<table>
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<th>ACTION NEEDED</th>
<th>PAGE NUMBER</th>
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<td>MOTION</td>
<td>Pages 41 – 54</td>
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<td>12. WALK AWAY POLICY</td>
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<td>13. GRANTEE SUMMARY SHEET</td>
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<td>16. POST GRANT ADMIN. CONTRACT</td>
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</table>
This grant contract is between the State of Minnesota, acting through the Department of Employment and Economic Development, Business and Community Development Division, (STATE) and the City of St. Charles, 830 Whitewater Ave, St. Charles, MN 55972, Federal Tax ID # 41-6005513 ("GRANTEE").

Recitals

1. Under Minn. Stat. 116J.401 the State is empowered to enter into this grant.

2. The State is in need of units of local government to administer projects in accordance with the Small Cities Development Program (SCDP), Minnesota Rules chapter 4300.

3. The funds are intended to provide grant funds for eligible SCDP activities.

4. The Grantee represents that it is duly qualified and agrees to perform all activities and duties described in this grant contract to the satisfaction of the State.

Grant Contract

1 Terms of Grant Contract

1.1 Effective date: June 23, 2020, or the date the State obtains all required signatures under Minn. Stat.§16B.98, Subd. 5, whichever is later. Per Minn. Stat.§16B.98, Subd. 7, no payments will be made to the Grantee until this grant contract is fully executed. Per 24 CFR 570.489 the Grantee may receive reimbursement for approved expenses that occurred prior to the execution of this grant contract.

1.2 Expiration date: September 30, 2023, or until all obligations have been satisfactorily fulfilled, whichever occurs first.


2 Grantee’s Duties

2.1 Duties, Deliverables, and Completion Dates. The Grantee, who is not a state employee, will: Comply with required grants management policies and procedures set forth.

The Grantee has made application to the State for the purpose of administering a SCDP project in the manner described in Grantee’s “APPLICATION,” which is incorporated into this agreement by reference.

The Grantee, who is not a state employee, is awarded funds to provide financial assistance to address the need for decent, safe, affordable housing, economic development and public facility needs, and provide a suitable living environment by expanding economic opportunities, principally benefiting low to moderate income households. The activities may include: Housing Rehabilitation – (This includes owner-occupied and single family, duplex and multi-family rental units), Commercial Rehabilitation, and Public Facility Improvements: (i.e., construction or improvements to water and wastewater systems, etc.)

Specific grantees activity will be detailed and set forth in Clause 4.1(a).

2.2 Provisions for Contracts and Sub-grants.

(a) Contract Provisions. The Grantee must include in any contract and sub-grant, in addition to provisions that
define a sound and complete agreement, such provisions that require contractors and sub-grantees to comply with applicable state and federal laws.

(b) Ineligible Use of Grant Funds. (Not applicable to SCDP) The dollars awarded under this grant agreement are grant funds and shall only be used by Grantee or awarded by Grantee to third parties as grant funds and cannot take the form of a loan under any circumstance. Grantee shall not use, treat, or convert the grant funds into an interest bearing loan, a non-interest bearing loan, a deferred loan, a forgiven deferred loan or any other type of loan. Further, Grantee shall include in any contract or sub-grant awarding the grant funds to a third party all the provisions and requirements of this grant agreement, including the requirement that these dollars are grant funds only and cannot be used, treated or converted into any type of loan.

(c) Job Listing Agreements. Minn. Stat. § 116L.66, subd.1, requires a business or private enterprise to list any vacant or new positions with the state workforce center if it receives $200,000 or more a year in grants from the State. If applicable, the business or private enterprise shall list any job vacancy in its personnel complement with MinnesotaWorks.net at www.minnesotaworks.net as soon as it occurs.

(d) Payment of Contractors and Subcontractors. The Grantee must ensure that all contractors and subcontractors performing work covered by this grant are paid for their work that is satisfactorily completed.

3 Time
The grantee must comply with all of the time requirements described in this grant contract. In the performance of this grant, time is of the essence.

4 Compensation and Payment

4.1 Consideration. The State will pay for all services performed by the Grantee under this grant contract as follows:

(a) Compensation

<table>
<thead>
<tr>
<th>Fed. Obj.</th>
<th>Activity Code</th>
<th>Activity Title</th>
<th>Unit Goal</th>
<th>Number of households/persons served</th>
<th>Number of LMI households/persons served</th>
<th>SCDP Funds</th>
<th>Other Funds</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td>LMH</td>
<td>14A</td>
<td>Res. Owner Rehab.</td>
<td>12</td>
<td>12</td>
<td>12</td>
<td>$275,700.00</td>
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<tr>
<td>LMH</td>
<td>14B</td>
<td>Rental Rehab - Multifamily</td>
<td>24</td>
<td>24</td>
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<td>LMH</td>
<td>21A</td>
<td>Administration</td>
<td></td>
<td></td>
<td></td>
<td>$78,255.00</td>
<td>$10,000.00</td>
<td>$88,255.00</td>
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<td>Totals</td>
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<td></td>
<td></td>
<td></td>
<td>$599,955.00</td>
<td>$546,000.00</td>
<td>$1,145,955.00</td>
</tr>
</tbody>
</table>

(b) Travel Expense (does not apply to SCDP)
Reimbursement for travel and subsistence expenses actually and necessarily incurred by the Grantee as a result of this grant contract will not exceed $0.00; provided that the Grantee will be reimbursed for travel and subsistence expenses in the same manner and in no greater amount than provided in the current "Commissioner's Plan" promulgated by the Commissioner of Minnesota Management and Budget (MMB). The Grantee will not be reimbursed for travel and subsistence expenses incurred outside Minnesota unless it has received the State’s prior written approval for out of state travel. Minnesota will be considered the home state for determining whether travel is out of state.

(c) Total Obligation. The total obligation of the State for all compensation and reimbursements to the Grantee under this grant contract will not exceed $599,955.00.
(i) **Pre-award Costs.** Grantee may incur administrative costs prior to the fully executed grant agreement. This would include work on the environmental clearance, producing rehabilitation policies and procedures, and costs associated with attending SCDP implementation training.

(ii) **Eligible Costs.** Eligible costs include the costs identified in the Section 4(a) of this Contract that are incurred during the contract period and are also eligible for the CDBG program.

### 4.2 Payment

(a) **Invoices.** The State will promptly pay the Grantee after the Grantee presents an itemized invoice for the services actually performed, and the State's Authorized Representative accepts the invoiced services. Invoices must be submitted timely and according to the following schedule:

Payment requests will be processed on a bi-weekly calendar basis with the calendar being provided by the State. The total amount of grant funds requested must be two thousand dollars ($2,000) or more in each payment request. The final payment request, and payment requests made in the two week periods prior to June 30 and September 30 of each year, may be under $2,000.

The State has authority to withhold payment of administrative funds if adequate progress on contractual goals is not being met.

(b) **Federal Funds.** Payments under this grant contract will be made from federal funds obtained by the State through CFDA number 14.228, Title 1 of the Housing and Urban Development Act of 1974. Federal Award number B-20-DC-27-0001. The Grantee is responsible for compliance with all federal requirements imposed on these funds and accepts full financial responsibility for any requirements imposed by the Grantee’s failure to comply with federal requirements.

Funds made available pursuant to this agreement shall be used only for expenses incurred in performing and accomplishing such purposes and activities during the grant period described above. Notwithstanding all other provisions of this agreement, it is understood that any reduction or termination of Housing and Urban Development funds provided to the State may result in a reduction to the Grantee.

Where provisions of the Grantee's Application are inconsistent with other provisions of this agreement, the other provisions of this agreement shall take precedence over the provisions of the Application.

(c) **Unexpended Funds.** The Grantee must promptly return to the State any unexpended funds that have not been accounted for annually in a financial report to the State due at grant closeout.

### 4.3 Contracting and Bidding Requirements

Per Minn. Stat.§471.345, grantees that are municipalities as defined in Subd. 1 must do the following if contracting funds from this grant contract agreement for any supplies, materials, equipment or the rental thereof, or the construction, alteration, repair or maintenance of real or personal property.

