



# **MINI-MOD REHABILITATION LOAN PROGRAM**

## Program Guide

July 19, 2012



*The West Virginia Housing Development Fund is an Equal Housing Opportunity Lender*

# MINI-MOD REHABILITATION LOAN PROGRAM

## *PROGRAM SUMMARY*

The West Virginia Housing Development Fund's (Housing Development Fund) Mini-Mod Rehabilitation Loan Program for Landlords (MMRP) provides owners of rental housing units with affordable financing to rehabilitate existing units or assist with the completion of new rental units.

The MMRP program is a loan program. Acceptance of a loan application shall not imply a funding obligation to any applicant. The Housing Development Fund reserves the right to approve or disapprove any and all applications on such basis as it deems to be in its best interest. Applications are accepted on an ongoing basis. There is no prepayment penalty. Loans are non-assumable and due on sale. Approved Owner-Borrowers are responsible for paying (or using credit) for the invoices or improvements made until the loan is closed.

Rehabilitation work begun prior to submission of an application may be considered for reimbursement if the work was performed within the 90 days immediately preceding the date of submission; and is documented with proper receipts and invoices and the work verified by Housing Development Fund staff.

**Program features.** The program provides current and/or future owners of rental housing properties the opportunity to:

- Borrow a maximum of \$25,000 per unit if the Housing Development Fund is in a first lien position, or
- Borrow a maximum of \$20,000 per unit if the Housing Development Fund is in a second lien position
- The program manager may consider a third lien position depending upon the credit profile of the Owner-Borrower and outstanding debt on the property.
- Interest rate up to 6%
- A term of up to 10 years
- No loan may exceed \$300,000 or 95% loan-to value of the property

**Example:**

<b>Amount Borrowed</b>	<b>Interest Rate</b>	<b>Monthly Payment</b>
<b>\$25,000</b>	<b>5%</b>	<b>\$265.25</b>
<b>\$20,000</b>	<b>5%</b>	<b>\$212.20</b>

**Eligible Applicants.** Owners of existing rental housing units and new rental housing units under construction are eligible to apply. Owners may be individuals, partnerships, corporations, non-profits or LLCs. All judgments, tax liens and collections against the applicant or the property must be paid or resolved to the Housing Development Fund's satisfaction prior to loan approval. A written letter of explanation may be required. **A personal guarantee may be required for organizational borrowers.**

**Ineligible Borrowers.** The Housing Development Fund will not originate a MMRP loan with any individual or entity of an ownership entity if any such individual, entity, or principal thereof is not in compliance with the Housing Development Fund Multi-Family Lending Policies. Applicants should review the Housing Development Fund Multi-family Lending Policies found on the website at [www.wvhdf.com](http://www.wvhdf.com).

**Eligible Projects.** Projects may include minor repairs such as furnace replacement, window replacement, etc., to major rehabilitation of existing units.

**Lead-Based Paint.** Owners, landlords, and/or their agents, of rental housing built before 1978 must comply with the Environmental Protection Agency (EPA) and the Department of Housing and Urban Development (HUD) mandate regarding removal techniques and must also provide potential tenants with the appropriate lead-based paint disclosure notice prior to move-in. Landlords must disclose known lead-based paint and lead-based paint hazards and provide available reports to renters before a lease is executed. Applicants should refer to the HUD website ([www.hud.gov](http://www.hud.gov)) to obtain additional information and/or addendums.

**Projects located in areas that do not have code enforcement.** Projects located in areas without building code enforcement require an initial and a final inspection to be conducted by a Housing Development Fund Inspector to verify compliance with all applicable State and local codes.

**Costs to the Borrower.** The costs associated with the MMRP program to the Borrower include the following:

- Application Fee                   \$150.00
  - Closing Cost Fee                 \$125.00
  - Initial Inspection Fee         \$150.00 (Non-code enforcement communities only)
  - Final Inspection Fee         \$150.00 (Non-code enforcement communities only)
- The inspection fees may be included in the loan provided the loan amount does not exceed allowable limits as stated above.

If additional inspections are needed, Borrower will be charged \$150.00 per inspection, due at the time of inspection.

