



## East Range Seller Readiness Rehabilitation Program Guidelines

### Purpose

As part of the established East Range Joint Powers Board Local Housing Trust Fund, the **East Range Seller Readiness Rehabilitation Program (SRRP)** is a revolving loan fund that assists sellers with the completion of home repairs that will allow homes to meet standard financing criteria. Loan funds are intended to pay for the costs of materials and workmanship to remedy deficiencies in the condition of the property which would prevent the buyer of the property from obtaining, if otherwise qualified, USDA, FHA, or VA purchase financing loans due to the property's substandard housing condition.

When a home does not meet USDA/FHA/VA financing requirements, the program will loan sellers money to hire a contractor to make the fixes listed by an appraiser. The program finances up to \$5,000 in repairs and sustains itself through a 10% administration fee. The loan and administrative fees are paid upon closing of the property.

The goal of the program is to facilitate a one-time contribution to correct deficits in a home that are required by an appraiser. The awardee is responsible for selecting contractors whose work will pass appraisal reinspection. The ERJPB and SRRP Loan Committee is not responsible for any work performed that fails to pass reinspection and will not offer additional loans to any property that fails to correct deficiencies.

This program is made possible through support from the East Range Joint Powers Board and Minnesota Housing Partnership. It was developed by members of the East Range Housing Institute cohort in response to a demonstrated need on the East Range.

This program will be managed in compliance with the Fair Housing Act and ERJPB and the Loan Fund Committee will not discriminate upon a person's race, color, religion, sex (including gender, gender identity, sexual orientation, and sexual harassment), familial status, national origin or disability.

### Eligibility Criteria

- Any owner or legally authorized seller in the East Range communities (City of Aurora, City of Biwabik, City of Hoyt Lakes, Town of White)
- The program may be used one time per home sale. Individuals may apply for multiple properties but will only be awarded one loan per sale per property address.
- The home sale proceeds through a closing process that ensures:
  - The ownership and title of the Property are otherwise clear of defects or encumbrances other than those identified either in a title commitment policy or by an attorney's opinion, so that a seller is otherwise qualified to obtain the purchase loan, can obtain it.
  - Lien waivers from all persons or firms who supplied labor or materials within 90 days of the closing so that title insurance policy exceptions for such potential outstanding mechanics liens can be removed at or prior to the closing.

### Timeline

Applications will be considered on a rolling basis.



### **Loan Review**

The SRRP Loan Committee will consist of at least one individual from each of the four East Range communities. The East Range Joint Powers Board has delegated its loan-making authority for this fund to the Committee. Upon receipt of an application, ERJPB staff will notify the SRRP Loan Committee and share application materials. The SRRP Loan Committee will convene within 10 business days to review the application. It may complete its votes in an in-person meeting, a virtual meeting, or by email vote. An affirmative vote from three of four committee members is required to approve a loan.

After a loan is approved by the SRRP Loan Committee, ERJPB will disburse the funds to the seller. ERJPB will notify the closing agent completing the closing of the SRRP funding and need to collect payment upon closing.

### **Period of Performance**

Repayment of the loan is due upon closing of the sale. ERJPB expects all closings to take place within 60 days of the awarding of funds. Should the sale fail to close, a 90-day timeframe will begin in which a new sales transaction may proceed without any penalty. Should a sale not be recorded within this 90-day timeframe, ERJPB will collect monthly payments equal to one-twelfth (1/12) of the total amount due (including the 10% administrative costs) for one year, until the balance is paid in full. This year-long schedule for payment will begin 60 days after the awarding of funds. There is no penalty for prepayment of the outstanding balance.

### **Loan Amounts**

The maximum loan amount is \$5,000, unless otherwise approved by ERJPB. There is no minimum amount for consideration.

### **Administration Fee**

ERJPB will collect a fee equal to ten (10) percent of the loan to cover administration costs. All proceeds from the administration fee will return to the loan fund for future use.

### **Questions**

For any questions regarding this program, please contact Cherie Grams, the ERJPB Administrative Assistant, at [erjpb@frontier.com](mailto:erjpb@frontier.com) or 218-780-6144.