(a) If the amount of the contract is estimated to exceed $100,000, a formal notice and bidding process must be conducted in which sealed bids shall be solicited by public notice. Municipalities may, as a best value alternative, award a contract for construction, alteration, repair, or maintenance work to the vendor or contractor offering the best value under a request for proposals as described in Minn. Stat.§16C.28, Subd. 1, paragraph (a), clause (2)

(b) If the amount of the contract is estimated to exceed $25,000 but not $100,000, the contract may be made either upon sealed bids or by direct negotiation, by obtaining two or more quotations for the purchase or sale when possible, and without advertising for bids or otherwise complying with the requirements of competitive bidding. All quotations obtained shall be kept on file for a period of at least one year after receipt thereof. Municipalities may, as a best value alternative, award a contract for construction, alteration, repair, or maintenance work to the vendor or contractor offering the best value under a request for proposals as described in Minn. Stat.§16C.28, Subd. 1, paragraph (a), clause (2) and paragraph (c).

(c) If the amount of the contract is estimated to be $25,000 or less, the contract may be made either upon
quotation or in the open market, in the discretion of the governing body. If the contract is made upon quotation it shall be based, so far as practicable, on at least two quotations which shall be kept on file for a period of at least one year after their receipt. Alternatively, municipalities may award a contract for construction, alteration, repair, or maintenance work to the vendor or contractor offering the best value under a request for proposals as described in Minn. Stat.§16C.28, Subd. 1, paragraph (a), clause (2)

(d) Support documentation of the bidding process utilized to contract services must be included in the grantee’s financial records, including support documentation justifying a single/sole source bid, if applicable.

(e) For projects that include construction work of $25,000 or more, prevailing wage rules apply per; Minn. Stat. §§177.41 through 177.44 consequently, the bid request must state the project is subject to prevailing wage. These rules require that the wages of laborers and workers should be comparable to wages paid for similar work in the community as a whole. A prevailing wage form should accompany these bid submittals.

5 Conditions of Payment
All services provided by the Grantee under this grant contract must be performed to the State’s satisfaction, as determined at the sole discretion of the State’s Authorized Representative and in accordance with all applicable federal, state, and local laws, ordinances, rules, and regulations. The Grantee will not receive payment for work found by the State to be unsatisfactory or performed in violation of federal, state, or local law.

6 Authorized Representative
The State’s Authorized Representative is Michelle Vang, Grants Specialist, 1st National Bank Building, Suite E200, 332 Minnesota Street, St. Paul, MN 55101-1351, (651) 259-7504, michelle.vang@state.mn.us, or his/her successor, and has the responsibility to monitor the Grantee’s performance and the authority to accept the services provided under this grant contract. If the services are satisfactory, the State’s Authorized Representative will certify acceptance on each invoice submitted for payment.

The Grantee’s Authorized Representative is The Honorable John Schaber, Mayor of City of St. Charles, 830 Whitewater Ave, St. Charles, MN 55972, (507) 932-3020, mayor@stcharlesmn.org, or his/her successor. If the Grantee’s Authorized Representative changes at any time during this grant contract, the Grantee must immediately notify the State.

7 Assignment, Amendments, Waiver, and Grant Contract Complete
7.1 Assignment. The Grantee shall neither assign nor transfer any rights or obligations under this grant contract without the prior written consent of the State, approved by the same parties who executed and approved this grant contract, or their successors in office.

7.2 Amendments. Any amendments to this grant contract must be in writing and will not be effective until it has been executed and approved by the same parties who executed and approved the original grant contract, or their successors in office.

7.3 Waiver. If the State fails to enforce any provision of this grant contract, that failure does not waive the provision or the State’s right to enforce it.

7.4 Grant Contract Complete. This grant contract contains all negotiations and agreements between the State and the Grantee. No other understanding regarding this grant contract, whether written or oral, may be used to bind either party.

8 Liability
The Grantee must indemnify, save, and hold the State, its agents, and employees harmless from any claims or causes of action, including attorney’s fees incurred by the State, arising from the performance of this grant contract by the Grantee or the Grantee’s agents or employees. This clause will not be construed to bar any legal remedies the Grantee may have for the State's failure to fulfill its obligations under this grant contract.
9 State Audits
Under Minn. Stat. § 16B.98, Subd. 8, the Grantee’s books, records, documents, and accounting procedures and practices of the Grantee or other party relevant to this grant agreement or transaction are subject to examination by the State and/or the State Auditor or Legislative Auditor, and the General Accounting Office of the U.S. Department of Housing and Urban Development as appropriate, for a minimum of six years from the end of this grant agreement, receipt and approval of all final reports, or the required period of time to satisfy all state and program retention requirements, whichever is later.

Accounting methods must be in accordance with generally accepted accounting principles.
The Grantee shall comply with the requirements of the Single Audit Act Amendments of 1996 (P.L. 104-156). When a Grantee expends over $750,000 in federal funds during their fiscal year, an A-133 audit is required to be submitted for that year.

10 Government Data Practices and Intellectual Property
10.1 Government Data Practices. The Grantee and State must comply with the Minnesota Government Data Practices Act, Minn. Stat. Ch. 13, as it applies to all data provided by the State under this grant contract, and as it applies to all data created, collected, received, stored, used, maintained, or disseminated by the Grantee under this grant contract. The civil remedies of Minn. Stat. §13.08 apply to the release of the data referred to in this clause by either the Grantee or the State. If the Grantee receives a request to release the data referred to in this Clause, the Grantee must immediately notify the State. The State will give the Grantee instructions concerning the release of the data to the requesting party before the data is released. The Grantee’s response to the request shall comply with applicable law.

10.2 Intellectual Property Rights.
a) The STATE owns all rights, title, and interest in all of the intellectual property rights, including copyrights, patents, trade secrets, trademarks, and service marks in the works and documents created and paid for under this Contract. The “works” means all inventions, improvements, discoveries (whether or not patentable), databases, computer programs, reports, notes, studies, photographs, negatives, designs, drawings, specifications, materials, tapes, and disks conceived, reduced to practice, created or originated by the GRANTEE, its employees, agents, and subcontractors, either individually or jointly with others in the performance of this Contract. “Works” includes documents. The “documents” are the originals of any databases, computer programs, reports, notes, studies, photographs, negatives, designs, drawings, specifications, materials, tapes, disks, or other materials, whether in tangible or electronic forms, prepared by the GRANTEE, its employees, agents, or subcontractors, in the performance of this Contract. The documents will be the exclusive property of the STATE and all such documents must be immediately returned to the STATE by the GRANTEE upon completion or cancellation of this Contract. To the extent possible, those works eligible for copyright protection under the United STATES Copyright Act will be deemed to be “works made for hire.” The GRANTEE assigns all right, title, and interest it may have in the works and the documents to the STATE. The GRANTEE must, at the request of the STATE, execute all papers and perform all other acts necessary to transfer or record the STATE’s ownership interest in the works and documents.

b) Whenever any invention, improvement, or discovery (whether or not patentable) is made or conceived for the first time or actually or constructively reduced to practice by the GRANTEE including its employees and subcontractors, in the performance of this Contract, the GRANTEE will immediately give the STATE’S Authorized Representative written notice thereof, and must promptly furnish the STATE’S Authorized Representative with complete information and/or disclosure thereon.

c) The GRANTEE must perform all acts, and take all steps necessary to ensure that all intellectual property rights in the works and documents are the sole property of the STATE, and that neither GRANTEE nor its employees, agents, or subcontractors retain any interest in and to the works and documents. The GRANTEE represents and warrants that the works and documents do not and will not infringe upon any intellectual property rights of other persons or entities. Notwithstanding Clause 8, the GRANTEE will indemnify; defend, to the extent permitted by the Attorney General; and hold harmless the STATE, at the GRANTEE’S expense, from any action or claim brought against the STATE to the extent that it is based on a claim that all or part of the works or documents infringe upon the intellectual property rights of others. The GRANTEE will be responsible for payment of any and all such claims, demands, obligations, liabilities, costs, and damages, including but not limited to, attorney fees. If such a claim or
action arises, or in the GRANTEE’s or the STATE’s opinion is likely to arise, the GRANTEE must, at the STATE’s discretion, either procure for the STATE the right or license to use the intellectual property rights at issue or replace or modify the allegedly infringing works or documents as necessary and appropriate to obviate the infringement claim. This remedy of the STATE will be in addition to and not exclusive of other remedies provided by law.