**Counsel Opinion.** Projects totaling \$25,000 or more require the Owner-Borrower provide a Counsel's Opinion Letter indicating the property is free of any impermissible liens prior to closing. Status must be verified and a letter issued by the Owner-Borrower's Legal Counsel one (1) week before the loan closing and updated the day the loan closes. The Owner-Borrower is responsible for the associated legal fees.

**Application Process:** The program manager has the initial contact with the Owner-Borrower. The program manager, the Owner-Borrower (and/or their representative) will conduct an initial site visit of the rental property to review the proposed repairs, replacements and improvements and take photographs. The project contractor(s) and county/municipal code enforcement officials are welcome to participate in the initial site visit. *Acceptance of a loan application shall not imply a funding obligation to any applicant.* **Incomplete applications will be returned.**

The **Applicant** is required to submit the following **completed** documents:

1. MMRP Loan Program Application
2. Documentation to support present market value of subject property
3. Copy of the last **recorded** Property Deed and **recorded** Deed of Trust (if applicable)
4. Authorization to Release Information from the Credit Reporting Agency to the Housing Development Fund
5. Fair Housing and Equal Opportunity (FHEO) Compliance Statement, if applicable
6. List of Repairs, Replacements and Improvements-Attachment II Contractor's Estimate
7. Application Fee of \$150.00
8. Initial Inspection Fee, if required, \$150.00
9. Other documentation may be required to complete the application review process

After reviewing all the application information, Housing Development Fund staff will either approve or disapprove the application. Written notification will be provided to the applicant should the application not be approved.

If the loan application is approved, the Housing Development Fund will issue a Conditional Commitment Letter. The Owner-Borrower then makes the property improvements pursuant to the Application. Any changes to the improvements are subject to prior approval by the Housing Development Fund. The program manager will monitor progress and will review the improvements to ensure the scope of work has been completed.

**Organizational Borrowers.** In addition to the application items listed above, Organizational Borrowers are required to submit evidence of board action authorizing submission of a loan application and identification of a designee to execute documents on behalf of the organization. This includes, but may not be limited to, copies of

meeting minutes that have been read and approved by the board and a resolution from the board identifying the designee. A Business Report will also be requested from the Credit Reporting Agency. The Housing Development Fund staff will review all the information submitted and make a decision to approve or decline the loan request.

**Project Contractor(s) are required to provide:**

- Copy of current WV Contractor's License
- WV Workers' Compensation Certificate or other private insurer certification.
- Evidence of general liability insurance
- If the Project Contractor is exempt from obtaining Workers' Compensation they must apply for, and receive, an Exemption from WV Workers' Compensation Coverage. Application information may be obtained by contacting the WV Insurance Commission at [www.wvinsurance.gov](http://www.wvinsurance.gov) or by calling 304-558-6279.

**Loan Documents required:**

- Promissory Note
- Deed of Trust
- Personal Guarantee, if applicable
- Continuing Certification Participation which acknowledges in part that there are no changes in the Owner-Borrowers' financial condition or lien status of the property
- Resolutions authorizing submission of application and identifying designee to sign all loan documents (organizational borrowers only)

**Loan Closing.** The loan closing will take place after:

1. The improvements have been completed.
2. The Owner-Borrower provides written evidence of code compliance from the city/county code enforcement agency. Projects located in areas without building code enforcement require an Initial and a Final Inspection to be conducted by a Housing Development Fund Inspector to verify code compliance.
3. The program manager has verified the completion of the scope of work.
4. The Owner-Borrower has provided the receipts and invoices of the improvements made to the program manager for review.
5. The Owner-Borrower MUST provide a Counsel's Opinion Letter indicating the property is free of any impermissible liens for projects over \$25,000.
6. The Owner-Borrower will provide the appropriate property insurance documents naming the Housing Development Fund as a Loss Payee.

The program manager will:

- Collect \$125.00 from the Owner-Borrower for Closing Costs
- Collect Inspection Fees, if applicable
- Record the Deed of Trust in the County in which the property is located

- Give the check to the Owner-Borrower for the amount of the Promissory Note

The West Virginia Housing Development Fund will provide payment coupons and an amortization schedule to the Owner-Borrower.

