

2014 Entry Form
(Complete one for each entry.)

Fill out the entry name *exactly* as you want it listed in the program.

Entry Name _____

HFA _____

Submission Contact _____

Phone _____ **Email** _____

Qualified Entries must be received by **Tuesday, July 1, 2014.**

For more information about Qualified Entries, [click here to access the 2014 Entry Rules.](#)

Use this header on the upper right corner of each page.

HFA _____

Entry Name _____

Communications	Homeownership	Rental Housing	Special Needs Housing
<input type="checkbox"/> Annual Report <input type="checkbox"/> Promotional Materials and Newsletters <input type="checkbox"/> Creative Media	<input type="checkbox"/> Empowering New Buyers <input type="checkbox"/> Home Improvement and Rehabilitation <input type="checkbox"/> Encouraging New Production	<input type="checkbox"/> Multifamily Management <input type="checkbox"/> Preservation and Rehabilitation <input type="checkbox"/> Encouraging New Production	<input type="checkbox"/> Combating Homelessness <input type="checkbox"/> Housing for Persons with Special Needs
Legislative Advocacy	Management Innovation	Special Achievement	Are you providing visual aids?
<input type="checkbox"/> State Advocacy <input type="checkbox"/> Federal Advocacy	<input type="checkbox"/> Financial <input type="checkbox"/> Human Resources <input type="checkbox"/> Operations <input type="checkbox"/> Technology	<input type="checkbox"/> Special Achievement	<input type="checkbox"/> YES <input type="checkbox"/> NO

Minnesota Housing's Home Improvement "Year of the Partnership"

Minnesota Housing has offered its home improvement loan program, Fix Up loan program, since 1976. *See Exhibit 1 for more detailed information.* In addition to Fix Up, Minnesota Housing offers the Community Fix Up loan program, a companion that allows local communities to customize the Fix Up product to suit their local needs. Local communities can partner with Fix Up lenders¹ to write-down the interest rate – all the way to zero if necessary – and/or provide a value-added service.

After making significant program enhancements² to ensure Fix Up remains relevant to Minnesota homeowners, this past year could be characterized as the "Year of the Partner". Building on our efforts of continuous improvement, this year we turned to our partners in the spirit of cooperation, flexibility and concern for the issues of the local community. We began three collaborative initiatives:

1. Provide funds to discount Community Fix Up loans for the express purpose of providing better service to lower income households and addressing their local needs
2. Promote energy efficiency
3. Remove credit barriers to unsecured lending in the hardest hit neighborhoods of Saint Paul

Provide funds to discount Community Fix Up loans

We set aside \$500,000 for the Targeted Home Improvement Pilot (THIP). *See Exhibit 2 for more detailed information.* This program provides funding through a Request for Proposal process for Fix Up lenders to discount the Community Fix Up interest rate for the express purpose of providing better service to lower income households and addressing their local needs. *See Exhibit 3 for a copy of the Targeted Home Improvement Pilot Application.*

We noticed an income service gap between those served by our two existing home improvement programs: the Fix Up Program³ (median income of those served is \$61,000) and the Rehabilitation Loan Program⁴ (median income of those served is \$14,000). *See chart below.* As a result, the Targeted Home Improvement Pilot prioritized proposals that served households with incomes between \$20,000 and \$49,500.⁵

¹ Minnesota Housing does not lend directly to consumers, but acts as a secondary market. An extensive network of over 100 contracted lending partners originates loans meeting Fix Up guidelines. Lenders utilize their own normal, prudent underwriting standards – at a minimum they must follow the Fix Up credit requirements. Those loans are then sold to Minnesota Housing for servicing. The partnerships have resulted in over 39,000 loans totaling almost half billion dollars since 1995.

² In 2012 and 2013, a thorough product review was conducted to ensure our Fix Up loan product was competitive and continued to address Minnesota's housing needs. Data and input was gathered from a variety of internal and external sources including other state housing finance agencies and program lending partners. As a result, several program changes were made to make the Fix Up loan more mission-driven, user-friendly and competitive including: the introduction of unsecured loans; increasing the secured loan maximums to \$50,000; and, more appropriate lender compensation.

³ Fix Up provides below-market home improvement loans on either a secured or an unsecured basis. The current interest rate is 5.99% for secured loans and 6.99% for unsecured loans. A borrower can select a repayment term of up to 20 years, which allows the borrower to customize their monthly payment to their ability to repay. The income limit is \$96,500.

⁴ The Rehabilitation Loan Program provides deferred, interest-free loans to low-income homeowners. Loans must be for improvements that directly affect the safety, habitability, or energy efficiency of the home. The income limit is \$24,900 for a family of four.