11 Workers’ Compensation
The Grantee certifies that it is in compliance with Minn. Stat. §176.181, Subd. 2, pertaining to workers’ compensation insurance coverage. The Grantee’s employees and agents will not be considered State employees. Any claims that may arise under the Minnesota Workers’ Compensation Act on behalf of these employees and any claims made by any third party as a consequence of any act or omission on the part of these employees are in no way the State’s obligation or responsibility.

12 Publicity and Endorsement
12.1 Publicity. Any publicity regarding the subject matter of this grant contract must identify the State as the sponsoring agency and must not be released without prior written approval from the State’s Authorized Representative. For purposes of this provision, publicity includes notices, informational pamphlets, press releases, research, reports, signs, and similar public notices prepared by or for the Grantee individually or jointly with others, or any subcontractors, with respect to the program, publications, or services provided resulting from this grant contract. All projects primarily funded by state grant appropriation must publicly credit the State of Minnesota, including on the grantee’s website when practicable.

12.2 Endorsement. The Grantee must not claim that the State endorses its products or services.

13 Governing Law, Jurisdiction, and Venue
Minnesota law, without regard to its choice-of-law provisions, governs this grant contract. Venue for all legal proceedings out of this grant contract, or its breach, must be in the appropriate state or federal court with competent jurisdiction in Ramsey County, Minnesota.

14 Termination
14.1 Termination by the State. The State may immediately terminate this grant contract with or without cause, upon 30 days’ written notice to the Grantee. Upon termination, the Grantee will be entitled to payment, determined on a pro rata basis, for activities satisfactorily performed.

14.2 Termination for Cause. The State may immediately terminate this grant contract if the State finds that there has been a failure to comply with the provisions of this grant contract, that reasonable progress has not been made or that the purposes for which the funds were granted have not been or will not be fulfilled. The State may take action to protect the interests of the State of Minnesota, including the refusal to disburse additional funds and requiring the return of all or part of the funds already disbursed.

14.3 Termination for Insufficient Funding. The State may immediately terminate this grant contract if:

(a) Funding for Grant No. CDAP-19-0051-O-FY20 is withdrawn by Department of Employment and Economic Development.
(b) It does not obtain funding from the Minnesota Legislature [State Grant Funds Only]
(c) Or, if funding cannot be continued at a level sufficient to allow for the payment of the services covered here. Termination must be by written or fax notice to the Grantee. The State is not obligated to pay for any services that are provided after notice and effective date of termination. However, the Grantee will be entitled to payment, determined on a pro rata basis, for services satisfactorily performed to the extent that funds are available. The State will not be assessed any penalty if the contract is terminated because of the decision of the Minnesota Legislature, or other funding source, not to appropriate funds. The State must provide the Grantee notice of the lack of funding within a reasonable time of the State’s receiving that notice.
14.4 **In the event of cancellation.** In the event of any cancellation under this provision, the GRANTEE shall cooperate fully with the STATE and help facilitate any transition for the provision of services by a different vendor. Failure to cooperate with or withholding any information or records requested by the STATE or a different vendor that impairs in any way the transition of the provision of services shall constitute a material breach of this grant contract, subjecting GRANTEE to liability for all damages incurred by the STATE resulting from such breach.

15 **Data Disclosure**
Under Minn. Stat. § 270C.65, Subd. 3, and other applicable law, the Grantee consents to disclosure of its social security number, federal employer tax identification number, and/or Minnesota tax identification number, already provided to the State, to federal and state tax agencies and state personnel involved in the payment of state obligations. These identification numbers may be used in the enforcement of federal and state tax laws which could result in action requiring the Grantee to file state tax returns and pay delinquent state tax liabilities, if any.

16 **Conflicts of Interest—Application Submittal**
The State will take steps to prevent individual and organizational conflicts of interest in reference to Grantees per Minn.Stat. § 16B.98 and Department of Administration, Office of Grants Management, Policy Number 08-01 **Conflict of Interest Policy for State Grant-Making.** When a conflict of interest concerning State grant-making is suspected, disclosed, or discovered, transparency shall be the guiding principle in addressing it.

In cases where a perceived, potential, or actual individual or organizational conflict of interest is suspected, disclosed, or discovered by the GRANTEE throughout the life of the grant agreement, they must immediately notify the STATE for appropriate action steps to be taken, as defined above.

The GRANTEE must complete a Conflict of Interest Disclosure agreement and attach it to their proposal.

17 **Uniform Relocation Assistance and Real Property Acquisition Policies Act**
Permanent easements of land required for any public facilities improvement made using SCDP funds, or in conjunction with SCDP activities, must be acquired in conformance with the provisions of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (49 CFR 24). Budget modification, if necessary to achieve compliance, must be approved in writing by the State.

Unless otherwise approved in writing by State, use of SCDP funds to purchase real property is limited to the value established by appraisal(s) conducted in accordance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended. Reuse of real property that is acquired with SCDP funds must be approved by the State.

18 **Assessments**
Grantee will not assess the SCDP funds share of any public facilities project.

19 **Debarment and Suspension Certification**
(If applicable) The Grantee agrees to follow the President's Executive Order 12549 and the implementing regulation "Non-procurement Debarment and Suspension: Notice and Final Rule and Interim Final Rule," found at 53 FR 19189, May 26, 1988, as amended at 60 FR 33041, June 26, 1995, including Appendix B, "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion—Lower Tier Covered Transactions;" unless excluded by law or regulation. Evidence that contractors are not debarred will be maintained over the life of the grant.

Eligible Contractors: All Grantees are required to verify that all contractors, subcontractors and sub-recipients are not listed on the Federal publication that lists debarred, suspended and ineligible contractors. Evidence of this determination must be readily available to the State throughout the life of the project.

20 **Conflict of Interest Screening**
The Grantee must comply with the Conflict of Interest provisions of Minn. Stat. § 471.87 – 471.88 and Subpart K of 24 CFR, Part 570.611 of the Code of Federal Regulations. Grantee will screen for conflicts of interest in any activity
that involves individual assistance and exceptions for participation for individual assistance must be approved by DEED.

21 Federal Environmental Standards
Unless the State indicates otherwise and prior to release of funds, the Grantee is required to conduct an environmental review on project activities to comply with the National Environmental Policy Act of 1969 (NEPA), as amended. Disbursement of funds from the State will not occur until State has issued an environmental clearance to the Grantee.

Grantee must maintain environmental review documentation and records and make them available to the public.

22 Drug-free Workplace/Drug-Free Workplace Awareness Program
The Grantee agrees to provide a drug free workplace by notifying employees that unlawful manufacture, distribution, dispensation, possession or use of a controlled substance is prohibited in the Grantee's workplace and specifying actions that will be taken against employees for violation of such prohibition. The Grantee must have an Awareness Program, or establish a drug free workplace awareness program to inform employees about the dangers of drug abuse, the availability of drug counseling and penalties for violations of the drug free workplace policy. Prior to release of funds, Grantee will provide evidence of a drug-free workplace to the State. If applicable, all secondary communities involved with this project will adhere to this condition.

23 Prohibition of Excessive Force Policy
The Grantee agrees to adopt and enforce a policy to prohibit the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in nonviolent civil rights demonstrations (P.L. 101-144, Section 519). Prior to release of funds, Grantee will provide evidence of a Prohibition of Excessive Force Policy to the State. If applicable, all secondary communities involved with this project will adhere to this condition.

24 Residential Anti-displacement and Relocation Assistance Plan
The Grantee agrees to adopt, make public and follow a "residential anti-displacement and relocation assistance plan" in accordance with Section 104(d) of the Housing and Community Development Act of 1974, as amended. This plan must include steps to minimize displacement of residents caused by project activities. Prior to release of funds, Grantee will provide evidence of a Residential Anti-displacement and Relocation Assistance Plan to the State. If applicable, all secondary communities involved with this project will adhere to this condition.

25 Fair Housing
Grantee agrees to abide by and promote all Fair Housing Regulations during the grant period, including conducting at least one unique activity to affirmatively further fair housing each year that the grant remains open. Activities must be reported via the State's Annual Report each year.

26 Policies and Procedures
Where applicable and prior to release of funds, Grantee must approve and maintain policies and procedures which are consistent with the Application and consistent with current SCDP guidance and policy. All policies and procedures must adhere to federal and/or state requirements.