***Application Period***

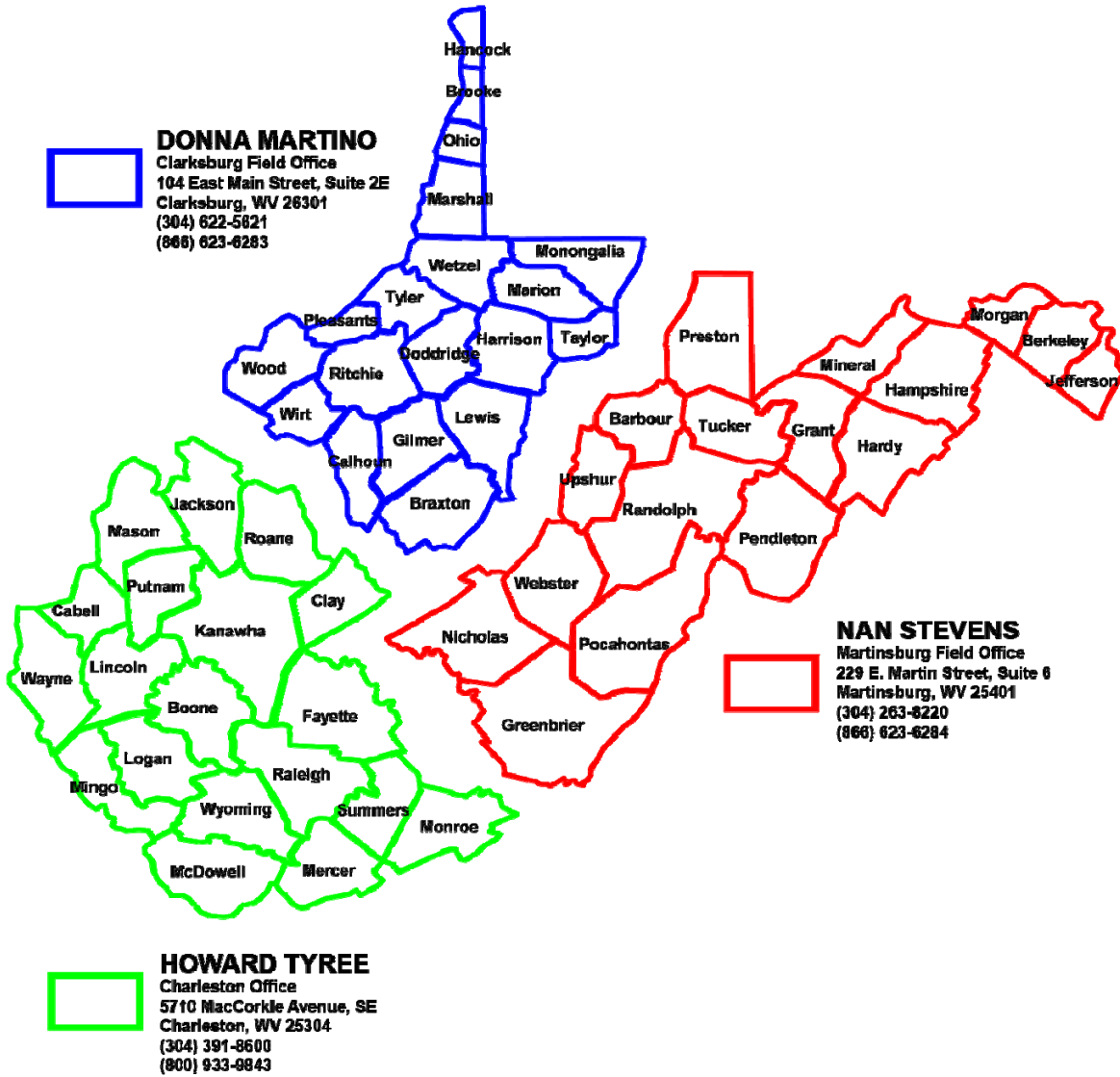
Program applications are accepted at any time. However, funds are limited and the Program may be withdrawn by the Housing Development Fund at any time. The Housing Development Fund will honor all outstanding commitments if the Program is withdrawn.

For more information about the Mini Mod Rehabilitation Program, please contact the program manager for your service area as shown on the attached map.

