

Mobile Home Incentive Program

PROCEDURAL MANUAL



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An equal opportunity employer.

This information will be made available in alternative format upon request.

August 2002

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SECTION ONE - GENERAL INFORMATION

1.1 Mobile Home Incentive Program

The purpose of the Mobile Home Incentive Program is to help individuals whose mobile home was destroyed or damaged as a result of a State or Federally declared disaster.

Loans under this program can only be made if the Administrator determines that loans are not otherwise available, wholly or in part, from Minnesota Housing Finance Agency's (MHFA) Community Fix-up Fun (CFUF), Fix-Up Fund (FUF) or from another appropriate lending institution.

1.2 Mobile Home Incentive Program Manual

This Mobile Home Incentive Procedural Manual, including subsequent changes and additions issued by the MHFA, is a supplement to the Mobile Home Incentive Program Loan Agreement, executed by the Program Administrator and MHFA. It is incorporated into the Loan Agreement by reference and is part of the Loan Agreement as if it is set forth in the Loan Agreement. MHFA is under no obligation to provide funds under this program if there is not full compliance with the Manual and the Loan Agreement.

MHFA reserves the right to alter, or waive any of the requirements herein, to impose other and additional requirements and to rescind or amend any or all materials set forth in this Manual.

1.3 Contract Documents

The following documents constitute a contractual commitment between the Program Administrator and MHFA:

An executed Mobile Home Incentive Program Loan Agreement, and

This Manual and any supplements or amendments (i.e. Program Updates) that MHFA places from time to time on the MHFA website (www.mhfa.state.mn.us).

SECTION TWO – ADMINISTRATOR ELIGIBILITY AND OBLIGATIONS

2.1 Eligible Program Administrator

Any entity that is a nonprofit organization or a city may apply to be a Program Administrator. A city must meet the definition as defined in Minnesota Statutes, Section 462C.02, Subd. 6. This definition may include cities, city and county housing authorities, port authorities, and economic development authorities. The Program Administrator may contract with a Processing Entity, which will assist with the operation and implementation of the Mobile Home Incentive Program and fulfill the requirements contained in the Loan Agreement and this Manual. Program Administrators must have experience in residential housing.

The Program Administrator will be responsible for monitoring the program recipients and certifying to MHFA that applicants are within the guidelines of the program.

2.2 Commitment Amount and Term

The Program Administrator will receive a commitment of funds under which MHFA will set aside a specific amount, which will be available for a period of two years as described in the Mobile Home Incentive Program Loan Agreement.

2.3 Federal and State Regulations

Nothing in this Manual is to be construed in any way to conflict with, alter, or amend any federal or state law or regulations applicable to MHFA or the Program Administrator.

2.4 Loan Audit

MHFA has the right, upon reasonable notice and during normal business hours, to examine and audit any or all of each Program Administrator's records and accounts pertaining to any project funded with Mobile Home Incentive Loan Program funds.

In addition, the staff of MHFA may, at its discretion, monitor the Program Administrator's records pertaining to fair housing and affirmative marketing of mobile homes being funded under the Mobile Home Incentive Loan Program.

2.5 Evidence of misconduct referred to the Attorney General

All Program Administrators in the Mobile Home Incentive Program are reminded that MHFA will refer any evidence of fraud, misrepresentation, or other misconduct in connection with the operation of this program to the Minnesota Attorney General's Office for appropriate legal action.

SECTION THREE – HOME OWNER ELIGIBILITY

3.1 Mobile Home Owners are eligible for consideration for a loan under the Program if:

The Applicant occupied the mobile home as his or her principal residence prior to and on the date of the State or Federally declared disaster,

The mobile home was **destroyed or damaged as the result of the disaster**, and

The Applicant wants to purchase a new or existing mobile home or repair an existing mobile home located within the geographical area designated by the Program Administrator.

3.2 Program Income and Eligibility

To be eligible for the program, the Applicant must meet BOTH of the following:

Total annual gross household income cannot exceed 115% of State Median Income, and

Demonstrated need as determined on the Calculation of Need form.

3.3 Calculation of Gross Household Income

Gross Household income is the total of all current household income projected, at its current level, for the next 12 months. All Household income must be verified. The gross Household income cannot exceed the program income limit.

Gross Annual Income includes, but is not limited to:

Salary	Public assistance
Commissions	Dividends
Earnings from part-time employment	Interest
Bonuses	Pensions
Overtime pay	Annuities
Tips	Veterans Administration compensation
Sick pay	Unemployment compensation
Alimony	Gains on sale of property or securities
Child support	Royalties
Social Security benefits	Estate or trust income

Net rental income

Other miscellaneous income

Income received from business
activities or investments

3.4 Repayment of Deferred Loan

Applicants who receive a Mobile Home Incentive Loan must occupy the mobile home as their principle place of residence for 10 years from the date of the mortgage closing. If the mobile home is rented, sold on a Contract for Deed, title is transferred or the home ceases to be the applicant's principal place of residence prior to the end of the ten-year term, the loan will be declared immediately due and payable.

