gross) income. Income would therefore be calculated as follows: \$100 per week x 52 weeks, or \$5,200.

The exception to this rule is when documentation is provided that current circumstances are about to change. For example, an employer might report that an employee currently makes \$7.50 an hour, but a negotiated union contract will increase this amount to \$8.25 an hour eight weeks from the date of assistance. In such cases, income can be calculated based on the information provided. In this example, the calculation would be as follows:

- \$7.50/hour x 40 hours/week x 8 weeks = \$2,400
- \$8.25/hour x 40 hours/week x 44 weeks = \$14,520
- \$2,400 + \$14,520 = \$16,920.

#### Verifying Income

The HOME regulations at 24 CFR 92.203(a) require that PJs determine income eligibility of HOME applicants by examining source documents (such as wage statements or interest statements) as evidence of annual income.

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. (Sample verification forms are provided in Appendix H.)

PJs may use two of the three verification procedures provided to public housing agencies (PHAs) for the Section 8 Program

as a basis for developing their procedures. These forms of verification are third party verification and review of documents. (The third method provided to PHAs, applicant certification, does not provide adequate source documentation for the HOME Program.)

### ***Third-Party Verification***

Under this form of verification, a third party (e.g., employer, Social Security Administration, or public assistance agency) is contacted to provide information to verify income. Although written requests and responses are generally preferred, conversations with a third party are acceptable if documented through a memorandum to the file that notes the contact person, information conveyed, and date of call. In addition, a PJ may obtain third party written verification by facsimile, email, or Internet. The PJ must make adequate effort to ensure the sender is a valid third-party source.

To conduct third-party verifications, a PJ must obtain a written release from the household that authorizes the third party to release required information. (See Appendix H for a sample release form, “HOME Program Eligibility Release Form.”)

Third-party verifications are helpful because they provide independent verification of information and permit the PJ to determine if any changes to current circumstances are anticipated. Some third-party providers may, however, be unwilling or unable to provide the needed information in a timely manner.

Some third-party providers (such as banks) may charge a fee to provide the information. In such cases, the PJ should attempt to find suitable documentation without the third-party verification – for example, bank statements or a savings passbook. If suitable documentation is not available, costs associated with third party verifications are eligible administrative or project expenses under the HOME Program; however, low-income

beneficiaries must not be required to pay for verifications as a condition of receiving assistance.

### ***Review of Documents***

Documents provided by the applicant (e.g., pay stubs, tax returns, etc.) may be most appropriate for certain types of income and can be used as an alternative to third party verifications. (Note, however, that if a copy of a tax return is needed, IRS Form 4506 “Request for Copy of Tax Form” must be completed and signed.) Copies of documents should be retained in project files.

Although easier to obtain than third-party verifications, a review of documents provided by the applicant often does not provide all necessary information. For instance, an employed applicant’s pay stubs may not provide sufficient information about the average number of hours worked, overtime, tips, and bonuses. In this case, the PJ may also need to contact the employer to accurately project annual income.

### ***Assessing Information***

PJs must assess all the facts underlying the income information collected. Below are some of the considerations PJs must take into account.

**Pay period.** The PJ should determine the basis on which employees are paid (hourly, weekly or monthly, and with or without overtime). An employee who gets paid “twice a month” may actually be paid either twice a month (24 times a year) or every two weeks (26 times a year).

An annual salary is counted as annual income regardless of the payment schedule. For example, if a teacher’s annual salary is \$30,000, this is the annual income regardless of whether the teacher is paid over a nine- or 12-month period.

**Variations in pay.** For applicants whose jobs provide steady employment (e.g., 40 hours a week, 50 weeks a year), it can be assumed that there will only be slight

variations in the amount of earnings reflected in monthly or bi-weekly pay stubs. In such cases, three consecutive month's worth of income documentation is an appropriate amount upon which to base a projection of income over the following 12-month period.

For those whose annual employment is less stable or does not conform to a twelve-month schedule (e.g., seasonal laborers, construction workers, teachers), PJs should examine income documentation that covers the entire previous twelve-month period. Such workers can experience substantial variations in earned income over the course of a year. As such, an examination of three month's worth of income documentation may not provide an accurate basis upon which to project the applicant's income over the following 12 months.

**Sources of earned income.** In addition to hourly earnings, PJs must account for all earned income. In addition to the base salary, this will include annual cost of living adjustments (COLAs), bonuses, raises, and overtime pay. In the case of overtime, it is important to clarify whether overtime is sporadic or a predictable component of an employee's income. If it is determined that an applicant has earned and will continue to earn overtime pay on a regular basis, PJs should calculate the average amount of overtime pay earned by the applicant over the pay period the PJ is using to calculate income eligibility (3 months or 12 months). This average amount is then to be added to the total amount of projected earned income over the following 12-month period. Exhibit 2.1 provides a step-by-step explanation of the standard methodology for projecting annual income.

### **Comparing Annual Income to Published Income Limits**

Once household and income information has been established and verified, a PJ must compare the information to the appropriate HUD income limits to determine if the household is eligible for participation in the HOME Program.

To determine eligibility, PJs must use a copy of the most recent HUD income limits, adjusted for family size and by geographic area (county or metropolitan area). The income limits are updated annually and are available through HUD offices or on the Internet at

[www.hud.gov/offices/cpd/affordablehousing/programs/home/limits/income/index.cfm](http://www.hud.gov/offices/cpd/affordablehousing/programs/home/limits/income/index.cfm).

Exhibit 2.2 provides a sample income limits table.

### ***Determining Household Size***

The income limits are adjusted by household<sup>7</sup> size; therefore, one of the first steps in determining eligibility is to determine the size of the applicant household.

Some households may include persons who are not considered as family members for the purposes of determining household size and income eligibility, including:

- Foster children;
- Foster adults;
- Live-in aides; and
- Children of live-in aides.

These persons should not be counted as household members when determining household size, and their income, if any, is not included when calculating annual income.

A child who is subject to a shared-custody agreement in which the child resides with the household at least 50 percent of the time can be counted in the household.

### ***Comparing Household Income to the HUD Limits***

To compare a household's annual income information to the HUD income limits, follow these steps:

1. Find the geographic area in which the PJ is located on the HUD income limit chart.
2. Find the column that corresponds to the number of persons in the household (i.e., family size).

3. Compare the verified income of the household with the income limit for that household size.

Using the sample income limits chart in Exhibit 2.2, consider the following example:

*Mr. and Mrs. Jackson have three children that permanently reside with them. It has been determined by the PJ staff that the Jackson's have an annual household income of \$48,500. Based on the income limits, the Jackson family must have an income of less than \$59,250 in order to participate in the HOME Program. Since the Jackson's income of \$48,500 is less than the Low-Income Limit of \$59,250, they are eligible for HOME assistance.*

### Timing of Income Certifications

All households that receive HOME assistance must be income-eligible at the time assistance is provided. Generally, the HOME Program permits income verification dated no earlier than six months prior to receipt of assistance. Households must qualify as low-income at the time of occupancy or at the time HOME funds are invested, whichever is later.

A preliminary determination of eligibility should, however, be made much earlier in the process. Application processing is labor intensive. Early screening for income eligibility can eliminate excessive work in processing an ineligible applicant. For example, when considering an application from a developer to rehabilitate an existing rental project, it is important for a PJ to know whether the current tenants will continue to be eligible once HOME funds are invested in the project.

Establishing a deadline for formal eligibility determinations is a challenging part of the planning process. The formal determination of income eligibility must be made shortly before a household receives assistance. Because eligibility determination involves verification of income, waiting too long can delay a project. Conducting income certifications too early in the process,

however, might mean that certifications become outdated and must be redone.

### Income Certifications for Lease-Purchase or Contract-to-Purchase Housing

PJs have some flexibility when certifying the income of homebuyers in lease-purchase or contract-to-purchase programs.

Homebuyers are required to qualify as low-income:

- In the case of a contract to purchase existing housing, at the time of purchase;
- In the case of a lease-purchase agreement for existing housing or for housing to be constructed, at the time the agreement is signed; or
- In the case of a contract to purchase housing to be constructed, at the time the contract is signed.

### Income Recertification for Rental Housing

In addition to initial certifications at the time of eligibility determinations, tenants receiving TBRA or occupying HOME-assisted rental units must have their incomes recertified annually. Because new income certifications should be effective on each tenant's "anniversary date" (one year from the start of assistance or last recertification date), the income certification process should begin 60 to 90 days prior to that time.