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To apply: First, contact the appropriate Area Manager for your County as listed below, then complete the program application, include all required attachments, and submit to that Area Manager.

## West Virginia Housing Development Fund Area Manager Coverage Map



# MINI-MOD REHABILITATION PROGRAM LOAN APPLICATION

This application is designed to be completed by the applicant(s) with the lender's assistance. Applicants should complete this form as "Borrower" or "Co-Borrower", as applicable. Co-Borrower information must also be provided. Eligible applicants are owners of existing rental housing units and new rental housing units under construction. Owners may be individual, partnerships, corporations, or limited liability companies. A personal guarantee may be required on all loans. If this is an application for joint credit, Borrower and Co-Borrower each agree that we intend to apply for joint credit (sign below).

\_\_\_\_\_  
Borrower

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

## I. TERMS OF LOAN

Amount \$	Interest Rate %	# of Months
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## II. PROPERTY INFORMATION AND PURPOSE OF LOAN

Subject Property Address (street, city, state, & Zip)

Legal Description of Subject Property (attach description if necessary)

Original Cost \$	Mixed Use? <input type="radio"/> Yes <input type="radio"/> No	Number of Units & Type/Proposed Rents #    1BR @ \$    /#    2BR @ \$    /#    3BR @ \$	Occupancy %
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<b>Business Style</b> <input type="radio"/> Individual <input type="radio"/> Partnership <input type="radio"/> Limited Liability Company <input type="radio"/> Corporation	<b>Date Business Started</b> _____ <b>Business Tax ID #</b> _____ (Attach copy of applicable organization documentation, i.e., Articles of Incorporation, etc.)
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Title will be held in what Name(s)

### Borrower

### III. BORROWER INFORMATION

### Co-Borrower

Borrower's Name (include Jr. or Sr. if applicable)				Co-Borrower's Name (include Jr. or Sr. if applicable)				
Social Security Number	Home Phone (incl. area code)	DOB (MM/DD/YYYY)	Yrs. School	Social Security Number	Security	Home Phone (incl. area code)	DOB (MM/DD/YYYY)	Yrs. School
<input type="radio"/> Married <input type="radio"/> Unmarried (includes single, divorced, widowed)		Dependents (not listed by Co-Borrower) no.    ages		<input type="radio"/> Married <input type="radio"/> Unmarried (includes single, divorced, widowed)		Dependents (not listed by Co-Borrower) no.    ages		
<input type="radio"/> Separated				<input type="radio"/> Separated				
Present Address (street, city, state, Zip) <input type="radio"/> Own <input type="radio"/> Rent    # Years _____				Present Address (street, city, state, Zip) <input type="radio"/> Own <input type="radio"/> Rent    # Years _____				
Mailing Address, if different from Present Address				Mailing Address, if different from Present Address				

**If residing at address for less than two years, complete the following:**

Former Address (street, city, state, Zip) <input type="radio"/> Own <input type="radio"/> Rent    # Years _____	Former Address (street, city, state, Zip) <input type="radio"/> Own <input type="radio"/> Rent    # Years _____
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### Borrower

### IV. EMPLOYMENT INFORMATION

### Co-Borrower

Name & Address of Employer Employed	<input type="radio"/> Self	Yrs. on this job	Yrs. employed in this line of work/profession	Name & Address of Employer Employed	<input type="radio"/> Self	Yrs. on this job	Yrs. employed in this line of work/profession
Position/Title/Type of Business		Business Phone (incl. area code)		Position/Title/Type of Business		Business Phone (incl. area code)	

**If employed in current position for less than two years or if currently employed in more than one position, complete the following:**

Name & Address of Employer Employed	<input type="radio"/> Self	Dates (from - to)	Monthly Income \$	Name & Address of Employer Employed	<input type="radio"/> Self	Dates (from - to)	Monthly Income \$
Position/Title/Type of Business		Business Phone (incl. area code)		Position/Title/Type of Business		Business Phone (incl. area code)	
Name & Address of Employer Employed	<input type="radio"/> Self	Dates (from - to)	Monthly Income \$	Name & Address of Employer Employed	<input type="radio"/> Self	Dates (from - to)	Monthly Income \$
Position/Title/Type of Business		Business Phone (incl. area code)		Position/Title/Type of Business		Business Phone (incl. area code)	