⁵ According to the 2012 American Community Survey, there are about 351,000 such households in Minnesota. More than 40% of these households are housing cost-burdened, meaning they pay more than 30% of their income for housing costs.

Under the RFP process, proposals were due in early 2014 and were scored and ranked based on the following criteria:

1. Appropriately identified community need and/or goal;
2. Linkage to one or more of the Agency's funding priorities;
3. Types of home improvements;
4. Leverage;
5. Service to low-income populations;
6. Ability to measure community impact;
7. Marketing and outreach; and,
8. Organizational capacity.

Twelve lenders were selected and we anticipate the pilot will result in about 170 Community Fix Up loans totaling \$2,950,000. Lenders proposed discounted interest rates ranging from 0% to 4%. In Greater Minnesota, a common theme was the pilot and the Community Fix Up Loan Program being used as a match to the Small Cities (CDBG) program, which pairs well with our income targeting.

Two of the more unique proposals were from the Hutchinson HRA and the Southwest Minnesota Housing Partnership. Hutchinson HRA linked their recently-enacted nuisance ordinance to the THIP while also targeting homes in need of roof replacements and homes in their Small Cities target area. Southwest Minnesota Housing Partnership proposed helping large immigrant families expand the size of their current homes, which will allow them to stay in the region's job centers. This would eliminate the need to buy a larger home in a location farther from a job center, thereby reducing their transportation costs.

Promote and incentivize energy efficiency

We also teamed up with the Minnesota Department of Commerce to create an energy efficiency loan program. The agencies share the goal of reducing energy use in the residential sector, and residential buildings are one of the best opportunities for reducing energy consumption. Single family homeowners have a unique interest in reducing their home's energy use in order to realize savings, while also improving their home's livability.

The energy efficiency loan program allows homeowners to access unsecured loans. Unsecured loans are desirable to homeowners who may not have a lot of equity in their property due to the economic downturn, or homeowners such as seniors, who may be reluctant to add another lien to their property. The energy efficiency loan program is being offered at a 4.99% interest rate as a way to incentivize energy efficiency upgrades (Fix Up's regular unsecured interest rate is 6.99%).

To make this happen, Commerce first held discussions with our finance team to understand what structure could work well for creating a sustainable residential energy efficiency program. Because of our strength in the financial community and the U.S. Department of Energy (DOE)'s new Financial Program Reporting tool, an innovative solution emerged. Commerce pledged its remaining American Recovery and Reinvestment (ARRA) funds to cover the first \$1 million of losses associated with the energy efficiency loan program. Since losses won't occur immediately, Commerce didn't need to fully commit the \$1 million in DOE's Financial Program Reporting tool. As a result, Commerce is able to use the uncommitted portion for other energy projects until such time as the funds are needed to cover loan losses. This unique approach could be replicated by other states or by local government agencies that have similar goals and lending resources available.

Minnesota Housing
Energy Enhancements for Fix Up Loan Program

The loan loss reserve will allow us to purchase up to \$10 million of energy loans with the following characteristics:

- 4.99% rate;
- Unsecured;
- Maximum loan amount of \$15,000;
- Maximum term 10 years (minimum 3);
- Minimum FICO score of 680;
- No Income Limit (consistent with the Fix Up's secured energy loan option); and,
- Broad definition of energy improvements (consistent with the Fix Up's secured energy loan option). *See Exhibit 4 for a list of eligible improvements.*

Lastly, this initiative leverages Commerce's Energy Savings Platform (ESP), a software program developed by Commerce that uses complex algorithms to quantify the energy savings of the utility companies under the Conservation Improvement Program (CIP). This initiative marks the first time the software has been used outside of CIP and demonstrates the expanded use, which increases the return on investment of the ESP.

Homeowners agree to share information about their home and the energy efficiency upgrades so that a calculated energy savings can be calculated and reported. Homeowners also work with their home improvement contractors to gather information related to the amount of funds spent on labor and the number of hours it will take to complete a job. This information will be helpful in reporting the energy savings and the "green" job creation aspects of this initiative.

Remove credit barriers to unsecured lending in the hardest hit neighborhoods of Saint Paul

The Housing and Redevelopment Authority of the City of Saint Paul (HRA) will pledge \$400,000 to cover loan losses for an unsecured loan program to help homeowners in Saint Paul's hardest hit neighborhoods. The housing values in these neighborhoods have not recovered to the extent other neighborhoods in the city have. As such, homeowners have limited equity, which restricts their home improvement financing options. At the same time, these neighborhoods are home to the majority of the city's low-income households – many of whom have less than perfect credit. Providing these households with home improvement financing will not only help them, but should aid the City in its continued efforts to stabilize these neighborhoods.