For rental housing projects, the PJ must use one of the following three methods for recertifying tenant incomes:

- **Review of source documents.** This involves a review of source documentation, such as that done for a household's initial eligibility determination.
- **Statement and certification from the family.** This is a written statement from the family indicating family size and annual income. This must include a certification from the family that

## Chapter Three

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### Calculating Annual (Gross) Income

As discussed in Chapter One, the HOME Program gives PJs the flexibility to choose one of three definitions of annual income to determine whether households are eligible for participation in the HOME Program. The three definitions are:

1. Annual income as defined in 24 CFR Part 5 (Part 5 annual income);
2. Annual income as reported under the Census long form for the most recent decennial census; and
3. Adjusted gross income as defined for purposes of reporting under Internal Revenue Service (IRS) Form 1040 series for individual Federal annual income tax purposes.

PJs may use different definitions of income for each of the different HOME activities it administers. For example, a PJ may decide to use the Part 5 definition of income for its rental projects and TBRA program, and use the Census long form definition within its homebuyer and owner-occupied rehabilitation programs. However, PJs must ensure that applicants to their HOME-funded programs and activities are treated equitably. For this reason, the same income definition must be used within a particular program or activity. For example, if a PJ decides to use the Part 5 definition of annual income for its homebuyer program, it must use this definition for all applicants to the homebuyer program. It may not use the Census definition for one applicant and the Part 5 definition for another applicant.

Chapter Two discussed how and when income information must be verified. This chapter provides detailed guidance about calculating annual (gross) income using each of the three allowable definitions.

#### **Definition 1: Annual Income as Defined in 24 CFR Part 5**

The annual income definition found at 24 CFR Part 5 is used by a variety of Federal programs including Section 8, public housing and the Low-Income Housing Tax Credit Program. Annual income is used to determine program eligibility and, in some programs, the level of assistance the household will receive. This definition was formerly commonly referred to as the Section 8 definition.

The Part 5 definition of annual income is the *gross amount of income of all adult household members that is anticipated to be received* during the coming 12-month period. Each of the italicized phrases in this definition is key to understanding the requirements for calculating annual income:

- **Gross amount.** For those types of income counted, gross amounts (before any deductions have been taken) are used;
- **Income of all adult household members.** The Part 5 definition of annual income contains income “inclusions” – types of income to be counted – and “exclusions” – types of income that are not considered (for example, income of minors); and
- **Anticipated to be received.** The Part 5 annual income is used to determine eligibility and the amount of Federal assistance a family can receive. A PJ must, therefore, use a household’s expected ability to pay, rather than past earnings, when estimating housing assistance needs.

### Whose Income to Count

Knowing whose income to count is as important as knowing which income to count. Under the Part 5 definition of annual income, special consideration is given to income earned by the following groups of people:

- **Minors.** Earned income of minors, including foster children (age 18 and under) is not counted. However, unearned income attributable to a minor (e.g., child support, TANF payments and other benefits paid on behalf of a minor) is included;
- **Live-in aides.** If a household includes a paid live-in aide (whether paid by the family or a social service program), the income of the live-in aide, regardless of the source, is not counted. Except under unusual circumstances, a related person does not qualify as a live-in aide.
- **Persons with Disabilities.** During the annual recertification of a family's income, PJs are required to exclude from annual income certain increases in the income of a disabled member of qualified families residing in HOME-assisted housing or receiving HOME tenant-based rental assistance. 24 CFR 5.617(a) outlines the eligible increases in income. These exclusions from annual income are of limited duration. The full amount of increase to a qualified family's annual income is excluded for the cumulative 12-month period beginning on the date the disabled family member is first employed or the family first experiences an increase in annual income attributable to the employment. During the second cumulative 12-month period, the PJ is required to exclude from annual income 50 percent of any increase in income. The disallowance of increased income of an individual family member who is a person with disabilities is limited to a lifetime 48-month period.

- **Temporarily absent family members.** The income of temporarily absent family members is counted in the Part 5 definition of annual income – regardless of the amount the absent member contributes to the household. For example, a construction worker employed at a temporary job on the other side of the state earns \$600 per week. He keeps \$200 per week for expenses and sends \$400 per week home to his family. The entire amount (\$600 per week) is counted in the family's income;
- **Adult students living away from home.** If the adult student is counted as a member of the household in determining the household size (to compare against the HUD income limits), the first \$480 of the student's income must be counted in the family's income. Note, however, that the \$480 limit does not apply to a student who is the head of household or spouse (their full income must be counted); and
- **Permanently absent family members.** If a family member is permanently absent from the household (e.g., a spouse who is in a nursing home), the head of household has the choice of either counting that person as a member of the household, and including income attributable to that person as household income, or specifying that the person is no longer a member of the household.

### Types of Income to Count

Exhibits 3.1 and 3.2 provide a comprehensive list of income that is included and excluded from calculations of annual income under Part 5. This list comes directly from the Federal regulations at 24 CFR 5.609. HUD updates this list when changes are made by Congress. Program administrators generally are expected to implement changes within 60 days of publication in the *Federal Register*.

In general, income exclusions fall into the following categories:

- Benefits that should not be counted as income;
- Income of certain household members that should not be counted, including earned income of minors and income attributable to foster children and live-in aides; and
- Amounts that are counted as assets rather than income, such as lump-sum lottery winnings.

### ***Welfare Rent as Income***

Welfare assistance is counted as income. Most PJs will use the actual gross amount of welfare assistance the household receives. In certain “as-paid” localities, however, a special calculation is required. In an as-paid jurisdiction, welfare assistance for housing costs is established separately from the rest of the welfare assistance and may be adjusted based on the actual cost of the family’s housing.

PJs in as-paid jurisdictions must count as income the amount of general assistance a family receives plus the maximum amount of housing assistance the family *could* receive (rather than the amount the household is actually receiving).

### **Sample Format for Computing Part 5 Annual Income**

Exhibit 3.3 shows a sample format for computing annual income using the Part 5 annual income definition.

Exhibits 3.4 through 3.7 provide examples and exercises that demonstrate how the Part 5 annual income definition is applied to individual family circumstances. Answers to the exercises are provided in each exhibit. These exhibits do not include income from assets, which is addressed below. Examples and exercises concerning asset calculation follow that discussion.

### **Treatment of Assets**

Some assistance programs require that families “spend down” assets before they

can participate. There is no asset limitation for participation in the HOME Program. Income from assets is, however, recognized as part of annual income under the Part 5 definition. To comply with the Part 5 rules regarding assets, PJs must know: (1) what to include as assets, (2) how to compute the market and cash value of those assets, and (3) how to determine the income from the asset to be included in annual income.

### ***What to Include as an Asset***

In general terms, an asset is a cash or non-cash item that can be converted to cash. Exhibit 3.8 summarizes items that are and are not to be considered assets. (Note: it is the income earned – e.g., interest on a savings account – not the value of the asset – that is counted in annual income.)

Exhibits 3.9 through 3.11 provide examples and exercises that demonstrate how income from assets is calculated. Market Value and Cash Value Assets have both a market value and a cash value. The market value of an asset is simply its dollar value on the open market. For example, the market value of a share of stock is the price quoted on the stock exchange on a particular day. A property’s market value is the amount it would sell for on the open market. This may be determined by comparing the property with similar, recently sold properties.

An asset’s cash value is the market value less reasonable expenses required to convert the asset to cash, including:

- **Penalties or fees for converting financial holdings.** Any penalties, fees, or transaction charges levied when an asset is converted to cash are deducted from the market value to determine its cash value (e.g., penalties charged for premature withdrawal of a certificate of deposit, the transaction fee for converting mutual funds to cash or broker fees for converting stocks to cash); and/or
- **Costs for selling real property.** Settlement costs, real estate transaction fees, payment of mortgages/liens

against the property and any legal fees associated with the sale of real property are deducted from the market value to determine equity in real estate.

Under the rules of Part 5, only the cash value (rather than the market value) of an item is counted as an asset. If more than one person owns an asset, PJs must prorate the asset according to the applicant's percentage of ownership. If no percentage is specified or provided by state or local law, PJs must prorate the asset evenly among all owners. If an asset is not effectively owned by an individual, it is not counted as an asset.