**V. MONTHLY INCOME AND RENTAL PROPERTY INFORMATION**

Current Income			Income from Subject Property			
Gross Monthly Income	Borrower	Co-Borrower	Total		Present	Proposed
Base Employment Income*	\$	\$	\$	Present Market Value	\$	\$
Overtime				Gross Rental Income		
Bonuses				First Mortgage		
Commissions				Insurance (flood, hazard, etc.)		
Dividends/Interest				Real Estate Taxes		
Other (before completing, see the notice in "Describe Other Income" below)				Other (describe)		
				Net Rental Income		
<b>TOTAL</b>	\$	\$	\$	<b>TOTAL</b>	\$	\$

\*Self-Employed Borrower(s) may be required to provide additional documentation such as tax returns and financial statements.

Describe Other Income

Notice: Alimony, child support, or separate maintenance income need not be revealed if the borrower (B) or Co-Borrower (C) does not choose to have it considered for repaying this loan.

B/C	Monthly Amount
	\$

**VI. ASSETS AND LIABILITIES**

This Statement and any applicable supporting schedules may be completed jointly by both married and unmarried Co-Borrowers if their assets and liabilities are sufficiently joined so that the Statement can be meaningfully and fairly presented on a combined basis; otherwise, separate Statements and Schedules are required. If the Co-Borrower section was completed about a spouse, this Statement and supporting schedules must be completed about that spouse also.

Completed  Jointly  Not Jointly

ASSETS	Cash or Market Value	Liabilities and Pledges Assets. List the creditor's name, address and account number for all outstanding debts, including automobile loans, revolving charge accounts, real estate loans, alimony, child support, stock pledges, etc. Use continuation sheet, if necessary. Indicate by "*" those liabilities which will be satisfied upon sale of real estate owned or upon refinancing of the subject property.		
Description				
Cash Deposit toward purchase held by:	\$		<b>LIABILITIES</b>	<b>Monthly Payment &amp; Months Left to Pay</b>
				<b>Unpaid Balance</b>
<i>List checking and savings accounts below</i>		Name and Address of Company	\$ Payments/Months	\$
Name and Address of Bank, S&L, or Credit Union		Acct. #		
Acct. #	\$	Name and Address of Company	\$ Payments/Months	\$
Name and Address of Bank, S&L, or Credit Union		Acct. #		
Acct. #	\$	Name and Address of Company	\$ Payments/Months	\$
Name and Address of Bank, S&L, or Credit Union		Acct. #		
Acct. #	\$	Name and Address of Company	\$ Payments/Months	\$
Name and Address of Bank, S&L, or Credit Union		Acct. #		
Acct. #	\$	Name and Address of Company	\$ Payments/Months	\$
Stocks & Bonds (Company name/number & description)	\$	Acct. #		
		Name and Address of Company	\$ Payments/Months	\$
Life insurance net cash value	\$	Acct. #		
Face Amount: \$		Name and Address of Company	\$ Payments/Months	\$
<b>Subtotal Liquid Assets</b>	\$			
Real Estate owned (enter Market value from schedule of real estate owned)	\$	Acct. #		
Vested interest in retirement fund	\$	Name and Address of Company	\$ Payments/Months	\$
Net worth of business(s) owned (attach financial statement)	\$			
Automobiles owned (make and year)	\$	Acct. #		
		Alimony/Child Support/Separate Maintenance Payments Owed to:	\$ Payments/Months	
Other Assets (itemize)	\$			
		Job-Related Expense (child care, union dues, etc.)	\$	
		<b>Total Monthly Payments</b>	\$	
<b>Total Assets a.</b>	\$	<b>Net Worth (a minus b)</b>	\$	<b>Total Liabilities b.</b>
				\$

**VI. ASSETS AND LIABILITIES (continued)**

**Schedule of Real Estate Owned** (If additional properties are owned, use continuation sheet.)

Property Address (enter S if sold, PS if pending sale or R if rental being held for income)	Type of Property	Present Market Value	Amount of Mortgages & Liens	Gross Rental Income	Mortgage Payments	Insurance, Maintenance, Taxes & Misc.	Net Rental Income
		\$	\$	\$	\$	\$	\$
	Totals	\$	\$	\$	\$	\$	\$

List any additional names under which credit has previously been received and indicate appropriate creditor name(s) and account number(s):

Alternate Name	Creditor Name	Account Number
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**VII. DECLARATIONS**

If you answer "yes" to any questions a through l, please use Continuation Sheet for explanation.