The loan loss reserve will allow Minnesota Housing to purchase up to \$2.3 million of loans with the following characteristics:

- 6.99% rate; 6.49%, if auto-pay;
- Unsecured;
- Maximum loan amount of \$15,000;
- Maximum term 10 years (minimum 3);
- FICO score above 620, but below 679 (scores of 680 and above will go to Fix Up's regular unsecured loan); and,
- Fix Up income limit will apply.

Fix Up Loan Program Features and Program Summary



TOPIC		SECURED LOANS		UNSECURED LOANS	
		Available exclusively for Energy Conservation and/or Basic Accessibility Improvements			
Income Limit	Subordinate Lien	\$96,500	No income limit	\$96,500	No income limit
	1st Lien	5.99% as posted on www.mnhousing.gov	4.99%	6.99%	4.99%
Maximum Loan Amount		\$50,000	\$15,000	\$15,000	\$15,000
Minimum Loan Amount		\$2,000	\$2,000	\$2,000	\$2,000
Maximum Repayment Term		Up to \$10,000: 10 years \$10,001 - \$50,000: 20 years	Up to \$10,000: 10 years \$10,001 - \$15,000: 20 years	10 years	10 years
Minimum Repayment Term		1 year	1 year	3 years	3 years
Loan to Value		Up to 110% of after improved value			
Eligible Improvements		<p>Improve the basic livability or energy efficiency of the property, including additions, alterations, renovations and/or repairs, or bring a property into compliance with housing maintenance codes or other public standards applicable to housing.</p>	<ul style="list-style-type: none"> • Basic energy conservation: Energy Star rated furnace, air conditioner, water heater, windows, light fixtures; insulation; air sealing • Basic accessibility: Ramp; widening doorways/hallways; moving electrical outlets and switches, modifying hardware; installing fire alarms, smoke detectors and other alerts; handrails, grab bars, stair lifts; and bathroom fixture modifications • For more expansive projects than items listed, use the regular Fix Up, Secured or Unsecured option 	<p>Improve the basic livability or energy efficiency of the property, including additions, alterations, renovations and/or repairs, or bring a property into compliance with housing maintenance codes or other public standards applicable to housing.</p>	<p><i>Basic energy conservation:</i> Energy Star rated furnace, air conditioner, water heater, light fixtures; insulation; air sealing; Energy Star windows</p>
		<ul style="list-style-type: none"> • Combined secured and unsecured Fix-up loan balances cannot exceed \$50,000 • May consolidate balance of previously received Fix Up loan 	<ul style="list-style-type: none"> • Combined unsecured loan balances cannot exceed \$15,000 • Combined secured and unsecured Fix Up loan balances cannot exceed \$50,000 • May not consolidate balance of previously received Fix Up loan 	<ul style="list-style-type: none"> • 6.49% - Borrowers must choose to sign up for Monthly Automatic Payment ("auto debit") at closing 	N/A
Combined Loan Balance/ Loan Consolidation Limits		<ul style="list-style-type: none"> • Combined secured and unsecured Fix-up loan balances cannot exceed \$50,000 • May consolidate balance of previously received Fix Up loan 			
Auto-Pay Incentives		N/A			

*Minnesota Housing interest rates are subject to change. The interest rates listed in this reference sheet are correct as of the revision date of this sheet. Please visit our website at www.mnhousing.gov for the most current effective interest rates.

TOPIC		SECURED LOANS		UNSECURED LOANS	
		<i>Available exclusively for Energy Conservation and/or Basic Accessibility Improvements</i>		<i>**Available exclusively for Energy Conservation</i>	
Lender Compensation	Minnesota Housing Processing Fee	\$400		\$250	
	Origination/ Allowable Fees	1 % origination fee and other eligible costs (see Procedural Manual)		Lender can not charge origination fee. See Procedural Manual for allowable fees.	N/A
Minimum Credit Score (borrower and co-borrower)		<ul style="list-style-type: none"> • 620 • Alternate credit option when borrower does not have score 		<ul style="list-style-type: none"> • 680 • Alternate credit option not available 	
Bankruptcy Requirements		Minimum 18 months following discharge of Chapter 7 or completion of repayment plan on Chapter 13			
Foreclosure Requirements		Minimum 18 months following completion of Redemption Period			
Loan Documentation		No older than 120 days			
Debt to Income		48%			
Documentation of Property Ownership		Documented contact with County Recorder/Registrar of Title or with an Owners and Encumbrances Report		Property tax statement and a copy of the homeowner's deed	
Prepayment Penalty		No			
Type of Note		Secured. Includes reference to MN State Statute 47.20		Unsecured OR Unsecured with Automated Payment. Includes reference to MN State Statute 334.01A	
Resources	<p><i>Homeowner Labor Agreement:</i> Executed by borrower when loan proceeds are for a "materials only" item, and the borrower will be responsible for the work.</p>	<ul style="list-style-type: none"> • <i>Homeowner Labor Agreement:</i> Executed by borrower when loan proceeds are for a "materials only" item, and the borrower will be responsible for the work. • <i>Accessibility Evaluation Form for Reduced Interest Rate:</i> Request prior approval on an item not listed in procedural manual • <i>Energy Improvements for Reduced Interest Rate:</i> Resource for establishing product eligibility 	<p><i>Homeowner Labor Agreement:</i> Executed by borrower when loan proceeds are for a "materials only" item, and the borrower will be responsible for the work.</p>		