SECTION FOUR – PROGRAM REQUIREMENTS

Eligible applicants may apply for zero percent, deferred loan, up to a \$5,000 to be used for the purchase of a new or existing mobile home or to repair an existing mobile home that was damaged as a result of a State or Federally declared disaster.

4.1 Program Requirements

The purchased mobile home or home to be repaired must be located within the geographical area designated by the Program Administrator.

The assistance may be retroactive to qualified persons who have already purchased a replacement unit if the replacement unit was bought after the State or Federally declared disaster occurred and the original mobile home was destroyed or damaged in the disaster, or if the repairs completed to the mobile home were the result of damage due to the disaster and occurred after the date of the incident.

4.2 Maximum Purchase Price Limit

The maximum purchase price of a mobile home is \$95,000.

4.3 Eligible Homes

MHFA will allow the purchase of a new or existing mobile home or the repair of an existing mobile home damaged as a result of the disaster.

4.4 Donated Labor

As part of an effort to hold costs to an affordable level, the Program Administrator may wish to utilize labor provided by individuals at no cost (or at a reduced cost). MHFA does not impose restrictions on the value, type or amount of labor "donated." However, the Program Administrator must exert necessary controls to ensure competent work quality and timely completion.

SECTION FIVE – PROGRAM PROCEDURES

5.1 Application

Eligible applicants must contact the Program Administrator and complete a Mobile Home Application.

Applicants who do not meet program eligibility requirements must be notified in writing of their ineligibility, clearly stating the reason for ineligibility.

5.2 Loan Commitment

A. Prior to submission of the Loan Commitment Form, the Program Administrator must verify that:

The Applicant meets program guidelines.

The Applicant has title to the eligible mobile home or documentation that verifies the applicant rented the mobile home prior to and at the time of the disaster.

All sources of subsidy or financing are supported by a commitment letter, or comparable, to attach to the Applicant Certification - Layering Subsidies Form.

There are sufficient funds to complete the transaction.

The purchase agreement price for the purchase of a new or existing mobile home is within program guidelines.

If the mobile home will be on a permanent foundation and taxed as real property, the Borrower will be the fee simple owner, subject only to those exceptions as would be acceptable to an ordinary and prudent lender and participants in the secondary mortgage markets.

If the mobile home will be in a mobile home park and taxed as personal property, the Borrower must be named as the owner on the Certificate of Title.

Bids for repair demonstrate both feasibility of the rehabilitation as well as reasonableness of the cost.

B. To commit funds the Program Administrator must fax the Individual Loan Commitment Form and completed Homeowner's Application to MHFA at 651-215-0401 or 1-888-234-1031 during normal reservation hours, 8:30 A.M. - 3:30 P.M. Monday – Friday (except Holidays).

If funds are unavailable, or the application is unacceptable, MHFA staff will fax back the request with the reason for denial (out of funds, incomplete application,

etc.). Upon receipt of an unacceptable application the Program Administrator should review the form, correct any information and refile to MHFA.

Upon approval of the Loan Commitment Form, MHFA will authorize disbursement of funds, (loan funds plus appropriate Administrative fee) to the Program Administrator.

5.3 Closing

The Program Administrator or title company will prepare either a Deferred Loan Repayment Agreement and Mortgage (to be used when the mobile home will be on a permanent foundation and taxed as real property) or a Note- Security Agreement and Mobile Home Agreement (to be used when the mobile home is taxed as personal property). These documents are to be fully understood when signed by the applicant(s) at the closing.

The following documents must be prepared and submitted to MHFA within 60 calendar days of the loan closing:

- Duly recorded Deferred Loan Repayment and Mortgage (ONLY IF the mobile home is taxed as real property)

- Duly Executed Note – Lending Agreement and Mobile Home Security Agreement (ONLY IF the mobile home is taxed a personal property)

- Copy of Certificate of Title (Original is sent to Department of Public Safety)

- Copy of Form PS-2017-01 Department of Public Safety. The original must be sent to the Department of Public Safety.