27 Federal Labor Standards
When applicable, Grantee must comply with all federal Davis Bacon and Related Act requirements (DBRA). Grantee must follow DEED's "12 Step Instructions" that are available on the SCDP portion of the DEED website in order to comply with DBRA. Grantee must submit the DEED "Notice of Contract Award" to DEED staff within 14 days of each contract award where DBRA applies and before using grant funds to pay contractors or subcontractors. For projects involving a public facility or rental rehabilitation of eight or more units, copies of the first payroll for each contractor and/or subcontractor working on the project will be provided to DEED staff for review before any cash disbursements for the activity are issued by the State.

28 Use of Out of State Contractors
The Grantee must comply with Minnesota Statutes, Section 290.9705 by either:
A. Depositing with the State, eight percent of every payment made to non-Minnesota construction contractors, where the contract exceeds $50,000; or

B. Receiving an exemption from this requirement from the Minnesota Department of Revenue.

29 Reporting
Grantee shall submit reports annually during the grant period to the State by October 15, or the date designated by the State. All other reports must be in accordance with the reporting requirements set forth in Minnesota Rule 4300.3200. Grantee shall use the reporting forms provided by the State.

30 Program Income
Program Income is defined as any income equal to or exceeding $35,000 in a federal fiscal year (October 1-September 30) received by the Grantee from repayments on deferred or installment loans made from SCDP grants. Any income received from these SCDP loans that total less than $35,000 in a federal fiscal year, is not Program Income, but must be reused for an SCDP approved purpose. Total Program Income expenditures for the year must be reported on the expenditures section of the annual report. Program Income must all be used before SCDP will provide a payment request form, if applicable.

Grantee agrees to have a “SCDP Income Reuse Plan” on file that states how Program Income and other funds generated from the grant will be reused. This plan should prescribe that funds will be reused for an approved SCDP purpose and be consistent with the Grantee’s Application. If the funds received by the Grantee cannot be utilized by the Grantee within a reasonable amount of time, the State may ask for the funds.

Annual Post Closeout Program Income Reporting: Following grant closeout, the Grantee must report Program Income to the state by October 15 of each year. Reporting must include Program Income:
- Funds received during the federal fiscal year,
- Expended during the federal fiscal year, and the funds
- Balance at the end of the federal fiscal year.

This reporting will be completed online using the “Post Closeout Online Reporting” and if applicable the “Post Closeout Program Income Expenditure Reporting Form” located on the DEED/SCDP website. These forms can be found on this webpage: http://mn.gov/deed/government/financial-assistance/community-funding/.

Grantees should track Program Income ($35,000 or more received in a fiscal year) and other income from SCDP loans (under $35,000 in a year) with separate accounts. These funds do not include Minnesota Investment Funds.

Refer to SCDP A-Z Guide for additional information.

31 Procurement
The Grantee must maintain documentation that shows that professional services were procured in accordance with 2 CFR Part 200, Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards. Services obtained from an HRA, RDC, or nonprofit organization do not have to be procured by competitive negotiation, but contracts for these services must only be on a cost reimbursement basis, accounted for in accordance with "The Common Rule."

All construction contracts will require competitive bidding, unless waived by the State.

32 Equal Employment & Section 3
Grantee must include Executive Order 11246 (Standard Federal Equal Employment Opportunity Construction Contract Specifications) as well as the Section 3 Clause §135.38, notice regarding economic opportunities for low and very low income persons in all Grantee bidding and contract documents for which the construction costs exceed $100,000. All Grantees must have a Section 3 and Women or Minority-Owned Business plan documenting how they will promote the use of Section 3 and women or minority-owned contractors and collect the SCDP Section 3 and
Women or Minority-Owned Business Certification form(s) from all contractors used on the project.

33 Public Hearing
The Grantee will hold a second public hearing (first was held for submission of Application) that includes a citizen participation opportunity midway through the implementation period to solicit public feedback on grant progress and results. The public hearing must be publicly advertised and minutes from the hearing and evidence that the hearing was publicly advertised will be provided to the State, if requested. Documentation that the second public hearing was held will be made on the final report to DEED.

34 Record Retention
The Grantee will maintain all grant related records and files for six years after grant closeout. If applicable, the Grantee will maintain files for all individual, SCDP deferred or installment loans until they have expired.

35 Bid Specifications
For projects that involve construction of public facilities, new housing construction, conversion for new housing, or rehabilitation of 8 housing units or more under 1 site: Grantee will provide State with bid specifications (not maps or architectural drawings) for review and approval.

36 Rental Development Agreement
When applicable and prior to release of funds, the Grantee will provide the State with a development agreement between the Grantee and developer and, if applicable, the management company who will manage the building(s). The agreement(s) will include provisions to ensure that rents and utility costs charged for housing units meet current DEED standards and incomes of tenants are within the current HUD section 8 limits. If applicable, the agreement would also ensure against the economic displacement (rents and utilities raised to above 30% of a household’s gross, monthly income) of any current housing tenants.

37 National Objectives
All activities outlined in the Grantee Application and table contained in 4.1 shall meet a National Objective as outlined by the CDBG program. In the event that any facility used for multi-family rental housing no longer meets the Benefit to Low and Moderate Income People National Objective, the SCDP construction funds used to construct or renovate the facility will be returned to the State within a reasonable time frame. This provision will expire five years after the closeout date associated with the final Grant Adjustment Notice, unless a different time period is contained in the Application.

38 Lead Based Paint
For activities that involve the renovation of housing, the Grantee will follow the DEED lead policy.

39 Monitoring
The State shall monitor grantee performance as outlined in its Action Plan to HUD. The Grantee will make all books, records, documents, and accounting procedures and practices accessible for any monitoring. Monitoring will be based on forms provided by the State. The monitor may be in person or a request for information at any time during the grant and any time after grant closeout as needed.

The grantee will monitor the activities of the sub-recipient according to 2 CFR §200.303 and 2 CFR §200.331 as necessary to ensure that the sub-award is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the Sub-award; and that sub-award performance goals are achieved. Pass-through entity monitoring of the sub-recipient must include:

(a) Reviewing financial and programmatic reports required by the pass-through entity.
(b) Following-up and ensuring that the sub-recipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the sub-recipient from the pass-through entity detected through audits, on-site reviews, and other means.

(c) Issuing a management decision for audit findings pertaining to the Federal award provided to the sub-recipient 2 CFR §200.332 from the pass-through entity as required by 2 CFR §200.521 Management decision.
The State and Grantee acknowledge their assent to this agreement and agree to be bound by its terms through their signatures entered below.

1. STATE ENCUMBRANCE VERIFICATION

Individual certifies that funds have been encumbered as required by Minn. Stat. 16A.15 and 16C.05.

Signed: Robin Culbertson
Date: 7/21/20

SWIFT Contract/PO No(s): 180542 PR 56262 PO 3-409793

2. GRANTEE

The Grantee certifies that the appropriate person(s) have executed the grant contract on behalf of the Grantee as required by applicable articles, bylaws, resolutions, or ordinances.

By: 
Title: 
Date: 

By: 
Title: 
Date: 

Distribution:
Agency
Grantee
State's Authorized Representative

3. STATE AGENCY

By: 
Title: 
Date: 
CITY OF ST. CHARLES
RESOLUTION #41-2020

AUTHORIZING THE SOUTHEASTERN MINNESOTA MULTI-COUNTY HOUSING AND REDEVELOPMENT AUTHORITY (SEMMCHRA) TO ADMINISTER THE SCDP PROGRAM ON BEHALF OF THE CITY OF ST. CHARLES

WHEREAS, the City of St. Charles (hereinafter referred to as the "City"), has secured funding under Title I of the Housing and Community Development Act of 1974 through the Minnesota Department of Employment and Economic Development's (hereinafter referred to as "DEED"), Small Cities Development Program (SCDP); and

WHEREAS, the City has entered into a contract with DEED for the Project entitled City of St. Charles’s Owner-Occupied Housing and Multi-Family Rental Rehabilitation Project, Grant Number CDAP-19-0051-O-FY20, dated June 23, 2020, through until such date the program shall close; and

WHEREAS, the City does not currently have staff capability to perform all the requirements necessary for the delivery of the City of St. Charles’s 2020 Small Cities Development Program for Owner-Occupied Housing and Multi-Family Rental Rehabilitation; and

WHEREAS, the Southeastern Minnesota Multi-County Housing and Redevelopment Authority (hereafter referred to as the "HRA") has the ability to perform all of the activities required under the contract entitled City of St. Charles’s Housing Rehabilitation Program, Grant Number CDAP-19-0051-O-FY20, dated June 23, 2020 through until such date the program shall close.