### ***Actual Income from Assets***

Assets can generate income, and for the purpose of determining an applicant's income, the actual income generated by the asset (e.g., interest on a savings or checking account) is what counts, not the value of the asset. The income is counted, even if the household elects not to receive it. For example, if an applicant elects to reinvest the interest or dividends from an asset, it is still counted as income.

As with other types of income, the income included in annual income calculation is the income that is anticipated to be received from the asset during the coming 12 months. Several methods may be used to approximate the anticipated income from the asset. For example, to obtain the anticipated interest on a savings account, the current account balance can be multiplied by the current interest rate applicable to the account. Alternatively, if the value of the account is not anticipated to change in the near future and the interest rate has been stable, a copy of the IRS 1099 form showing past interest earned can be used.

Many PJs are surprised to learn that checking account balances (as well as savings account balances) are considered an asset. This rule is not intended to count monthly income as an asset, but rather, is recognition that some households keep

assets in their checking accounts. To avoid counting monthly income as an asset, PJs should use the average monthly balance over a six-month period as the cash value of the checking account.

### **Two Unique Rules**

For most assets, calculating cash value and the income from the assets is straightforward. Special rules have, however, been established to address two circumstances – situations in which the assets produce little or no income, and assets that are disposed of for less than fair market value.

#### ***When an Asset Produces Little or No Income***

This rule assumes that a household with assets has an increased payment ability, even if its assets do not currently produce income. (For example, a household that owns land that is not rented or otherwise used to produce income.) Rather than require the household to dispose of the property, the rule requires that an "imputed" income be calculated based on a Passbook Rate that is applied to the cash value of all assets.

This rule only applies if the total cash value of **all** assets is more than \$5,000. The following examples illustrate how imputed income from assets calculation is applied.

**Example 1:** The Cayhill family has \$6,000 (average balance over six months) in a non-interest-bearing checking account. The PJ would include in annual income an amount based on the current Passbook Rate. The calculation would be:  $\$6,000 \times .02 = \$120$ .

**Example 2:** The Shaw family has \$3,000 (average balance over six months) in a non-interest-bearing checking account and \$5,500 in an interest-bearing savings account. The family reports and the PJ verifies \$150 interest on the savings account. The PJ would count the greater of the actual income from assets or the imputed income based on the Passbook Rate, as shown below:

Imputed income (\$8,500 x .02) =	\$170
Actual income	\$150
Included in annual income	\$170

**Note:** Currently, each Field Office establishes the passbook savings rate to be used by the PHAs within its jurisdiction. A Field Office determines the rate based on the average interest rate received on passbook savings accounts at several banks in the local area (24 CFR 5.609 and Form HUD-50058 Family Report Instruction Booklet,<sup>8</sup> p. 22). Although the new Public Housing Occupancy Guidebook,<sup>9</sup> page 122, footnote 35, states that "Consistent with the Multi-family Housing Program, PHAs will use a standard 2% passbook rate," the current method described above will remain in effect until superceded by PIH Notice. Check with your state or regional HUD Field Office for the applicable Passbook Rate for your community.

**Example 3:** The Smiths have \$600 (average balance over six months) in a non-interest-bearing checking account. No income from assets would be counted because the family has no actual income from assets and the total amount of all assets is less than \$5,000.

***When Assets are Disposed of at Less than Fair Market Value***

Applicants who dispose of assets for less than fair market value (i.e., value on the open market in an "arm's length transaction") have, in essence, voluntarily reduced their ability to afford housing. The Part 5 rules require, therefore, that any asset disposed of for less than fair market value during the two years preceding the income determination be counted as if the household still owned the asset.

The amount to be included as an asset is the difference between the cash value of the asset and the amount that was actually received (if any) in the disposition of the asset. Consider the following examples.

**Example 1:** Mr. Jones cashed in stock to give a granddaughter funds for college in August 2004. The stock had a market value of \$4,500 and a broker fee of \$500 was charged for the transaction.

Market value	\$4,500
Less broker's fee	<u>500</u>
Cash value to be considered	\$4,000

The \$4,000 in assets would be counted for any income determination conducted until August 2006 (looking forward two years from the time of disposal).

If Mr. Jones has no other assets, no income from assets would be included in annual income because the cash value of the asset is less than \$5,000. If other assets brought total assets to more than \$5,000, however, the imputed income calculation described previously would be required.

**Example 2:** Mrs. Dutch "sold" a piece of property to a family member for \$30,000 on July 1, 2004. The home was valued at \$75,000 and had no loans against it.

Market value	\$75,000
Less settlement costs	3,000
Less sales price	<u>30,000</u>
Cash value to be considered	\$42,000

The \$42,000 would be counted as an asset for any income determination conducted until July 1, 2006.

The \$42,000 would be combined with the cash value of other assets (if any), and an imputed income calculation would be required.

Each applicant must certify whether an asset has been disposed of for less than fair market value. Assets disposed of for less than fair market value as a result of foreclosure or bankruptcy are not included in this calculation. In the case of a disposition as part of a separation or divorce settlement, the disposition will not be considered to be less than fair market value if the applicant receives (or received) important consideration not measurable in dollar terms.

**Exhibit 3.1 – 24 CFR Part 5 Annual Income Inclusions**

<p>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.</p> <p>2. The net income from the 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.</p> <p>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 number 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.</p> <p>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 (except for certain exclusions, listed in Exhibit 3.2, number 14).</p>	<p>5. Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation, and severance pay (except for certain exclusions, as listed in Exhibit 3.2, number 3).</p> <p>6. Welfare Assistance. Welfare assistance payments made under the Temporary Assistance for Needy Families (TANF) program are included in annual income:</p> <ul style="list-style-type: none"><li>• Qualify as assistance under the TANF program definition at 45 CFR 260.31; and</li><li>• Are otherwise excluded from the calculation of annual income per 24 CFR 5.609(c).</li></ul> <p>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:</p> <ul style="list-style-type: none"><li>• the amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; <b>plus</b></li><li>• 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 reduced from the standard of need by applying a percentage, the amount calculated under 24 CFR 5.609 shall be the amount resulting from one application of the percentage.</li></ul> <p>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.</p> <p>8. All regular pay, special pay, and allowances of a member of the Armed Forces (except as provided in number 8 of Income Exclusions).</p>
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**Last Modified: January 2005**

Exhibit 3.2 – 24 CFR Part 5 Annual Income Exclusions

<ol style="list-style-type: none"> <li>1. Income from employment of children (including foster children) under the age of 18 years.</li> <li>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).</li> <li>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 Exhibit 3.1, number 5 of Income Inclusions).</li> <li>4. Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member.</li> <li>5. Income of a live-in aide (as defined in 24 CFR 5.403).</li> <li>6. Certain increases in income of a disabled member of qualified families residing in HOME-assisted housing or receiving HOME tenant-based rental assistance (24 CFR 5.671(a)).</li> <li>7. The full amount of student financial assistance paid directly to the student or to the educational institution.</li> <li>8. The special pay to a family member serving in the Armed Forces who is exposed to hostile fire.</li> <li>9. (a) Amounts received under training programs funded by HUD. (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, childcare, 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 PHA or owner, on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn</li> </ol>	<p style="margin-left: 20px;">maintenance, resident initiatives coordination, and serving as a member of the PHA's governing board. No resident may receive more than one such stipend during the same period of time.</p> <p style="margin-left: 20px;">(e) Incremental earnings and benefits resulting to any family member from participation in qualifying state or local employment training programs (including training not affiliated with a local government) and training of a family member as resident management staff. 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.</p> <ol style="list-style-type: none"> <li>10. Temporary, nonrecurring, or sporadic income (including gifts).</li> <li>11. 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.</li> <li>12. Earnings in excess of \$480 for each full-time student 18 years old or older (excluding the head of household or spouse).</li> <li>13. Adoption assistance payments in excess of \$480 per adopted child.</li> <li>14. Deferred periodic amounts from supplemental security income and social security benefits that are received in a lump sum amount or in prospective monthly amounts.</li> <li>15. 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.</li> <li>16. 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.</li> <li>17. 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.</li> </ol>
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## Chapter Three – Calculating Annual (Gross) Income