5.4 Program Funds Management

All funds received by the Program Administrator must be deposited in an escrow account until disbursement. If the escrow account contains funds other than for the Mobile Home Incentive Program, a separate ledger must be maintained that indicates the following:

- Date funds received

- Date funds deposited

- Date funds disbursed

5.5 Records Retention

The Program Administrator is responsible for preparing a complete and accurate loan file. The following documents must be retained in each file in the order stated:

The original Application

Verification of Income

Copy of the Calculation of Need Form

Applicant Certification-Layering of Subsidies Form

Loan Commitment Form

Copy of the recorded Deferred Repayment Agreement and Mortgage, if applicable

Copy of the executed Note-Security Agreement and Mobile Home Security Agreement, if applicable

Copy of the Certificate of Title

Other documentation as may be appropriate

DEFINITIONS

ADJUSTED GROSS INCOME

Adjusted Gross Income means the Gross Annual Income of all residents of a Household, age 18 or older, from all sources and before taxes or withholding, after deducting the following:

ADMINISTERING ENTITY or PROGRAM ADMINISTRATOR

An Administering Entity also referred to as an Administrator is a nonprofit, incorporated organization or a governmental entity with which MHFA, in its sole discretion, enters into a contract for local administration of the Rehabilitation Loan Programs. Examples of eligible Administering Entities include:

- i. An incorporated municipality or county.
- ii. A local Housing and Redevelopment Authority.
- iii. A community action organization.

ADMINISTRATIVE ALLOWANCE

The Administrative Allowance is that portion of total funding approved by MHFA to defray costs or expenses of the Administrator in administering the Program. The determination of the Administrative Allowance and the methods of its disbursement are specified in Chapter One of this Procedural Manual.

APPLICANT

Applicant means an individual or Household that makes an application and meets the requirements of the Rehabilitation Loan Programs.

ASSETS

Assets mean the cash value of assets held by all residents 18 years of age and older of the Household. The cash value is defined as the current market value of the item minus the existing indebtedness on that item.

AUTHORIZED SIGNATORY

Authorized Signatory means an employee of the Administering Entity who has been specifically trained by MHFA to close loans and make all certifications required by such closings.

BORROWER

Borrower means one or more persons who apply for and receive a loan in conformance with the requirements of this Procedural Manual.

DWELLING UNIT

Dwelling Unit means a housing unit that includes self-contained cooking, sleeping, and bathroom facilities.

GROSS ANNUAL INCOME

Gross Annual Income means the income from all sources and before taxes and withholding of all residents of the Household, age 18 and over, that is anticipated to be received during the 12 months following the date of application for the loan, and either the income of a nonresident spouse or payments a nonresident spouse is required to make under separate maintenance agreement, or evidence satisfactory to the Agency that payments are not being made. Gross Annual Income for self-employment or other variable sources of income are projected using an average from the two most recent calendar years.

HOUSEHOLD

Household means an Applicant/Borrower and any other residents who occupy a room or rooms constituting a principal residence.

IDENTIFICATION NUMBER

A unique number used by MHFA to identify each Administrator.

LOAN FUNDING AGREEMENT

Loan Funding Agreement means the agreement between MHFA and the Administrator, which governs the administration of the Rehabilitation Loan Program.

LOAN PACKAGE

The Loan Package means a loan application delivered to MHFA including all documents required by Section Five of the Procedural Manual.

LOW OR MODERATE INCOME

This is the Gross Annual Income limit for the Mobile Home Incentive Program as stated in Section Three.

MHFA

MHFA or Agency means the Minnesota Housing Finance Agency.

MOBILE HOME APPLICATION

MHFA Homeowner Application for Mobile Home Loans executed by an Applicant for a loan.

MOBILE HOME INCENTIVE LOAN PROGRAM

Mobile Home Incentive Loan Program provides the funding to Administrators to enable them to process the Mobile Home Loans to individual Applicants.

MOBILE HOME INCENTIVE LOAN

Mobile Home Loan means the commitment of funds on behalf of Borrowers for the purpose of making eligible improvements to eligible properties or for the purchase of an existing or new mobile home. All loans shall be loans without interest or periodic payments, which must be repaid as specified in the Repayment Agreement and Mortgage or the Note-Security Agreement and Mobile Home Security Agreement in the event the property upon which the improvements are located is sold, transferred, or otherwise conveyed, or ceases to be the Borrower's principal place of residence within ten years of the date of the loan.

NOTE – LENDING AGREEMENT AND MOBILE HOME SECURITY AGREEMENT

A legal document, which evidences indebtedness for, proceeds of the loan and places a lien on the property to secure the indebtedness. It states the term and conditions of the indebtedness.

PRINCIPAL RESIDENCE

Principal Residence means the property which the Borrower regularly occupies as a residence for at least nine months of the year and where the Borrower has resided for at least six months prior to application for a loan (except where extraordinary circumstances have made the property temporarily uninhabitable).

PROPERTY

Property means a structure designed for residential use and the real estate upon which it is located.

REHABILITATION

Rehabilitation refers to the necessary repairs to be completed on the Applicant's property.

REPAYMENT AGREEMENT AND MORTGAGE

A legal document, which evidences indebtedness for, proceeds of the loan and places a lien on the property to secure the indebtedness. It states the term and conditions of the indebtedness.

RESIDENT

Resident means a person, other than a renter, living in the Household for at least nine months of the year, or a person who is claimed as a dependent for income tax purposes.