NOW THEREFORE BE IT RESOLVED, that the St. Charles City Council hereby agrees to enter into an Administrative Contract with the HRA, effective on December 8, 2020.

Motion Made By: ___________________________________________________________

Seconded By: ____________________________________________________________

Date: __________________________

_________________________________
John Schaber, Mayor

I do hereby certify that at a regular meeting of the St. Charles City Council on the 8th day of December 2020, at which a majority of all the members of said Council were present, the foregoing resolution was unanimously adopted.

(Seal) ______________________________________
Nick Koverman, City Administrator
ADMINISTRATION CONTRACT WITH
SOUTHEASTERN MINNESOTA MULTI-COUNTY
HOUSING AND REDEVELOPMENT AUTHORITY

This contract, for Administrative Services, is between the City of St. Charles, (hereinafter referred to as the "City") and the Southeastern Minnesota Multi-County Housing and Redevelopment Authority, (hereinafter referred to as the "HRA").

WITNESSETH: In consideration of the mutual covenants and agreements contained herein, the City and the HRA agree as follows:

1. The term of this contract is from June 23, 2020 through until such date the program shall close.

2. In consideration of financial reimbursement to be made specifically described below and in accordance with the City of St. Charles's 2020 Small Cities Development Program for Owner-Occupied Housing and Multi-Family Rental Rehabilitation, Grant Number CDAP-19-0051-0-FY20 attached hereto as Exhibit A, the HRA agrees to act as the Administering Agent for the City, which will receive monies from the Minnesota Department of Employment and Economic Development, (hereinafter referred to as the "DEED").

3. The City shall reimburse to the HRA an amount not to exceed $599,955.00, which shall be federal funds appropriated to the State of Minnesota under the Community Development Block Grant Program to conduct a single purpose program. The HRA shall perform the activities that are specified under special conditions within the Grant Agreement during the period from June 23, 2020 through until such date the program shall close in accordance with all applicable provisions of Title One of the Housing and Community Development Act of 1974, as amended, its implementing regulation particularly federal statutes identified entitled twenty-four (24) of the Code of Federal Regulations, Part 570, again, "Implementation Manual" provided by DEED and all applicable state and federal laws. SEMMCHRA agrees that it will comply with all the terms and conditions of the State Contract (Exhibit A).

4. Project Planning. The HRA will coordinate the preparation of plans, specifications, contracts, budgets and other agreements in a consistent manner with applicable state and federal laws and regulations for all project activities.

5. Implementation. The HRA will implement programs authorized under the Small Cities Development Program Grant, within the respective limitations of the grant monies provided and/or in accordance with the state and federal requirements. The following activities include:

A. Single family and multi-family rental rehabilitation. The HRA will develop rehabilitation program guidelines and implement them in accordance with federal and state standards. This would include, but not be limited to, environmental review, labor standards compliance, determination of eligibility, dwelling unit inspection, rehabilitation work write-up, assistance to property owners in obtaining bids, appraisals, inspections during construction, certification
B. **Administration/Planning/Management.** The HRA will be responsible for program accounting, environmental reviews, reporting and monitoring project progress.

6. **Coordination of Other Rehabilitation Programs within the Project Area.** The HRA will coordinate other applicable rehabilitation programs in the project area, such as the Minnesota Housing Finance Agency's Home Improvement Loan Program.

7. **Financial Record Keeping and Control.** The HRA will keep complete and accurate records of all claims and disbursements in accordance with the following procedures:

   A. **Program Status Reports.** The HRA shall prepare and maintain program status reports, including records of individual activities and program recipients in the form and manner required by DEED.

   B. **Financial Status Reports.** For all expenditures of funds made pursuant to this agreement, the HRA shall keep financial records, including properly executed payrolls, time records, invoices, contracts, receipts, vouchers and other documents sufficient to evidence in proper detail the nature and propriety of the expenditure. For all personnel compensated out of such funds, the HRA shall keep time distribution records which identify each individual compensated by name and indicate the calendar dates and number of hours each day for which the individual was compensated by the source of such compensation. These time records must be signed by both the individual and the supervisor. A written record shall also be maintained that clearly indicates the amount of vacation, personal leave and compensatory time earned and taken. For contracts with individual consultants, invoices for payments must state that the work performed and invoiced is in accordance with the terms of the Consultant Contract. Furthermore, these invoices must also state the calendar dates and number of hours of each day for which the consultant is requesting compensation. Accounting methods for this program will meet the standards set forth in Common Rule "Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments".

   C. **Reporting.** The HRA shall submit program status reports and financial status reports to the City for each month of the term of this contract. A final program status report shall be submitted following the 90-day liquidation period. The HRA shall submit to the City, annually, a narrative progress report. This report will be received by the City on or before the last day of October, which follows a report period. A final project report will be submitted at the close-out of the grant. The HRA shall promptly submit other reports as the City shall reasonably request.

   D. **Audit and Inspection.** The HRA shall furnish the City and DEED with an acceptable independent audit prepared in compliance with the Single Audit Act. The audit must be submitted within 30 days after the completion of the audit, but no later than one year after the end of the audit period. Accounts and records related to the funds provided under this Agreement shall be accessible to authorized representatives of the Grantor for the purposes of examination and audit. In addition, Grantee will give the State of Minnesota, Minnesota Department of Employment and Economic Development, Legislative
Auditors, State Auditor's Office and the Comptroller General of the United States, through any authorized representative, access to and the right to examine all records, books, papers or documents related to the grant.

E. Financial Closeout. Payments made under the terms of this Agreement shall not exceed the amount of funds awarded under the Grant Agreement. The HRA shall liquidate all unpaid obligations relating to the project which were incurred on or before the last day of the grant within 90 days immediately following the expiration of the grant period.

8. The HRA will perform all those tasks, which the City has agreed to perform in the SCDP Grant Agreement, which is hereto attached as Exhibit B.

9. For the purposes of this contract, the HRA shall be deemed an independent contractor and not an employee of the City. Any and all employees of the HRA or other persons while engaged in the performance of any work or services required by the HRA under this contract, shall not be considered employees of the City; and any and all claims that may or might arise on behalf of said employees or the HRA shall in no way be the obligation or responsibility of the City.

10. It is further agreed that the HRA shall defend and save the City harmless from any claims, demands, actions, or causes of action arising out of any act or admission on the part of the HRA, its agents, servants, or employees in performance of, or with relation to, any of the work or services provided to be performed or furnished by the HRA under the terms of this contract.

11. The HRA shall not assign any interest in this contract and shall not transfer any interest in the same, whether by assignment, subcontract or novation, without the prior written consent of the City.

12. Any alteration, variation, modification or waiver of the provisions of this contract shall be valid only after it has been reduced in writing, duly signed by both parties and attached to the original of this contract.

13. The waiver of any of the rights and/or remedies arising under the terms of this contract on any one occasion by either party hereto shall not constitute a waiver of any rights and/or remedies in respect to any subsequent breach or default of the terms of this contract. The rights and remedies provided or referred to under the terms of the agreement are cumulative and not mutually exclusive.

14. This contract, as well as Exhibit A and B, which are attached hereto, and incorporated herein by reference, shall constitute the entire agreement between the parties and shall supersede all prior oral or written negotiations.

15. The City shall have full access to all records relating to the performance of this agreement.

16. In performing the provisions of this contract, the HRA agrees to comply with all Federal, and State Laws and all applicable rules, regulations or standards established by any agency of such governmental units, which are now or hereafter promulgated.