<p>Updates will be published and distributed when necessary. The following is a list of income sources that qualify for that exclusion:</p> <ul style="list-style-type: none"><li>• The value of the allotment provided to an eligible household under the Food Stamp Act of 1977;</li><li>• Payments to volunteers under the Domestic Volunteer Service Act of 1973 (employment through AmeriCorps, VISTA, Retired Senior Volunteer Program, Foster Grandparents Program, youthful offender incarceration alternatives, senior companions);</li><li>• Payments received under the Alaskan Native Claims Settlement Act;</li><li>• Income derived from the disposition of funds to the Grand River Band of Ottawa Indians;</li><li>• Income derived from certain submarginal land of the United States that is held in trust for certain Indian tribes;</li><li>• Payments or allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program;</li><li>• Payments received under the Maine Indian Claims Settlement Act of 1980 ( 25 U.S.C. 1721);</li><li>• The first \$2,000 of per capita shares received from judgment funds awarded by the Indian Claims Commission or the U.S. Claims Court and the interests of individual Indians in trust or restricted lands, including the first \$2,000 per year of income received by individual Indians from funds derived from interests held in such trust or restricted lands;</li><li>• Amounts of scholarships funded under Title IV of the Higher Education Act of 1965, including awards under the Federal work-study program or under the Bureau of Indian Affairs student assistance programs;</li><li>• Payments received from programs funded under Title V of the Older Americans Act of 1985 (Green Thumb, Senior Aides, Older American Community Service Employment Program);</li></ul>	<ul style="list-style-type: none"><li>• Payments received on or after January 1, 1989, from the Agent Orange Settlement Fund or any other fund established pursuant to the settlement in the <u>In Re Agent Orange</u> product liability litigation, M.D.L. No. 381 (E.D.N.Y.);</li><li>• Earned income tax credit refund payments received on or after January 1, 1991, including advanced earned income credit payments;</li><li>• The value of any child care provided or arranged (or any amount received as payment for such care or reimbursement for costs incurred for such care) under the Child Care and Development Block Grant Act of 1990;</li><li>• Payments received under programs funded in whole or in part under the Job Training Partnership Act (employment and training programs for Native Americans and migrant and seasonal farm workers, Job Corps, veterans employment programs, state job training programs and career intern programs, AmeriCorps);</li><li>• Payments by the Indian Claims Commission to the Confederated Tribes and Bands of Yakima Indian Nation or the Apache Tribe of Mescalero Reservation;</li><li>• Allowances, earnings, and payments to AmeriCorps participants under the National and Community Service Act of 1990;</li><li>• Any allowance paid under the provisions of 38 U.S.C. 1805 to a child suffering from spina bifida who is the child of a Vietnam veteran;</li><li>• Any amount of crime victim compensation (under the Victims of Crime Act) received through crime victim assistance (or payment or reimbursement of the cost of such assistance) as determined under the Victims of Crime Act because of the commission of a crime against the applicant under the Victims of Crime Act; and</li><li>• Allowances, earnings, and payments to individuals participating in programs under the Workforce Investment Act of 1998.</li></ul>
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**Last Modified: January 2005**

**Exhibit 3.3 – Sample Format for Computing Part 5 Annual Income**

1. Name:		2. Identification No.:			
<b>ASSETS</b>					
Family Member	Asset Description	Current Cash Value of Assets		Actual Income from Assets	
3. Net Cash Value of Assets.....		3.			
4. Total Actual Income from Assets.....				4.	
5. If line 3 is greater than \$5,000, multiply line by ____ (Passbook Rate) and enter results here; otherwise, leave blank.				5.	
<b>ANTICIPATED ANNUAL INCOME</b>					
					Enter the greater of lines 4 or 5 from above in e.
6. Totals	a.	b.	c.	d.	e.
7. Enter total of items from 6a. through 6e. This is <i>Annual Income</i> .....					7.

X \_\_\_\_\_  
Signature

For Office Use Only

\$ \_\_\_\_\_ Income Limit  
\$ \_\_\_\_\_ Income Limit of Household

**Exhibit 3.4 – Calculating Part 5 Annual Income – Example**


ANTICIPATED ANNUAL INCOME					
George	\$15,080				Enter the greater of lines 4 or 5 from above in e.
Eloise	\$7,020			\$600	
Lionel	\$480				
6. Totals	a. \$22,580	b.	c.	d. \$600	e. N/A
7. Enter total of items from 6a. through 6e. This is <i>Annual Income</i> .....					7. \$23,180

This family is eligible for assistance because its total income of \$23,180 is below the Low-Income Limit.

**Explanation**

- George George’s earning from work count as income, but his income from the Agent Orange Settlement Fund (\$4,800/year) does not. Thus, George’s income is \$7.25/hour x 40 hours/week x 52 weeks/year, or \$15,080.
- Eloise Eloise’s income from wages of \$7.50/hour x 18 hours/week x 52 weeks, or \$7,020. In addition, her regular gift income of \$50/month or \$600/year counts as income. (The gift income is counted as “other income.”)
- Lionel Because Lionel is a full-time student and is not the head of household or spouse, only the first \$480 of his earnings count toward the family income.

**Exhibit 3.5 – Calculating Part 5 Annual Income – Exercise**


Complete the following table to calculate annual income (as defined in 24 CFR Part 5) for the household. Answers are found on the following page.

ANTICIPATED ANNUAL INCOME					
Blanche					Enter the greater of lines 4 or 5 from above in e.
Rose					
Dorothy					
6. Totals	a.	b.	c.	d.	e. N/A
7. Enter total of items from 6a. through 6e. This is <i>Annual Income</i> .....					7.

Exhibit 3.5 – Calculating Part 5 Annual Income – Exercise (continued)

ANSWERS

ANTICIPATED ANNUAL INCOME					
Blanche	\$17,680				Enter the greater of lines 4 or 5 from above in e.
Rose	\$13,980				
Dorothy	\$7,200				
6. Totals	a. \$38,860	b.	c.	d.	e. N/A
7. Enter total of items from 6a. through 6e. This is <i>Annual Income</i> .....					7. \$38,860

The household is not eligible for assistance. Its income exceeds the Low-Income Limit by \$360.

**Explanation**

**Blanche** Blanche’s income must include both wages and tips. (The tips are included as wage/salary income.) Her wage income is \$6,240 annually ( $\$5.00/\text{hour} \times 6 \text{ hours/night} \times 4 \text{ nights/week} \times 52 \text{ weeks/year}$ ) and her tip income is \$11,440 annually ( $\$55/\text{night} \times 4 \text{ nights/week} \times 52 \text{ weeks/year}$ ).

**Rose** Rose’s wage income must be calculated in two steps. For the first 6 weeks of the year, she earns \$6.50/hour. Her income at this wage is  $\$6.50/\text{hour} \times 40 \text{ hours/week} \times 6 \text{ weeks} = \$1,560$ . For the next 46 weeks, her wage will be \$6.75/hour. Her income at this wage is  $\$6.75/\text{hour} \times 40 \text{ hours/week} \times 46 \text{ weeks} = \$12,420$ .

**Dorothy** Dorothy made \$7,200 last year, and there is no reason to expect that she will work more or less often in the coming year. Her income is, therefore, estimated at \$7,200. Per the Income Exclusions (see Exhibit 3.2), the income she receives from Food Stamps is excluded from this calculation.

Exhibit 3.6 – Calculating Part 5 Annual Income – Example


ANTICIPATED ANNUAL INCOME					
Murphy	\$13,200			\$1,200	Enter the greater of lines 4 or 5 from above in e.
Eldon	\$10,000				
6. Totals	a. \$23,200	b.	c.	d. \$1,200	e. N/A
7. Enter total of items from 6a. through 6e. This is <i>Annual Income</i> .....					7. \$24,400

This family is eligible for assistance. Its total income is \$24,400, which is below the Low- Income Limit.

**Explanation**

**Murphy** Murphy’s annual wage income is \$550 semi-monthly x 24 periods/year, or \$13,200. In addition, she receives \$100/month x 12 months = \$1,200/year. This is other income.

**Eldon** Eldon’s wage income is based on 40 weeks of work: \$250/week x 40 weeks/year, or \$10,000 annually. His scholarship does not count as income. The child support Eldon pays cannot be deducted from his income.

**Exhibit 3.7 – Calculating Part 5 Annual Income – Exercise**


Complete the following table to calculate annual income (as defined in 24 CFR Part 5) for the household. Answers are found on the following page.