***This project was made possible by a grant from the U.S. Department of Energy and the Minnesota Department of Commerce through the American Recovery and Reinvestment Act of 2009 (ARRA). This product option will be available beginning May 1, 2014.*

This reference sheet does not contain all the information needed to originate loans for sale to Minnesota Housing. See the Minnesota Housing Fix Up Loan Program Procedural Manual at www.mnhousing.gov for complete information.





Targeted Home Improvement Pilot

PROGRAM CONCEPT

BACKGROUND

Minnesota Housing currently has two pipeline programs to serve the home improvement needs of Minnesota homeowners.

The Fix Up Program provides below market home improvement loans on either a secured or an unsecured basis. The current interest rate is 5.99% for secured loans and 6.99% for unsecured loans. A borrower can select a repayment term of up to 20 years, which allows the borrower to customize their monthly payments to their ability to repay. The Community Fix Up Program is a companion program. It offers local lenders and their community partners the opportunity to customize the Fix Up Program to serve local community needs through either a value-added service or a discounted (interest rate write-down) loan. Local lenders and their community partners propose Community Fix Up Initiatives to Minnesota Housing. Together, the Fix Up and Community Fix Up programs serve homeowners with a median income of \$61,000 – well below the household income limit of \$96,500.

The Rehabilitation Loan Program provides deferred, interest-free loans to low-income homeowners. Loans must be for improvements that directly affect the safety, habitability, livability, or energy efficiency of the home. The Rehabilitation Loan Program serves households with a median income of \$14,000.

Minnesota Housing's programs serve a need not filled by the market, especially in the context of low- and moderate-income homeowners. Per data provided under the Home Mortgage Disclosure Act, overall home improvement lending to lower income households in Minnesota has declined over the last several years. The share of home improvement loan originations made to borrowers with incomes less than \$100,000 dropped to 67% in 2012 compared to 72% in 2011 and the recent historical average of 75%. In short, low- and moderate-income homeowners have been unable to take advantage of historically low interest rates and current financing opportunities offered by traditional lenders.

OBJECTIVE

The Targeted Home Improvement Pilot (THIP) targets households with incomes between those served by the two existing programs referenced above and focuses on communities with lower-income residents and older housing stock. The income limit for the Pilot is 80 percent of Twin Cities Metro Area median income, applied statewide. This translates into a household income limit of \$66,000.

Minnesota Housing has set aside \$500,000 to discount the Community Fix Up interest rate as part of the 2014 Affordable Housing Plan. The goal of the Pilot is to serve approximately 200 low- and moderate-income homeowners.

The Pilot will be implemented by eligible administrators, who will be selected through a Request for Proposals (RFP) process. An eligible administrator is either a current Fix Up Program lender or an entity who partners with a current Fix Up Program lender. An eligible administrator will propose a local initiative that will address a local need, and the lender will originate the Community Fix Up loans to be discounted.

TARGETED HOME IMPROVEMENT PILOT TERMS

- Pilot funds will be provided to administrators as an eligible activity of the Community Homeownership Impact Fund (see chapter 4.01 of Community Homeownership Impact Fund Procedural Manual, formally known as Community Revitalization Fund (CRV)). As such, the requirements of the Community Homeownership Impact Fund must be followed.
- Pilot funds must be used to discount the interest rates of Community Fix Up loans. Community Fix Up loans are secured loans that meet the requirements of the Fix Up Program (see chapters 4.01, 4.02 and 5.01 of Fix Up Program Procedural Manual).
- Interest rates can be discounted from the Community Fix Up program rate of 5.75% to any of the following allowable rates listed in the table below, but, in order to meet the program service goal identified in the 2014 Affordable Housing Plan of 200 loans, the typical initiative proposal should seek to write down the interest rate to as low as 3.00%. Using the current Community Fix Up loan characteristics (average loan amount of \$17,150 and average loan term of 156 months or 13 years), the following chart represents achievable loan production at certain discount rates:

Loan Discounted To	Write Down Required	Total Number of Loans
5.50%	\$233	2,140
5.00%	\$700	710
4.50%	\$1,163	430
4.00%	\$1,617	305
3.50%	\$2,064	240
3.00%	\$2,504	200
2.50%	\$2,935	170
2.00%	\$3,359	145
1.50%	\$3,775	130
1.00%	\$4,183	120
0.50%	\$4,583	105
0.00%	\$4,975	100

- Minnesota Housing will consider, on a limited basis, proposals that discount the interest rate below 3.00%. In such instances, there must be a reasonable justification of need that aligns with Minnesota Housing’s priorities and/or additional leverage to bridge the gap of funding necessary to reach an increased write-down.

Example 1: An administrator proposes to discount a loan to 1.00% for households in its target area. The administrator can use \$2,504 of Pilot funds (allowable amount to discount

Exhibit 2

the loan to an interest rate to 3.00%), but would need to provide another leverage source to cover the additional \$1,679 necessary to discount the loan to 1.00%.

Example 2: An administrator proposes to discount a loan to 1.00% for households earning less than 50% of area median income and who live in a neighborhood with a high foreclosure rate that negatively impacts housing values. If approved for funding, the administrator could use \$4,183 of Pilot funds to get to the write-down amount necessary for the 1.00% loan.

- For more information on how to layer Pilot funding with Community Fix Up and the discount loan process, please review the following [On Demand Training](#).

BORROWER ELIGIBILITY

- Must have household income at or below 80 percent of Twin Cities Metro Area median income, currently \$66,000. This household income limit applies to all proposals, statewide. However, Minnesota Housing will **prioritize** proposals that serve borrowers whose household income is at or below 60 percent of Twin Cities Metro Area median income, currently \$49,500.
- Must meet the Household Eligibility requirements found in Chapter 2 of the Community Homeownership Impact Fund Program Procedural Manual *with the exception of 2.06 and 2.07 (which address income calculation)*. **The income calculation requirements found in Section 2.08 of the Fix Up Program Procedural Manual will apply to this Pilot.** Eligibility income is calculated using the gross annual projected income of borrowers; borrowers' spouse, if any; and, any other household resident who has ownership interest in the property to be improved.
- Must meet the Borrower Eligibility requirements found in Chapter 2 of the Fix Up Program Procedural Manual.
- Must have reasonable ability to repay the discounted Community Fix Up loan and meet the Fix Up lender's normal and prudent written underwriting standards utilizing the minimum Credit Requirements found in Chapter 4.06 of the Fix Up Program Procedural Manual.

PROPERTY ELIGIBILITY

- Must meet the definition of Qualified Dwelling Unit found in Chapter 3.01 of the Community Homeownership Impact Fund Program Procedural Manual.
- Must meet the Property Eligibility requirements found in Chapter 3 of the Fix Up Program Procedural Manual.

IMPROVEMENT ELIGIBILITY

- Must meet the eligible improvement requirements found in Chapter 4 of the Fix Up Program Procedural Manual.

ELIGIBLE ADMINISTRATORS

- Cities;
- Housing and redevelopment authorities;
- Joint powers board established by two or more cities;
- Federally recognized American Indian Tribe or subdivision located in Minnesota or tribal housing corporation;
- Non-profit entities;
- For-profit entities.

PROGRAM LENDER COMPENSATION

- Fix Up Program lender will be compensated per the secured loan compensation for each secured Community Fix Up loan purchased by the Agency, which includes a processing fee of \$400 for each Community Fix Up loan and up to a 1% origination fee. Other fees and services can be charged to the borrower and in some cases financed in the loan. See Chapter 1.08 of the Fix Up Program Procedural Manual for more details.
- Administrators will not be paid additional fees for administering the amount of funds allocated for discounting Community Fix Up loans.