17. In consideration of the prompt and efficient carrying out of the above, DEED shall
reimburse the HRA dollar for dollar, for its administrative and project related costs in carrying out the above activities up to an amount not to exceed the maximum amount allowable as specified by DEED during the term of the contract said monies to come solely from the $599,955.00 totally available to the City of St. Charles’s 2020 Small Cities Development Program for Owner-Occupied Housing and Multi-Family Rental Rehabilitation and monies actually received by the City. Accurate records of administrative costs shall be kept by the HRA. For the purposes of this contract, administrative and project related costs are defined as follows:

A. Salary costs actually incurred by the HRA for time expended in all phases of the project.

B. Mileage, supplies and publication costs.

C. Proportionate share of allowable overhead expenses figured on a time extended basis, according to the HRA’s approved indirect cost allocation plan.

D. Costs incurred by the attendance at applicable Small Cities Development Conferences within the term of this contract, including registration fees and travel expenses. Conference attendance shall be for the purpose of gaining additional information on community development, regulations and program implementation.

E. The DEED shall disburse funds to the HRA pursuant to the Agreement, based upon a payment request submitted by the HRA and reviewed and approved by the DEED. Payment requests shall be reviewed and processed on a bi-monthly basis to DEED.

18. Should any of the above provisions be subsequently determined by a court of competent jurisdiction to be in violation of any federal or state laws or to be otherwise invalid, both parties agree that only those provisions so adjudged shall be invalid and that the remainder of this contract shall remain in full force and effect.

19. Antitrust. Contractor (HRA) hereby assigns to the State of Minnesota any and all claims for overcharges as to goods and/or services provided in connection with this contract resulting from antitrust violations, which arise under the antitrust laws of the United States and the antitrust laws of the State of Minnesota.

20. The City reserves the right to terminate this contract if the HRA fails to perform any of the provisions hereof. Such termination shall occur thirty-(30) days after the HRA’s receipt of written notice specifying the grounds thereof, unless, prior to the date, the HRA has cured the alleged non-performance of the provisions of this contract. In the event that the project is terminated or that the grant funds are withdrawn for any reason by the State, the City may terminate this contract without penalty or obligation upon giving thirty-(30) days written notice to the HRA.

21. Special Administrative Provisions. All records pertaining to this Agreement shall be maintained by the HRA for a period of at least six (6) years after the expiration of the term of this Agreement.

The HRA further understands and agrees that it shall be bound by Minnesota Statutes on data privacy with respect to "data on individuals" which collects, receives, stores, uses,
NOTICE OF CONTRACTOR (HRA): You are required by Minnesota Statutes, 1982, Section 270.66 to provide your Social Security Number or Minnesota Tax Identification Number if you do business with the State of Minnesota. This information may be used in the enforcement of federal and state tax laws. Supplying these numbers could result in action to require you to file state tax returns and pay delinquent state tax liabilities. This contract will not be approved unless these numbers are provided. These numbers will be available to federal and state tax authorities and state personnel involved in the payment of state obligations.

Minnesota Tax ID: 7008622

Federal Tax ID: 41-6005513

IN WITNESS WHEREOF, the parties hereto have caused this contract to be duly executed.

SOUTHEASTERN MINNESOTA MULTI-COUNTY HOUSING AND REDEVELOPMENT AUTHORITY

______________________________________________
Buffy J. Beranek, Executive Director

CITY OF ST. CHARLES, MINNESOTA

______________________________________________
John Schaber, Mayor

______________________________________________
Nick Koverman, City Administrator
CITY OF ST. CHARLES
RESOLUTION #42-2020

ADOPTING A CIVIL RIGHTS POLICY RELATED TO THE SCDP PROGRAM

BE IT RESOLVED that the St. Charles City Council does hereby adopts a Civil Rights Policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in nonviolent civil rights demonstrations.

The City of St. Charles also will enforce applicable State and local laws against physically barring entrance to or exit from a facility or location which is the subject of such nonviolent civil rights demonstration with its jurisdiction.

Adopted by the Council of the City of St. Charles, Minnesota this 8th day, December, 2020.

______________________________________________
John Schaber, Mayor

ATTEST:

______________________________________________
Nick Koverman, City Administrator
The City of St. Charles anticipates participating in the Minnesota Small Cities Development Program. Through this participation, owner-occupied housing and multi-family rental rehabilitation will occur. The consequence of the proposed activities is that the potential for displacement exists, although it is not anticipated. The purpose of the Residential Anti-Displacement and Relocation Assistance Plan is to describe the steps the City of St. Charles shall take to mitigate the adverse effects of displacement on low and moderate-income persons.

A. The City of St. Charles will replace all occupied and vacant units that can be occupiable low/moderate-income dwelling units demolished or converted to a use other than as low/moderate-income housing in connection with an activity assisted with funds provided under the Housing and Community Development Act of 1974, as amended, as described in 24 CFR 570.606 and 24 CFR, Part 42.

All replacement housing will be provided within three (3) years of the commencement of the demolition or conversion. Before entering into a contract committing the City of St. Charles to provide funds for an activity that will directly result in such demolition or conversion, the City of St. Charles, will make public and submit to the Minnesota Department of Employment and Economic Development the following information in writing:

1. A description of the proposed assisted activity;

2. The location on a map and number of dwelling units by size (number of bedrooms) that will be demolished or converted to a use other than as low/moderate-income dwelling units as a direct result of the assisted activities;

3. A time schedule for the commencement and completion of the demolition or conversions;

4. The location on a map and number of dwelling units by size (number of bedrooms) that will be provided as replacement dwelling units. If such data are not available at the time of the general submission, the City of St. Charles will identify the general location on an area map and the approximate number of dwelling units by size and provide information identifying the specific location and number of dwelling units by size shall be submitted and disclosed to the public as soon as possible;
5. The source of funding and a time schedule for the provision of replacement dwelling units;

6. The basis for concluding that each replacement dwelling unit will remain a low/moderate-income dwelling unit for at least ten (10) years from the date of initial occupancy.

7. Information demonstrating that any proposed replacement of dwelling units with smaller units (e.g. a 2-bedroom unit with two 1-bedroom units) is consistent with the housing needs of low and moderate-income households in the jurisdiction. The City of St. Charles may request the Minnesota Department of Employment and Economic Development to recommend that the U.S. Department of Housing and Urban Development approve an exception to required replacement housing if there is an adequate local supply of low/moderate income dwelling units in standard condition. Exceptions will be reviewed on a case-by-case basis as described in 24 CFR 570.488(c)(1)(B).

B. The City of St. Charles will provide relocation assistance, as described in Section 570.488(c)(2), to any lower-income person, who in connection with an activity assisted under the SCDP grant, move permanently or move personal property from real property as a direct result of the demolition of any dwelling unit or the conversion of a lower-income dwelling unit in accordance with the requirements of 24 CFR 42.350. A displaced person who is not a lower-income tenant will be provided relocation assistance in accordance with the Uniform Relocation Assistance & Real Property Acquisition Policies Act of 1970, as amended, and implementing regulations at 49 CFR Part 24.

C. Consistent with the goals and objectives of activities assisted under the Act, the City of St. Charles, will take the following steps to minimize the displacement of persons from their homes:

1. Only homes determined suitable for rehabilitation will be assisted.

2. The City will utilize services from the Southeastern Minnesota Multi-County HRA in evaluating and completing housing rehabilitation projects.

D. Definitions for the purposes of this plan are as follows:

A low/moderate-income dwelling unit is a unit with a market rent, including utility costs that do not exceed the applicable fair market rent for existing housing and moderate rehabilitation, as established under the Section 8 existing housing program.

A vacant occupiable dwelling unit is a vacant unit that is in standard condition; or in substandard but suitable for rehabilitation condition; or in a dilapidated condition and occupied less than three months from the date of the grantee agreement.

An occupiable dwelling unit is a unit that is in standard condition or has been raised to a
standard condition from a substandard condition, suitable for rehabilitation.

A standard condition dwelling unit is a unit which meets HUD Section 8 Housing Quality Standards (HQS) with no major defects in the structure and only minor maintenance is required. Such a dwelling will have the following characteristics: reliable roofs, sound foundations; adequate and stable floors, walls and ceilings; surfaces and woodwork that are not seriously damaged nor have paint deterioration; sound windows and doors; adequate heating, plumbing and electrical systems; adequate insulation; and adequate water and sewer systems, and not overcrowded (defined as more than one person per room).

A substandard condition dwelling unit is a unit if it does not meet HUD Section 8 Housing Quality Standards (HQS) which includes lacking the following: complete plumbing, complete kitchen facilities, efficient and environmentally sound sewage removal and water supply, and heating source. In addition, the dwelling may be overcrowded (defined as more than one person per room).