ANTICIPATED ANNUAL INCOME					
Ricky					Enter the greater of lines 4 or 5 from above in e.
Lucy					
Ricky II					
6. Totals	a.	b.	c.	d.	e. N/A
7. Enter total of items from 6a. through 6e. This is <i>Annual Income</i> .....					7.

Exhibit 3.7 – Calculating Part 5 Annual Income – Exercise (continued)

ANSWERS

ANTICIPATED ANNUAL INCOME					
Ricky		\$7,600			Enter the greater of lines 4 or 5 from above in e.
Lucy		\$1,440		\$2,950	
Ricky II	\$17,160				
6. Totals	a. \$17,160	b. \$9,040	c.	d. \$2,950	e. N/A
7. Enter total of items from 6a. through 6e. This is <i>Annual Income</i> .....					7. \$29,150

The household is eligible for assistance.

**Explanation**

- Ricky Ricky's entire income is comprised of pensions and benefits. It equals \$625/month x 12 months/year (\$7,500) plus \$25/quarter x 4 quarters/year (\$100), or \$7,600.
- Lucy Lucy's benefits income is \$120/month x 12 months/year, or \$1,440. Her net income from her business was \$4,200 - \$1,250, or \$2,950. (Her equipment and soundproofing expense is an allowable deduction because the business funds were reinvested in the business and did not represent expansion. Refer to Exhibit 3.1)
- Ricky II Ricky II's income is wage income. The calculation is \$330/week x 52 weeks/year = \$17,160.

**Exhibit 3.8 – Part 5 Annual Income Net Family Asset Inclusions and Exclusions**

<ol style="list-style-type: none"> <li>1. Cash held in savings accounts, checking accounts, safe deposit boxes, homes, etc. For savings accounts, use the current balance. For checking accounts, use the average 6-month balance. Assets held in foreign countries are considered assets.</li> <li>2. Cash value of revocable trusts available to the applicant.</li> <li>3. Equity in rental property or other capital investments. Equity is the estimated current market value of the asset less the unpaid balance on all loans secured by the asset and all reasonable costs (e.g., broker fees) that would be incurred in selling the asset. Under HOME, equity in the family's primary residence is not considered in the calculation of assets for owner-occupied rehabilitation projects.</li> <li>4. Cash value of stocks, bonds, Treasury bills, certificates of deposit, mutual funds, and money market accounts.</li> <li>5. Individual retirement, 401(K), and Keogh accounts (even though withdrawal would result in a penalty).</li> <li>6. Retirement and pension funds.</li> <li>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).</li> <li>8. Personal property held as an investment such as gems, jewelry, coin collections, antique cars, etc.</li> <li>9. Lump sum or one-time receipts, such as inheritances, capital gains, lottery winnings, victim's restitution, insurance settlements and other amounts not intended as periodic payments.</li> <li>10. Mortgages or deeds of trust held by an applicant.</li> </ol>	<ol style="list-style-type: none"> <li>1. Necessary personal property, except as noted in number 8 of Inclusions, such as clothing, furniture, cars, and vehicles specially equipped for persons with disabilities.</li> <li>2. Interest in Indian trust lands.</li> <li>3. Assets not effectively owned by the applicant. That is, when assets are held in an individual's name, but the assets and any income they earn accrue to the benefit of someone else who is not a member of the household and that other person is responsible for income taxes incurred on income generated by the asset.</li> <li>4. Equity in cooperatives in which the family lives.</li> <li>5. Assets not accessible to and that provide no income for the applicant.</li> <li>6. Term life insurance policies (i.e., where there is no cash value).</li> <li>7. Assets that are part of an active business. "Business" does not include rental of properties that are held as an investment and not a main occupation.</li> </ol>
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***Last Modified: January 2005***

**Exhibit 3.9 – Calculating Asset Income Under Part 5 – Example**

Juan Herrera	Checking account	\$870 average 6-month balance with an interest rate of 2.7%.
	Inheritance	Received an inheritance of \$30,000 that he used to buy a new car for \$12,000; pay off his \$3,000 credit card bill; and open a mutual fund account (which has no associated account costs) to invest the remaining \$15,000 at an annual interest rate of 5.3%.
The HUD Passbook Rate is 2%.		

ASSETS			
Juan Herrera	Checking account	\$870	\$23
Same	Mutual fund	\$15,000	\$795
3. Net Cash Value of Assets .....		3. \$15,870	
4. Total Actual Income from Assets .....			4. \$818
5. If line 3 is greater than \$5,000, multiply line by <u>2%</u> (Passbook Rate) and enter results here; otherwise, leave blank.			5. \$317

The asset income to be used in the annual income calculation is \$818 since the actual income generated by the assets is greater than the imputed income.

**Explanation**

- Checking account      The income from the checking account is calculated based on the 6-month balance and the interest rate ( $\$870 \times .027 = \$23$ ).
- Inheritance            A car owned for personal use is not considered an asset. However, the mutual fund is an asset.  $\$15,000 \times .053 = \$795$ .

Because the total cash value of the assets exceeds \$5,000, the HUD Passbook Rate must be used to calculate the imputed income from all assets combined. In this case,  $\$15,870 \times .02 = \$317$ . The actual income earned (\$818) is greater, however, so that amount must be used in the calculation of annual income for this family.

**Exhibit 3.10 – Calculating Asset Income (under Part 5) – Exercise**

Archie Bunker	Head	72	Checking account	\$595 average 6-month balance in a non-interest-bearing account.
Edith Bunker	Spouse	73	Savings account	\$2,695 at 3.1%
HUD Passbook rate is 2%.				

Calculate the Bunkers' asset income by completing the following chart. Answers are provided below.

<b>ASSETS</b>			
3.	Net Cash Value of Assets.....	3.	
4.	Total Actual Income from Assets.....	4.	
5.	If line 3 is greater than \$5,000, multiply line by ____ (Passbook Rate) and enter results here; otherwise, leave blank.	5.	

Asset Income to be used in annual income calculation: \$\_\_\_\_\_

**ANSWERS**

<b>ASSETS</b>			
Archie Bunker	Checking Account	\$595	\$0
Edith Bunker	Savings Account	\$2,695	\$84
3.	Net Cash Value of Assets.....	3. \$3,290	
4.	Total Actual Income from Assets.....	4. \$84	
5.	If line 3 is greater than \$5,000, multiply line by ____ (Passbook Rate) and enter results here; otherwise, leave blank.	5. \$0	

The Bunkers' income from assets is \$84.

**Explanation**

Use the actual income in this case, because the cash value of the Bunker's total assets is less than \$5,000. The imputed income is only calculated for assets when the total cash value of all assets exceeds \$5,000.

**Exhibit 3.11 – Calculating Asset Income Under Part 5 – Exercise**

Fred Mertz	Head	85	Rental property	Small rental property that grosses \$6,500/year (expenses to keep up the property are \$3,400/year). The property has a fair market value of \$69,000, but they have a mortgage on the property in the amount of \$35,000. The average closing cost in a real estate transaction is 8% in the area.
Ethel Mertz	Spouse	81	Savings account	Savings of \$5,000 that earned \$179 in interest during the past year.
			Stock	100 shares of stock in "Why Buy it, Inc.," with a face value of \$4.25 per share, that have not shown a dividend in years. The cost to sell the stock would be about \$76.
HUD Passbook rate is 2%.				

Calculate the Mertz's asset income by completing the following chart. Answers are provided on the following page.

<b>ASSETS</b>			
3. Net Cash Value of Assets.....		3.	
4. Total Actual Income from Assets.....			4.
5. If line 3 is greater than \$5,000, multiply line by ____ (Passbook Rate) and enter results here; otherwise, leave blank.			5.

Asset Income to be used in annual income calculation: \$\_\_\_\_\_

Exhibit 3.11 – Calculating Asset Income – Exercise (continued)

ANSWERS

ASSETS			
Fred Mertz	Rental Property	\$28,480	\$3,100
Ethel Mertz	Savings Account	\$5,000	\$179
Same	Stock	\$349	
3.	Net Cash Value of Assets.....	3.	33,829
4.	Total Actual Income from Assets.....	4.	\$3,279
5.	If line 3 is greater than \$5,000, multiply line by <u>2%</u> (Passbook Rate) and enter results here; otherwise, leave blank.	5.	\$677

The asset income to be used in the annual income calculation is \$3,279, since the actual income from assets is greater than the imputed income.