REQUEST FOR PROPOSAL (RFP)

- Minnesota Housing will seek initiative proposals from interested eligible administrators through an RFP. Approvals will be brought to the Agency’s board per the normal Community Fix Up Initiative approval process. The anticipated schedule is as follows:

RFP Released	11/25/2013
RFP Due	1/10/2014
Selections to Board	2/27/2014

- Additional RFPs will be made available if funding allows.
- The RFP will utilize the existing Proposal for Community Fix Up Initiative application process, where the Community Fix Up Program lender will outline the details of the proposed initiative.
- In an addendum to Proposal for Community Fix Up Initiative, the applicant will provide information about its eligibility as a Pilot administrator, the details about the nature of its proposed initiative including the targeting to be used, and the justification of the need for a write-down.
- Eligible targeting includes:
 - To areas in need of Community Recovery – Target areas with lower median household incomes (below \$44,850 in the seven-county Twin Cities Metro Area or below \$46,500 in Greater Minnesota), older housing stock (built before 1950), and higher than average declines in home sales prices (between 2007 and 2012).

Exhibit 2

- To areas in need of Foreclosure Remediation – Target areas with higher than average rates of foreclosure and/or vacant properties due to foreclosure.
 - To needs identified in a cooperatively developed plan;
 - To provide financing to allow seniors to age in place or to be used as gap financing for projects partially funded with the Elderly Waiver program or other programs designed to assist seniors to age in place;
 - To specific improvements such as code violations, health and safety improvements, accessibility improvements and energy improvements (if energy improvements, must detail how a write-down below the 4.99% incentive rate is necessary); and
 - To other defined needs specific to the local target area, as documented with supporting data. Minnesota Housing’s [Community Profiles](#) data and mapping tool may be helpful in identifying and characterizing needs.
- Geographic areas are defined by the applicant.
 - Minnesota Housing provides resources, including maps and lists, of areas in the state meeting the [Community Recovery](#) and [Foreclosure Remediation](#) priorities.
 - Proposals must include a plan for outreach and marketing to ensure the funds reach the intended households while addressing the identified community need.
 - Proposals must identify how the applicant will measure the impact the funds will have on addressing the community need.

FUNDING

Funds will be awarded to selected qualifying proposals with funding amounts varying, based on the scores received pursuant to the Scoring Guidelines and amounts needed to serve the need identified in the proposal.



Proposal for Community Fix Up Initiative

Submit completed proposal to *Minnesota Housing Finance Agency, Single Family Division, 400 Sibley Street, Suite 300, St. Paul, MN 55101*. For program information, refer to the *Community Fix Up Loans Program Concept* on the Minnesota Housing web site: <http://www.mnhousing.gov/partners/lenders/become/index.htm>

Fix Up Lender Information:

Organization Name: _____

Address: _____

Contact person: _____

Phone Number: _____

E-mail address: _____ Fax Number: _____

Community Partners:

Identify community partnership(s) formed for leveraged funds and/or value-added incentives and services. Include letters of support from each partner that demonstrate the partner’s knowledge of the proposed Community Fix Up Initiative and specifies the partner’s contribution to the initiative.

Organization Name: _____

Address: _____

Contact person: _____

Phone Number: _____

E-mail address: _____ Fax Number: _____

Partner Contribution:

Organization Name: _____

Address: _____

Contact person: _____

Phone Number: _____

E-mail address: _____ Fax Number: _____

Partner Contribution:

(Add additional pages for partnerships as necessary.)

Initiative Information:

1. Identify the specific geographic area, census tract(s) and the projected number of eligible households within the geographic area.
2. Describe the targeted community need(s) and/or goal(s) to be addressed with the Community Fix Up initiative. Please provide relevant supporting data to demonstrate the need. Examples of data include, but are not limited to, housing price trends, foreclosure and vacancy statistics, changing lending practices, borrower characteristics, etc.
3. What types of rehabilitation do you anticipate will be completed? What are the typical costs associated with these types of rehabilitation? How do these types of rehabilitation address the targeted community need(s) and/or goal(s) identified in question 2?
4. Describe and quantify leveraged funding sources and/or value-added incentives or services for the initiative along with eligibility criteria and rationale. If the initiative proposal includes interest rate write-downs (discount loans), specify the source of the leverage to pay the discount, the rate(s) that will be used, and the borrower criteria to determine eligibility for the rate(s).
5. Identify the availability of other subsidized or support programs in the area such as Community Development Block Grants and Neighborhood Revitalization Programs and how the programs will partner with the Community Fix Up initiative.
6. State whether current program limits will be used for household income and loan amount, or specify reduced limits and the criteria and rationale.
7. Provide a summary statement about the role this initiative will serve in preserving Minnesota's existing affordable housing stock.
8. Identify the benchmarks for success for the initiative including the estimated Community Fix Up loan volume (\$), the estimated number of Community Fix Up loans (#), and the estimated average loan size.

Marketing Information:

9. Provide an itemized marketing and outreach plan for reaching the targeted eligible households. This should include outreach activities, partnerships with other organizations, media resources such as radio, television and print, and the scheduling and frequency of the marketing and outreach.