	Borrower		Co-Borrower	
	Yes	No	Yes	No
a. Are there any outstanding judgments against you?	0	0	0	0
b. Have you been declared bankrupt within the past 7 years?	0	0	0	0
c. Have you had property foreclosed upon or given title or deed in lieu thereof in the last 7 years?	0	0	0	0
d. Are you a party to a lawsuit?	0	0	0	0
e. Have you directly or indirectly been obligated on any loan which resulted in foreclosure, transfer of title in lieu of foreclosure, or judgment? (This would include such loans as home mortgage loans, SBA loans, home improvement loans, education loans, manufactured [mobile] home loans, any mortgage, financial obligation, bond, or loan guarantee. If "Yes", provide details, including date, name and address of lender, FHA or VA case number, if any, and reasons for action.)	0	0	0	0
f. Are you presently delinquent or in default on any federal debt or any other loan, mortgage, financial obligation, bond, or loan guarantee? If "Yes", give details as described in the preceding question.	0	0	0	0
g. Are you obligated to pay alimony, child support, or separate maintenance?	0	0	0	0
i. Are you a co-maker or endorser on a note?	0	0	0	0
j. Are you a U. S. citizen?	0	0	0	0
k. Are you a permanent resident alien?	0	0	0	0

**VIII. ACKNOWLEDGMENT AND AGREEMENT**

Each of the undersigned specifically represents to Lender and to Lender's actual or potential agents, brokers, processors, attorneys, insurers, servicers, successors and assigns and agrees and acknowledges that: (1) the information provided in this application is true and correct as of the date set forth opposite my signature and that any intentional or negligent misrepresentation of this information contained in this application may result in civil liability, including monetary damages, to any person who may suffer any loss due to reliance upon any misrepresentation that I have made on this application, and/or in criminal penalties including, but not limited to, fine or imprisonment or both under the provisions of Title 18, United States Code, Sec. 1001, *et seq.*; (2) the loan requested pursuant to this application (the "Loan") will be secured by a mortgage or deed of trust on the property described herein; (3) the property will not be used for any illegal or prohibited purpose or use; (4) the property will be occupied as indicated herein; (5) any owner or servicer of the Loan may verify or reverify any information contained in the application from any source named in this application, and Lender, its successors or assigns, may retain the original and/or an electronic record of this application, even if the Loan is not approved; (6) the Lender and its agents, brokers, insurers, servicers, successors and assigns may continuously rely on the information contained in the application, and I am obligated to amend and/or supplement the information provided in this application if any of the material facts that I have represented herein should change prior to closing of the Loan; (7) in the event that my payments on the Loan become delinquent, the owner or servicer of the Loan may, in addition to any other rights and remedies that it may have relating to such delinquency, report my name and account information to one or more consumer credit reporting agencies; (8) ownership of the Loan and/or administration of the Loan account may be transferred with such notice as may be required by law; (9) neither Lender nor its agents, brokers, insurers, servicers, successors or assigns has made any representation or warranty, express or implied to me regarding the property or the condition or value of the property; and (10) my transmission of this application as an "electronic record" containing my "electronic signature", as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or my facsimile transmission of this application containing a facsimile of my signature, shall be as effective, enforceable and valid as if a paper version of this application were delivered containing my original written signature.

Borrower's Signature	Date	Co-Borrower's Signature	Date
✓		✓	

**Continuation Sheet/MMRP Loan Application**

Use this continuation sheet if you need more space to complete the MMRP Loan Application. Mark **B** for Borrower or **C** for Co-Borrower

Borrower:

Co-Borrower:

I/We fully understand that it is a federal crime punishable by fine or imprisonment, or both, to knowingly make any false statements concerning any of the above facts as applicable under the provisions of Title 18, United States Code, Section 1001, *et seq.*

Borrower's Signature

Date

Co-Borrower's Signature

Date

✓

✓