**Explanation**

Apartment Building      The cash value of the property is:

Market value	\$69,000
Less mortgage	35,000
Less sales costs (\$69,000 X .08)	<u>5,520</u>
Cash value	\$28,480

The income earned is the net income (\$6,500 – \$3,400) of \$3,100.

Savings Account      The information is provided.

Stock      The cash value of the stock is the sales proceeds (100 shares x \$4.25/share = \$425) less the cost to sell (\$76). It generates no dividend income.

Because the total cash value of the assets exceeds \$5,000, calculate the imputed income by multiplying the cash value by the HUD Passbook Rate (\$33,829 x .02 = \$677). This is less than the actual income earned of \$3,279.

**HOME Homeowner Entry Loan Program ("HOME HELP")  
Downpayment Assistance Program  
MORTGAGE NOTE**

Date: \_\_\_\_\_ Maturity Date: \_\_\_\_\_  
(must match maturity date of First Mortgage)

HOME HELP Downpayment Assistance: \$ \_\_\_\_\_  
(amount of HOME HELP Downpayment Assistance)

**BORROWER NAME**

Amount of HOME HELP loan in dollars.

\_\_\_\_\_  
**Last** **First** **MI**

**CO-BORROWER NAME**

\_\_\_\_\_  
**Last** **First** **MI**

The above listed borrower and co-borrower, if any, are cumulatively referred to in this Mortgage Note as the "Borrower."

**PROPERTY ADDRESS**

\_\_\_\_\_  
**Street** **City**

\_\_\_\_\_  
**County** **Zip**

The land at the above listed address along with the residential dwelling unit currently located thereon or to be constructed thereon is cumulatively referred to in this Mortgage Note as the "Property."

For \_\_\_\_\_ Value Received, Borrower agrees to pay

(name of Lender)

the \_\_\_\_\_ principal \_\_\_\_\_ sum \_\_\_\_\_ of

(HOME HELP loan amount in words)

(\$ \_\_\_\_\_) (the "Principal Amount") with simple interest at the rate of zero percent (0%) per annum.

Enter HOME HELP amount in words and dollars.

1. Security.

- 1.1. This Mortgage Note is secured by that certain HOME HELP Downpayment Assistance Program Mortgage of even date herewith entered into and issued by Borrower in favor of Lender, as such may be amended, modified, restated, or replaced from time to time (cumulatively the "Mortgage"). All of the terms, covenants, conditions, provisions and agreements of the Mortgage are hereby made a part of this instrument of the same extent and with the same force and effect as if fully set forth herein.
2. Reduction in Principal Amount.
  - 2.1. The Principal Amount of the loan for six (6) years after the date of this Mortgage Note shall be one hundred percent (100%) of the amount borrowed. The Principal Amount shall be reduced to thirty percent (30%) of the amount borrowed after the sixth anniversary of this Mortgage Note. Borrower is advised that such forgiveness of the Loan may have adverse tax consequences and therefore, Borrower may wish to consult an attorney or tax advisor regarding this matter.
3. Payment.
  - 3.1. Upon the occurrence of an Event of Default under the Mortgage Borrower shall repay Lender the Principal Amount as described in Paragraph 2.
  - 3.2. The Principal Amount described in Paragraph 2 shall be due and payable, without interest, in one single and final payment on the Maturity Date. The Maturity Date is \_\_\_\_\_.  
(must match maturity date of First Mortgage)
  - 3.3. The Principal Amount of this Mortgage Note, as described in Paragraph 2, may be paid by Borrower in full without penalty at any time.
  - 3.4. In the event the Property is sold, voluntarily or involuntarily, the payment amount required under "3. Payment" shall be further limited and not exceed the lesser of the amount required in 3.1 through 3.3, as applicable, or the Net Proceeds. "Net Proceeds" means the sales price of the property minus superior loan repayment and any closing costs.
4. Default.
  - 4.1. Upon the occurrence of an Event of Default under the Mortgage, Lender may declare the balance of the Principal Amount as stated under 2.1 above immediately due and payable without notice. Failure by Lender to declare the balance of the Principal Amount payable by reason of an Event of Default shall not waive its right to make such a declaration upon the subsequent occurrence of the same or any other Event of Default.

5. Miscellaneous.

- 5.1. Borrower's interest in this Mortgage Note may not be assigned without the express prior written consent of Lender. Provided, however, Lender may assign its rights under this Mortgage Note at any time and without Borrower's consent.
- 5.2. No amendment or modification of this Mortgage Note shall be effective unless it is in writing and signed by the party against whom such amendment or modification is sought to be enforced.
- 5.3. No waiver by Lender of any term or condition of this Mortgage Note shall be valid unless it is in writing and signed by Lender, nor shall any such waiver be deemed a continuing waiver of such term or condition.
- 5.4. This Mortgage Note shall be binding upon and shall extend to the benefit of the parties hereto and their respective heirs, successors and permitted assigns.
- 5.5. The Borrower and others who may become liable for all or any part of this obligation, hereby agree to be jointly and severally bound by this Mortgage Note 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, release of any party liable for this obligation, including any maker, or acceptance of other security therefor. Any such extension or release may be made without notice to said party and without in any way affecting the liability of such party.
- 5.6. If any payment due under this Mortgage Note is not paid when due, and this Mortgage Note is placed in the hands of any attorney or attorneys for collection, Borrower promises to pay, in addition to the amount due hereon, the reasonable costs and expenses of collection (including attorneys' fees), which amount shall be secured by the Mortgage.
- 5.7. No failure or delay by Lender to exercise any right or remedy under this Mortgage Note shall waive such right or remedy.
- 5.8. The obligation of Borrower hereunder is independent of any other obligation Borrower may have to Lender as a result of other indebtedness and Borrower shall have no right of set-off thereunder or hereunder.
- 5.9. This Mortgage Note is made and delivered in the State of Minnesota, and accordingly the clauses and provisions of this Mortgage 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.

5.10. If any provision (or any part of any provision) contained in this Mortgage Note shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision (or remaining part of the affected provision) of this Mortgage Note, but this Mortgage Note shall be construed as if such invalid, illegal, or unenforceable provision (or part thereof) had never been contained herein, but only to the extent it is invalid, illegal, or unenforceable.

\_\_\_\_\_ Dated: \_\_\_\_\_  
Borrower's Signature

\_\_\_\_\_  
(Print Borrower Name)

\_\_\_\_\_ Dated: \_\_\_\_\_  
Co-Borrower's Signature

\_\_\_\_\_  
(Print Co-Borrower Name)

THIS INSTRUMENT WAS DRAFTED BY:  
Minnesota Housing Finance Agency  
400 Sibley Street - Suite 300  
Saint Paul, Minnesota 55101

**ENDORSEMENT TO MHFA**

Don't forget to endorse  
the Note to MHFA

Without recourse, pay to the order of the Minnesota Housing Finance Agency.

Lender: \_\_\_\_\_  
(Print Lender Company Name)

\_\_\_\_\_  
(Signature of Authorized Lender Representative)

By: \_\_\_\_\_  
(Print Name of Authorized Lender Representative)

Its: \_\_\_\_\_  
(Print Title of Authorized Lender Representative)

**HOME Homeowner Entry Loan Program ("HOME HELP")  
Downpayment Assistance Program  
MORTGAGE**

**THIS MORTGAGE**, made and entered into on \_\_\_\_\_, by  
(date)  
and between \_\_\_\_\_,  
(name of Borrower) (name of Co-Borrower(s))  
(hereinafter referred to as "Borrower") and  
\_\_\_\_\_  
(name of Lender)  
with its principal place of business located at  
\_\_\_\_\_  
(address of Lender)  
(hereinafter referred to as "Lender").

**LOAN, DISBURSEMENT AND REPAYMENT**

1.1 **HOME HELP Loan.** Borrower and Lender hereby acknowledge that Lender has made a zero percent interest rate loan (hereinafter referred to as the "HOME HELP Downpayment Assistance Program Loan") to Borrower in the original principal amount of

\_\_\_\_\_  
(HOME HELP loan amount in words)

(\$ \_\_\_\_\_), and Borrower agrees to repay such loan in  
(numeric HOME HELP loan amount)

accordance with the terms and provisions contained in that certain Mortgage Note of even date herewith, with the remaining outstanding balance, if any, being due and payable, on the \_\_\_\_\_.

(must match maturity date of the first mortgage)

(THE REMAINING PORTION OF THIS PAGE WAS INTENTIONALLY LEFT BLANK.)