For Renewals Only:

10. Did the initiative achieve the benchmarks for success identified in the previously approved Proposal for Community Fix Up Initiative? Describe how. If not, what were the lessons learned and how does this Proposal incorporate changes to ensure future benchmarks for success are attained?

Certification of Lead Organization:

The undersigned hereby certify that the information contained herein is true and correct and that all partners understand and participated in the creation of the proposal:

Organization Name: Contact Person:

Date: _____

Signature: _____



Targeted Home Improvement Pilot (THIP) Addendum Application

NOTE: The Proposal for Community Fix Up Initiative and this THIP Addendum Application must be received at Minnesota Housing's office no later than Noon on January 10, 2014.

THIP Administrator Information

If different from the Fix Up Lender or Community Partner identified on page 1, please identify the administrator for the Targeted Home Improvement Pilot:

Organization Name: _____

Address: _____

Contact person: _____

Phone Number: _____

E-mail address: _____ Fax Number: _____

Federal Tax ID: _____

State Tax ID: _____

THIP Funding Request

Amount of THIP Grant Funds Requested: \$

Anticipated Discounted Interest Rate: %

Anticipated (average) per loan Discount: \$

Anticipated Number of Community Fix Up Loans:

Anticipated Community Fix Up Loan Volume: \$

If the anticipated discounted interest rate is less than 3.00%, please provide reasoning as to why a lower interest is required to meet the identified community need(s) and/or goal(s).

Funding Preferences

Instructions: Funding preference will be given to applicants that address one of the following: Foreclosure Remediation, Community Recovery, the needs identified in a Cooperatively Developed Plan, or other need supported by data. Answer the questions in the following section as applicable to your initiative.

For additional information about THIP, please refer to the Program Concept.

To complete this Addendum, consider referencing [Minnesota Housing's Community Profiles](#). This is an interactive web-based tool that provides information to assess local housing needs.

Foreclosure Remediation

- Foreclosure Priority Areas are 158 residential zip codes (out of 883 statewide) identified by Minnesota Housing with the greatest foreclosure need. See map in [Minnesota Housing's Community Profiles](#).
- *Alternative foreclosure need area* – An applicant working outside of one of the high need Foreclosure Priority Area zip codes can still receive credit for the foreclosure priority if the development is in a community or neighborhood with at least a 7.5% sheriff-sales rate in the Twin Cities Metro area or 5% in Greater Minnesota.

The data methodology for the High Need Foreclosure Priority areas as well as Alternative foreclosure need areas, can be found at [here](#).

11. Does your proposed target area(s) geographically coincide with Minnesota Housing's high need Foreclosure Priority Area(s), **at least in part?** **Yes** **No**

- If yes, check the box describing the target area geographic overlap with (a) MN Housing high need Foreclosure Priority Area(s): Partial or Complete .

12. Select a or b:

- a. Rehabilitate owner-occupied homes that are located in a designated high need Foreclosure Priority area.

What is/are the Priority Area zip code(s)? .

OR

- b. Rehabilitate owner-occupied homes; the homes are not located in either a designated high need Foreclosure Priority Area zip code(s)

Community Recovery

Community Recovery Areas are communities with lower median household incomes, older housing stock, and higher than average declines in home sales prices likely to need public investment to recover. To be eligible for community recovery priority, census tracts must achieve two of these three criteria. See methodology document found [here](#) for more information.

The Community Recovery Priority area map can be found in [Minnesota Housing's Community Profiles](#).

13. What is/are the Community Recovery Census tract(s) to be served? .

14. Do the proposed target area boundaries as described in #1 above geographically coincide with a Community Recovery Priority Area?

- a. Target area is entirely within a Community Recovery Priority Area **OR**
- b. Target area is partially within a Community Recovery Priority Area (at least a 50% geographic overlap) **OR**
- c. Target area does not geographically overlap with a Community Recovery Priority at all .

Cooperatively Developed Plan

A cooperatively-developed plan is a community supported plan that encompasses multiple affordable housing and related service initiatives in a geographically defined area that is developed through the cooperation and input of a city or county (or instrumentality thereof) or a regional unit of government and one or more of the following entities: a neighborhood group or community group; housing providers; and housing funders.

If the area you intend to serve has a Cooperatively Developed Plan, please answer the following question.

15. Describe the geographically-defined area(s) to which the Cooperatively Developed Plan applies and summarize the scope of the affordable and/or workforce housing needs identified in it. Please also describe the connection between these articulated needs and your proposed write-down initiative.