A substandard but suitable for rehabilitation condition dwelling unit at a minimum, is a dwelling unit that does not meet Housing Quality Standards (HQS) with some of the same features as a “substandard condition” dwelling unit. This unit is likely to have deferred maintenance and may have some structural damage such as a leaking roof, deteriorated interior surfaces, and inadequate insulation. A “substandard but suitable” dwelling unit, however, has basic infrastructure (including systems for clean water and adequate waste disposal) that allows for economically and physically feasible improvements and upon completion of rehabilitation meets the definition of a “standard” dwelling unit.

Resolution of Adoption of Residential Anti-displacement and Relocation Assistance Plan.

BE IT RESOLVED that the City of St. Charles hereby adopts the Residential Anti-displacement and Relocation Assistance Plan for the City of St. Charles.

I certify that the above resolution was adopted by the City Council of St. Charles on the 8th day of December, 2020.

SIGNED: WITNESSED:

John Schaber
Mayor 12/8/2020
Nick Koverman
City Administrator 12/8/2020
RESOLUTION AUTHORIZING THE RELEASE OF ALLOCATED FUNDS THROUGH THE MINNESOTA DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT BUSINESS AND COMMUNITY DEVELOPMENT DIVISION

WHEREAS, the City of St. Charles has entered into a grant agreement with the State of Minnesota, acting through the Department of Employment and Economic Development, Business and Community Development Division (DEED); and

WHEREAS, the City of St. Charles has entered into an Administrative Contract with Southeastern Minnesota Multi-County Housing and Redevelopment Authority (SEMMCHRA) for the administration of the DEED grant; and

THEREFORE, BE IT RESOLVED BY the City Council of the City of St. Charles that the SEMMCHRA Executive Director is authorized to sign the reimbursement payment request forms on behalf of the City.

I CERTIFY THAT the above resolution was adopted by the City Council on the 8th day of December 2020.

SIGNED:

John Schaber  
Mayor, City of St. Charles  
12/8/2020  
Date

WITNESSED:

Nick Koverman  
City Administrator, City of St. Charles  
12/8/2020  
Date
Grantee Name: City of St. Charles

Acting on behalf of the above-named grantee as its authorized official, I make the following certifications and agreements to the Department of Employment and Economic Development (DEED) regarding the sites listed below:

1. I certify that the above-named grantee will provide a drug free workplace by:

   A. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the grantee’s workplace and specifying the actions that will be taken against employees for violation of such prohibition.

   B. Establishing a drug free awareness program to inform employees about the following:

      (1) The dangers of drug abuse in a drug free workplace;

      (2) The grantee’s policy of maintaining a drug free workplace;

      (3) Any available drug counseling, rehabilitation, and employee assistance programs; and

      (4) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace.

   C. Making it a requirement that each employee of the grant be given a copy of the statement required by Paragraph A.

   D. Notifying the employee in the statement required by Paragraph A that, as a condition of employment with the grant, the employee will do the following:

      (1) Abide by the terms of the statement; and

      (2) Notify the employer of any criminal drug statute conviction for a violation occurring in the workplace no later than five (5) days after such conviction.

   E. Notifying the DEED field office within ten (10) days of receiving notice under subparagraph D (2) from an employee or otherwise receiving actual notice of such conviction.

   F. Taking one (1) of the following actions within 30 days of receiving notice under subparagraph D (2) with respect to any employee who is so convicted:
(1) Taking appropriate personnel action against such employee, up to and including termination; or

(2) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State or local health, law enforcement or other appropriate agency.

G. Making a good faith effort to continue to maintain a drug free workplace through implementation of Paragraphs A through F.

John Schaber, Mayor
Fair Housing Plan of Action

Minnesota Small Cities Development Program
State of Minnesota

CDAP Grantee #: CDAP-19-0051-O-FY20 Date: December 8, 2020

Applicant Name: City of St. Charles

The purpose of this plan is to formally declare the conviction and the intention of the City of St. Charles to achieve the aims of the Fair Housing Act and to assist the Secretary of Housing and Urban Development for the promotion and assurance of equal opportunity in housing with regard to race, color, religion, sex, handicap, familial status, national origin, or public assistance status.

For the purposes of this plan, the following definitions will apply.

1. Discriminatory housing practices mean any act that is unlawful under the Fair Housing Act.

2. Dwelling means any building, structure or portion thereof, which is occupied as, or designed or intended for occupancy as, a residence by one or more families.


4. Familial status means one or more individuals (who have not attained the age of 18 years) being domiciled with:
   a. A parent or another person having legal custody; or
   b. The designee of such parent or other person having such custody, with the written permission of such parent or other person.

5. Handicap means, with respect to a person, a physical or mental impairment, which substantially limits one or more major life activities.

It will be the plan of the City of St. Charles to formally support equal opportunity for all residents or persons who wish to become residents of the City, and to ensure their rights to obtain decent, safe and sanitary housing. The City of St. Charles will not tolerate discriminatory practices within its jurisdiction. The following practices have been declared to be discriminatory and unlawful under the Fair Housing Act:
Fair Housing Plan - City of St. Charles

1. To refuse to sell or rent or to negotiate for the sale or rental of any property based on race, creed, color, sex, religion, national origin, marital status, familial status, handicap, or in regard to public assistance.

2. Discrimination in terms, conditions, and privileges and in services and facilities.

3. Engage in any conduct, which makes dwellings unavailable or denies dwellings to persons.

4. Make, print, or publish or cause to make, print, or public discriminatory advertisements.

5. To represent that a dwelling unit is not for sale or rent when in fact it is.

6. To engage in blockbusting.

7. To deny access to or membership or participation in, or to discriminate against any person in his or her access to or membership or participation in, any multiple-listing service, real estate broker's association, or other service organization or facility relating to the business of selling or renting a dwelling or in the terms or conditions or membership or participation.

Whenever a complaint alleging a discriminatory housing practice is received within the jurisdiction of St. Charles, the City of St. Charles will assist households who may have been discriminated against by providing the following services:

1. The City of St. Charles will post Fair Housing information in public places and will provide information in the preferred language of the complainant.

2. The City of St. Charles will provide Fair Housing information (pamphlets) to all interested parties.

3. The City of St. Charles will provide referral information concerning the ability of alleged discriminated households to make formal complaints to the State of Minnesota Department of Human Rights or to the U.S. Department of Housing and Urban Development.

4. The City of St. Charles will provide referral information enabling alleged discriminated households to contact Legal Services and the Minnesota Migrant Council.

This Fair Housing Plan is adopted by the St. Charles City Council this 8th day of December, 2020.

BY:________________________________________   ATTEST:________________________________
    John Schaber, Mayor                                   Nick Koverman, City Administrator
Program & Local Income Plan
ST. CHARLES, MINNESOTA

Owner-Occupied Rehabilitation
Income may be generated from housing rehabilitations through the repayment agreements. The agreements will stipulate that if an applicant sells the dwelling within ten (10) years of receiving a rehabilitation deferred loan, they must repay all or a portion of the deferred amount. The repayment agreement will stipulate that after six (6) years the amount will decrease 20% per year until totally forgiven after ten (10) years. Any property transfers within the first six-(6) years shall be repaid at 100% of the deferred amount.

Income generated in this manner will be dedicated to a revolving loan fund set up by the City of St. Charles. Funds repaid to the City must be used within the City of St. Charles for community development-related activities that meet one of the three Federal Objectives. Program Income is defined as income of $35,000 or more received during the Federal Fiscal Year. Local Income is defined as less than $35,000 received during the Federal Fiscal Year. Reuse of all generated income, whether Program or Local, will follow SCDP program requirements.

The funds will be tracked by SEMMCHRA and reported to the City of St. Charles for tracking in the City’s accounting system, which will account grants, leveraged funds, separate payments and disbursements.

If the fund is established due to receipt of either Program or Local Income funds financial transactions will be recorded and a financial statement created. All records will be available for an independent auditor to review and verify all transactions.

All Generated Income recaptured during grant inception will be re-spent prior to any draw requests, per DEED’s policies.