1.2 **Use of HOME HELP Funds.** Borrower covenants and warranties that it has used the proceeds of the HOME HELP Downpayment Assistance Program Loan to assist it in the purchase of that certain real estate situated in the County of \_\_\_\_\_, State of Minnesota, and legally described as follows:

along with the single family dwelling unit situated thereon (such real estate and dwelling unit are hereinafter cumulatively referred to as the "Mortgaged Property").

Borrower further covenants and warranties that its purchase of the Mortgaged Property occurred of even date herewith, and that it purchased the Mortgaged Property for a total purchase price of

\_\_\_\_\_ (purchase price of property in words)

(\$\_\_\_\_\_).  
(numeric purchase price)



Enter purchase price of property here  
(text and numeric).

1.3 **Event(s) of Default.** The occurrence of any of the following events shall, unless waived in writing by Lender, constitute an Event of Default under this Mortgage upon Lender giving Borrower 30 days' written notice of such event and Borrower's failure to cure such event during such 30 day time period. Notwithstanding the foregoing, the occurrence of any of the following events delineated in Sections 1.3 (I) through 1.3 (L) shall constitute an Event of Default under this Mortgage immediately upon the occurrence thereof.

- A. Borrower's failure to pay any installment of the indebtedness hereby secured or the interest (if any) thereon, as it becomes due;
- B. Borrower's failure to pay any installment of the principal or interest on the mortgages specified in Section 2.1 hereinafter, as the same

becomes due; or Borrower's default under the First Mortgage or under the loan documents relating to or evidenced by the First Mortgage ("First Mortgage Loan");

- C. Borrower's failure to pay when due, the taxes, or special assessments on the Mortgaged Property;
- D. Borrower's failure to keep the building(s) on the Mortgaged Property insured as herein provided;
- E. If Borrower, without the written consent of Lender, sells, transfers, encumbers (except for the Permitted Encumbrances described in Section 2.1 hereinbelow), or otherwise conveys, in any way or manner, whether voluntary, involuntary, or by action of law (except for a testamentary or intestate transfer to a surviving spouse, or transfer to a surviving joint tenant), its interest in the Mortgaged Property;
- F. The filing of a Petition by or against Borrower under the United States Bankruptcy Code;
- G. A judgment, written, or warrant of attachment or execution, or similar process shall be entered and become a lien on, issued or levied against, the Mortgaged Property or any part thereof and shall not be released, vacated, or fully bonded within 30 days after its entry, issue, or levy;
- H. If Borrower fails to fully, completely and promptly comply with any of the terms, conditions, requirements, covenants or warranties contained in the Mortgage Note or this Mortgage;
- I. If any of the information, documentation or representations which Borrower supplied or made to Lender to induce it to make the HOME HELP Downpayment Assistance Loan is determined to be false or untrue in any material manner;
- J. If Borrower ceases to occupy the Mortgaged Property as its principal residence;
- K. If Borrower, under any circumstances, leases a material portion of the Mortgaged Property to any other person, persons, or entity;
- L. If any covenants, warranties, or other representations of Borrower which are contained in this Mortgage, the Mortgage Note, or the First Mortgage Loan documents are determined to be false or untrue in any material manner.

1.4 **Notice of Default.** Immediately upon becoming aware of the existence of any condition or event that constitutes, or after notice or lapse of time or

both would constitute, an Event of Default, Borrower shall deliver written notice to Lender specifying the nature and period of existence of such event and what action Borrower has taken, is taking, or proposes to take with respect thereto.

## MORTGAGE PROVISIONS

2.1 **Mortgage Lien.** As security for Borrower's personal covenant and obligation for repayment of the HOME HELP Downpayment Assistance Loan as herein provided, and subject to the terms and conditions of this Mortgage, Borrower hereby grant, and Lender shall and hereby does have, a mortgage lien (hereinafter referred to as the "HOME HELP Downpayment Assistance Program Loan") on the Mortgaged Property, together with all hereditaments and appurtenances thereto, in the full amount necessary to satisfy such repayment obligation and the cost, including reasonable attorney's fees, of collecting the same.

To have and to hold the Mortgaged Property, together with the tenements, hereditaments and appurtenances unto Lender, its successors and assigns, in fee simple, forever.

Borrower covenants with and warrants to Lender that; (i) Borrower is lawfully seized of, and possesses a fee simple interest in, the Mortgaged Property, and have good right to convey the same, (ii) the Mortgaged Property is free from all encumbrances except for the following:

That certain Mortgage dated of even date herewith by and between Borrower as \_\_\_\_\_ Mortgagor, \_\_\_\_\_ and \_\_\_\_\_ as Mortgagee, in (name of Lender)

the \_\_\_\_\_ principal \_\_\_\_\_ amount \_\_\_\_\_ of

(First Mortgage loan amount in words)

(\$ \_\_\_\_\_ )  
(numeric First Mortgage loan amount)

Enter first mortgage (note) amount in text and numeric.

(hereinafter referred to as the "First Mortgage").

«Identify any additional encumbrances»

Make sure you identify any other down payment assistance or liens here.

(the First Mortgage and all such additionally listed encumbrances are herein referred to as the "Permitted Encumbrances"), (iii) Lender shall quietly enjoy and possess the Mortgaged Property, and (iv) Borrower shall warrant and defend the title to the Mortgaged Property against all lawful claims not hereinabove specifically excepted.

Provided, nevertheless, that if the HOME HELP Downpayment Assistance Loan is paid in full in accordance with the provisions contained in the Mortgage Note, then this HOME HELP Downpayment Assistance Program Mortgage shall become null and void, and shall be released.

**2.2 Right of Foreclosure.** In the event Borrower, its successors, heirs, executors, representatives, or assigns shall fail or refuse to repay the HOME HELP Downpayment Assistance Program Loan as required in Section 1.1 of this Mortgage, or otherwise or in any way be in default under the terms and conditions of this Mortgage, Borrower hereby confer upon Lender the option of declaring all sums then owing by Borrower immediately due and payable without notice, and hereby authorizes and empowers Lender to foreclose this HOME HELP Downpayment Assistance Program Loan by judicial proceedings, or to sell the Mortgaged Property at public auction and convey the same to the purchaser in fee simple in accordance with the laws of the State of Minnesota, and out of the monies arising from such sale to retain all sums secured hereby, with all legal costs and charges of such foreclosure and the maximum attorney's fee permitted by law, which costs, charges, and fees the Borrower herein agrees to pay.

Borrower and Lender further covenant and agree as follows:

- A. Borrower shall be furnished a conformed copy of this Mortgage at the time of execution or after recordation thereof.
- B. Upon default of any covenant or agreement by Borrower under the terms of this Mortgage, Lender shall, prior to foreclosure, mail notice to Borrower as provided herein specifying; (i) the nature of the default by the Borrower, (ii) the action required to cure such default, (iii) a date, not less than thirty (30) days from the date the notice is mailed to Borrower, by which such default, if capable of being cured, must be cured, and (iv) that failure to cure such default on or before the date specified in the notice may result in the acceleration of the sums secured by this HOME HELP Downpayment Assistance Program Loan and sale of the Mortgaged Property. The notice shall further inform Borrower of the right, if any, to reinstate after acceleration, and the right to bring a court action to assert the nonexistence of a default or any other defense of the Borrower to acceleration and sale.

C. Any notice required under applicable law or under the provisions of this Mortgage shall be given in accordance with the provisions contained in Section 3.3 herein below.

2.3 **Termination of Mortgage Lien.** The mortgage lien created by this HOME HELP Downpayment Assistance Program Loan shall be satisfied by Lender upon Borrower fully complying with the terms of the Mortgage Note.

### MISCELLANEOUS PROVISIONS

3.1 **Representations.** Borrower covenant with and warrant to Lender that they has made no material false statement or misstatement of fact in connection with its application for the HOME HELP Downpayment Assistance Program Loan, and all of the information contained in such application and in this Mortgage is true and correct.

3.2 **Location of Sections.** All of the sections contained in this Mortgage shall apply to this Mortgage in its entirety, independent of in what part of this Mortgage such section is located.