Serving Other Community Needs

16. Please define and characterize any other community needs that will be addressed with this initiative, and document these with data. Examples include, but are not limited to, a high population of homeowners with limited mobility; a high population of fixed income homeowners; homes occupied by larger families where additional space is needed; a predominance of older roofs/siding in the housing stock; neighborhood areas traditionally underserved by home improvement lenders; etc.

Serving Low-Income Populations

17. Will the proposed initiative set a lower household income limit below the maximum income limit of the THIP (80% of Area Median Income)? Yes No

If yes, indicate the lower income limit to be used by the proposed initiative as:

% of Area Median Income: %

Income Figure: \$

Measuring Community Impact

18. How will you measure the impacts that the strategy has in meeting the need in terms of:
- Immediate impacts on housing unit or households, within two years:
 - The longer-term impacts on subpopulation(s) or community, within 3-5 years:



Fix Up Loan Incentive Rate Energy Conservation

Eligible Improvements

A reduced interest rate is available when loan proceeds will be used exclusively for the eligible improvements listed below, and when the borrower meets all other loan eligibility criteria. Bids and estimates for proposed improvements must identify product eligibility as indicated in the documentation column below.

Energy Conservation Improvements

Eligible Energy Improvement	Required Information in Bids/Estimates
Programmable Thermostat	<ul style="list-style-type: none"> • Bid must reference Programmable Thermostat
Heating System Replacement * (Programmable Thermostat installation required): <ul style="list-style-type: none"> • Natural Gas or Propane Furnace: AFUE \geq 95 • Oil Furnace: AFUE \geq 85 • Natural Gas, Propane or Oil Hot Water Boiler: AFUE \geq 90 (ensure distribution system is compatible with a condensing boiler). 	Any one of the following: <ul style="list-style-type: none"> • Bid must reference AFUE rating of the furnace or water boiler to be installed. • Copy of the product specifications indicating the AFUE rating. • Print out of Excel or PDF list from www.energystar.gov indicating the to-be-installed Make and Model and its AFUE rating.
Central A/C Replacement * (Programmable Thermostat installation required): <ul style="list-style-type: none"> • Package Systems: SEER \geq 14, EER \geq 12 • Split Systems: SEER \geq 15, EER \geq 13 	Any one of the following: <ul style="list-style-type: none"> • Bid must reference SEER or EER rating of the central A/C to be installed. • Copy of the product specifications indicating the SEER or EER rating. • Print out of Excel or PDF list from www.energystar.gov indicating the to-be-installed Make and Model and its SEER or EER rating.
Water Heater Replacement: <ul style="list-style-type: none"> • Gas storage units \geq 0.67 Energy Factor (EF) • Gas tankless units \geq 0.82 EF with 2.5 gpm @ 77°F rise • Electric storage units = 0.95 EF • Electric heat pump storage unit \geq 2.0 EF 	Any one of the following: <ul style="list-style-type: none"> • Bid must reference EF rating of the water heater to be installed. • Copy of the product specifications indicating the EF rating. • Print out of Excel or PDF list from www.energystar.gov indicating the to-be-installed Make and Model and its EF rating.

* If the homeowner is changing fuel source or system type, the material and labor cost to install the complete system (i.e., new duct work, new lines, etc.) is eligible if the applicable energy rating referenced above is met.

Eligible Energy Improvement	Required Information in Bids/Estimates
<p>Light Fixtures:</p> <ul style="list-style-type: none"> • Must be Energy Star (Energy Star CFL fixtures replace less efficient incandescent fixtures, are hardwired and use pin-based lamps). 	<ul style="list-style-type: none"> • Bid must reference Energy Star light fixtures
<p>Insulation:</p> <ul style="list-style-type: none"> • Walls: Wall cavities must be filled with insulation (if the cavity is to be filled with blown-in insulation, the cavity must be dense packed to 3.5 lbs/ft³). • Attic: Final R-Value >= R44 • Attic Air Sealing is a prerequisite for insulation; pre- & post-blower door testing is recommended to measure effectiveness of air sealing. 	<p>All of the following:</p> <ul style="list-style-type: none"> • Bid must reference insulation requirements that wall cavities be filled with insulation and/or attic insulation have an R-value of 44 or greater, as applicable. • Bid should also reference that attic air sealing be undertaken to the greatest extent feasible. • If wall cavities are filled with blown-in insulation, bid must reference the cavity will be dense packed to 3.5 lbs/ft³
<p>Windows:</p> <ul style="list-style-type: none"> • Must be Energy Star qualified under federal guidelines (patio doors are eligible) 	<ul style="list-style-type: none"> • Bid must reference Energy Star windows

Exhibit 5