3.3 **Notices.** In addition to any notice required under applicable law to be given in another manner, any notices required under this Mortgage must be in writing and shall be sufficient if personally served or sent by prepaid, registered, or certified mail (return receipt card requested), to the most recent address of the party to whom it is directed. Such most recent address shall be that address specified herein below, or such different address as may hereafter be specified, by any party by written notice to the others:

**To Borrower:**

_____
Borrower(s)' name
_____
_____
Borrower(s)' new address

Remember to include Borrower name and address here.

**To Lender:**

Director of HOME Mortgage Programs  
Minnesota Housing Finance Agency  
400 Sibley Street, Suite 300  
Saint Paul, MN 55101-1998

Any notice provided for in this Mortgage shall be deemed to have been given to Borrower or Lender when given in the manner designated herein.

- 3.4 **Assignment or Modification.** Borrower may not assign any of its rights or obligations under this Mortgage without the prior written consent of Lender. No change or modification of the terms or provisions of this Mortgage shall be binding unless such change or modification is in writing and signed by an authorized official of the party against which such change or modification is to be imposed.
- 3.5 **Successors and Assigns.** The terms, provisions, conditions, covenants, and warranties contained in this Mortgage shall run with the Mortgaged Property, and shall inure to the benefit of and be binding upon Borrower and Lender, and upon their respective heirs, executors, representatives, successors, and assigns.
- 3.6 **Entire Mortgage.** This Mortgage embodies the entire agreement between Borrower and Lender, and there are no other agreements, either oral or written, between Borrower and Lender on the subject matter hereof.
- 3.7 **Severability.** If any term or provision of this Mortgage is finally judged by any court to be invalid, the remaining terms and provisions of this Mortgage shall remain in full force and effect, and they shall be interpreted, performed, and enforced as if said invalid provision did not appear herein.
- 3.8 **Waiver.** Neither the failure by Borrower, Lender, or U.S. Department of Housing and Urban Development in any one or more instances, to insist upon the complete and total observance or performance of any term or provision contained in this Mortgage, nor the failure of Borrower, Lender, or U.S. Department of Housing and Urban Development to exercise any right, privilege, or remedy conferred hereunder, or afforded by law, shall be construed as waiving any breach of such term, provision, or the right to exercise such right, privilege, or remedy thereafter.
- 3.9 **Choice of Law.** The interpretation and application of the terms and conditions contained in this Mortgage, and the enforcement of the mortgage lien, covenants, and restrictions created hereby, shall be in accordance with the laws and procedures of the State of Minnesota, as such laws and procedures may from time to time be amended.
- 3.10 **Headings.** The headings for the parts and sections of this Mortgage shall only be used for identification purposes, and shall not have any substantive effect on the actual wording contained in such section.
- 3.11 **Singular/Plural and Multiple Borrowers.** Wherever used herein, the singular number shall include the plural, and the plural the singular, and all

covenants and agreements of the multiple Borrowers shall be joint and several.

**IN TESTIMONY WHEREOF**, the parties hereto have executed this Mortgage on the day and date first above written.

**BORROWER(S)**

\_\_\_\_\_  
Borrower's Signature

\_\_\_\_\_  
(Print Borrower Name)

\_\_\_\_\_  
Co-Borrower's Signature

\_\_\_\_\_  
(Print Co-Borrower Name)

State of Minnesota }  
County of \_\_\_\_\_ } ss.

This instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_,  
(day) (month)

\_\_\_\_\_, by \_\_\_\_\_,  
(year) (Print Borrower Name) (Print Co-Borrower Name)

\_\_\_\_\_  
Notary Stamp

\_\_\_\_\_  
Notary Public Signature

(THE REMAINING PORTION OF THIS PAGE WAS INTENTIONALLY LEFT BLANK.)

Tax Statement for the real property described  
in this instrument should be sent to:

Remember to fill out name/address for  
tax statement.

\_\_\_\_\_

Borrower(s)' name

\_\_\_\_\_

Borrower(s)' new address

THIS INSTRUMENT WAS DRAFTED BY:  
Minnesota Housing Finance Agency  
400 Sibley Street - Suite 300  
Saint Paul, Minnesota 55101



# HOME Homeowner Entry Loan Program (HOME HELP) Loan Transmittal

**INSTRUCTIONS:** Deliver a copy of this form along with the following documents as specified.

Minnesota Housing Finance Agency 400 Sibley Street, Suite 300 St. Paul, Minnesota 55101	Celink 3900 Capital City Boulevard Lansing, Michigan 48906 800-761-0073
---	--

Complete fields

Minnesota Housing Lending Partner		Lending Partner Loan #	
Contact Person	Contact Phone #	Contact E-Mail	
Contact Address	Contact City	State	Zip
Borrower Last Name	Borrower First Name	MI	MHFA Loan #

Documents	Pre-Purchase Approval Stage (within 10 days of Closing)	Final Documents Stage (within 180 days of loan closing)		
<input checked="" type="checkbox"/> Deliver To:	Minnesota Housing	Servicer (Celink)	Minnesota Housing	Servicer (Celink)
<input type="checkbox"/> Final Uniform Residential Loan Application (1003)	Copy	Copy		
<input type="checkbox"/> Transmittal Summary (form 1008)	Copy			
<input type="checkbox"/> As Applicable to First Mortgage Type: Desktop Underwriter Report, FHA Loan Underwriting & Transmittal Summary (for HUD-92900-LT), Lender Portfolio Underwriting Analysis Form, Loan Prospector Report, Rural Development GUS Report, VA Loan Analysis	Copy			
<input type="checkbox"/> First Mortgage Note	Copy			
<input type="checkbox"/> First Mortgage	Copy			

Clear

<input type="checkbox"/>	HOME HELP Note, (endorsed to Minnesota Housing Finance Agency)	Copy	<b>Original</b>		
<input type="checkbox"/>	HOME HELP Mortgage	Copy			
<input type="checkbox"/>	Assignment of HOME HELP Mortgage	Copy			
<input type="checkbox"/>	HOME HELP Mortgage (recorded)			Copy	<b>Original</b>
<input type="checkbox"/>	Assignment of HOME HELP Mortgage (recorded)			Copy	<b>Original</b>
<input type="checkbox"/>	HUD-1 Settlement Statement and any attachments	Copy			
<input type="checkbox"/>	Purchase Agreement and any amendments	Copy			
<input type="checkbox"/>	Current Property Tax Statement (showing taxable market value)	Copy			
<input type="checkbox"/>	Environmental Worksheet	Copy			
<input type="checkbox"/>	Income Eligibility Worksheet	Copy			
<input type="checkbox"/>	Three months most recent paystubs (all wage earners) <b>or</b> Written Verifications of Employment (all wage earners must reflect wage rate and hours worked)	Copy			
<input type="checkbox"/>	Appraisal	Copy			
<input type="checkbox"/>	3 Years Signed Federal Tax Returns (if applicable to borrower)	Copy			
<input type="checkbox"/>	Homeownership Education Certification	Copy			
<input type="checkbox"/>	Homebuyer Agreement	Copy			
<input type="checkbox"/>	Uniform Relocation Act (URA) Property Seller Notification Eminent Domain form completed by Lender and Seller	Copy			
<input type="checkbox"/>	Vacant Foreclosed Properties (if applicable)	Copy			
<input type="checkbox"/>	Notice of Runway Clear Zones (if applicable)	Copy			

<input type="checkbox"/>	"Housing Quality Standards" Inspection report and any follow-up inspection reports	Copy			
<input type="checkbox"/>	Inspector's Invoice for property inspection	Copy			
<input type="checkbox"/>	Pre-1978 properties – Visual Assessment Report and any follow –up reports (see "Lead Based Paint Guidance" document on the website)	Copy			
<input type="checkbox"/>	Lead testing "Clearance" report (if applicable - see "Lead Based Paint Guidance" document on the website)	Copy			

Clear

Seller (Lender) warrants that it has complied with all terms, Conditions and requirements of Minnesota Housing Finance Agency's HOME HELP Program Manual, including confirmation and documentation of Borrower household income limitations and property acquisition cost limitations established for the HOME HELP program.

The documentation noted in the above checklist is complete and executed and is included in this delivery file.

All information provided to Minnesota Housing via the Single Family Mortgages Online System (SF MOS) is accurate and complete.

The property financed with HOME HELP funds meets local/ HUD Housing Quality Standards and HUD lead-based paint requirements as set forth in 24 CRF 92.355.

Complete fields.

Seller's (Lender's) Authorized Signature	Date
Print Name	Title