Multi-Family Rental Rehabilitation
Income may be generated from the multi-family rental rehabilitation through the repayment agreement. The agreement will stipulate that if an applicant sells the dwelling within seven (7) years of receiving a rehabilitation deferred loan, the property must repay 100% of the deferred loan amount. The repayment agreement will stipulate that after seven (7) years the loan amount will be forgiven.

Income generated in this manner will be dedicated to a revolving loan fund set up by the City of St. Charles. Funds repaid to the City must be used within the City of St. Charles for community development-related activities that meet one of the three Federal Objectives. Program Income is defined as income of $35,000 or more received during the Federal Fiscal Year. Local Income is defined as less than $35,000 received during the Federal Fiscal Year. Reuse of all generated income, whether Program or Local, will follow SCDP program requirements.
The funds will be tracked by SEMMCHRA and reported to the City of St. Charles for tracking in the City's accounting system, which will account grants, leveraged funds, separate payments and disbursements.

If the fund is established due to receipt of either Program or Local Income funds financial transactions will be recorded and a financial statement created. All records will be available for an independent auditor to review and verify all transactions.

All Generated Income recaptured during grant inception will be re-spent prior to any draw requests, per DEED’s policies.

**Revolving Loan Fund**

**Fund Established:** Pursuant to the terms of the City's SCDP application and Grant Agreement, a rehabilitation revolving loan fund shall be established. This fund shall collect any repayments of SCDP funds. Such repayments shall be used for additional rehabilitation work at such time as they have sufficiently accumulated following close-out of the original SCDP grant. The revolving loan funds will be held in a separate account and will be made available to Applicants in the City of St. Charles that have a need and qualify for rehabilitation assistance. Use of the revolving funds will be consistent with these guidelines.

**Priority Projects:** The Revolving Loan Fund shall give priority to those properties that were not previously assisted by the Program. The Revolving Loan Fund shall not be available for repeated use by an Applicant for making additional repairs to the same property. Any property assisted by the Small Cities Development Grant prior to its close-out shall not be eligible for assistance by the Revolving Loan Fund, unless specifically authorized by the City Council.

**RLF Accounting:** The Revolving Loan Fund will be accounted for by establishing a separate group of journal and ledger accounts, including a cash account and a program income account. Procedures included in the financial management of the Revolving Loan Fund include: a recipient loan register account to record the name of the recipient (borrower), the amount of the loan, the date approved, the terms of the loan, payments, and current balances; assurances that all funds received shall be accurately classified and coded to the accounts to be credited; and, assurances that funds are immediately deposited into the proper bank account. Prior to close-out of the grant, the above tasks shall be the responsibility of the Administrator. After close-out, the City may contract with SEMMCHRA for the administration of regenerated funds or it may service the loans itself.
This Program and Local Income Plan is adopted by the St. Charles City Council this 8th day of December, 2020.

BY: _______________________________ ATTEST: _______________________________

   John Schaber, Mayor                                      Nick Koverman, City Administrator
City of St. Charles
Section 3 Plan

The City of St. Charles, in conjunction with Small Cities Development Program Grant No. CDAP-19-0051-O-FY20, has the following plan to direct employment and other economic opportunities generated by HUD financial assistance for housing and community development programs, to the greatest extent feasible, toward low-and very low-income persons, particularly those who are recipients of government assistance for housing.

Section 3 is a HUD requirement that is intended to ensure that when employment or contracting opportunities are available on HUD funded projects, preference is given to low- and very low-income persons or businesses. Being a Section 3 Business is not a requirement; however, preference is given to those businesses.

The City of St. Charles will attempt to recruit low-income residents through at least one of the following: local advertising media, signs prominently displayed at the project site, contracts with the community organizations and public or private agencies operating within Winona County in which the Section 3 covered program or project is located.

The City of St. Charles will require all contractors to complete and submit the Section 3 Business Certification Form prior to being awarded contracts. While being a Section 3 business is not required for the program, the City of St. Charles will give preference to qualified, competitive Section 3 businesses.
THE CITY OF ST. CHARLES, MINNESOTA
2019 SCDP REHABILITATION STANDARDS

The City of St. Charles, Minnesota SCDP Rehabilitation Program has been designed to provide rehabilitation assistance for residential property owners in the City of St. Charles by combining funding resources, which will provide the maximum benefit to the participating residential property owner. These standards are provided to outline the anticipated condition of each dwelling upon completion of rehabilitation in light of the benefits received by the residential property owner.

It is the goal of this housing rehabilitation project to rehabilitate housing units to a point where they meet or surpass these standards. The following standards incorporate standards from the Section 8 Housing Quality Standards (HQS) and select items from the 1993 BOCA National Property Maintenance Code (PM). Furthermore, units will be upgraded to meet or exceed the Minnesota Energy Efficiency Standards for owner-occupied properties.

The primary focus of rehabilitation efforts will be to eliminate health, safety and structural violations or deficiencies in substandard dwellings. In all cases, any rehabilitation work done in dwellings will be done for functional, not cosmetic purposes.

1. **Sanitary Facilities**

   a. Summary of Standards

   HQS1-1 The bathroom must be located in a separate room and have a flush toilet in proper operating condition.

   HQS1-2 The unit must have a fixed basin with a sink trap and hot and cold running water in proper operating condition.

   HQS1-3 The unit must have a shower or a tub with hot and cold running water in proper operating condition.

   HQS1-4 The facilities must utilize an approval public or private disposal system, including a locally approvable septic system.

   PM-503.1 Dwelling Units - Every dwelling unit shall contain its own bathtub or shower, lavatory, water closet and kitchen sink which shall be maintained in a sanitary, safe working condition. The lavatory shall be placed in the same room as the water closet or located in close proximity to the door leading directly into the room in which such water closet is located.

   PM-505.1 General - All plumbing fixtures shall be properly installed and maintained in working order and shall be kept free from obstructions, leaks and defects and be capable of performing the function for which such plumbing fixtures are designed. All plumbing fixtures shall be maintained in a safe, sanitary and functional condition.

   PM-505.2 Fixture Clearances - Plumbing fixtures shall have adequate clearances for usage and cleaning.

   PM-507.2 Maintenance - Every plumbing sack, vent, waste and sewer line shall function properly and be kept free from obstructions, leaks and defects.
2. **Food Preparation and Refuse Disposal**

a. Summary of Standards

HQS2-1 The unit must have a cooking stove or range and refrigerator of appropriate size for the unit (i.e. family), all in proper operating condition. This equipment may be supplied by either the owner or tenant.

HQS2-2 The unit must have a kitchen sink in proper operating condition with a sink trap and hot and cold running water, which drains into an approvable public or private system.

HQS2-3 The unit must provide space for the storage, preparation, and serving of food.

HQS2-4 There must be facilities and services for the sanitary disposal of food waste and refuse, including temporary storage facilities where necessary (e.g. garbage containers).

3. **Space and Security**

a. Summary of Standards

HQS3-1 The unit must have a minimum of a living room, kitchen area and bathroom.

HQS3-2 The unit must contain at least one (1) sleeping or living/sleeping room for each two (2) persons.

HQS3-3 The units windows, which are accessible from the outside such as basement, first floor and fire escape windows, must be lockable (e.g. window units with sash pins or sash locks and combination windows with latches). Windows, which are nailed shut are acceptable provided that they are not needed as an alternate means of exit in case of fire.

HQS3-4 The units exterior doors (i.e. those that provide access to or egress from the unit) must be lockable.

**PM-702.4 Arrangement** - Exits from dwelling units, rooming units, guest rooms and dormitory units shall not lead through other such units or through toilet rooms or bathrooms.

**PM-705.5 Smoke Detectors** - In all residential occupancies, smoke detectors shall be required on every story of the dwelling unit including basements. In dwelling units with split levels and without an intervening door between the adjacent levels, a smoke detector installed on the upper level shall suffice for the adjacent lower level provided that the lower lever is less than one (1) full story below the upper level.

**PM705.5.1 Installation** - When actuated, the smoke detectors shall provide an alarm suitable to warn the occupants within the individual room or dwelling unit.

**PM705.5.2 Power Source** - The power source for smoke detectors shall be either an AC...
primary power source or a motorized battery primary power source.

4. **Thermal Environment (Heating and Cooling Systems)**

   a) Summary of Standards

   HQS4-1 The unit must contain a safe heating system (and safe cooling system, where present) which is in proper operating condition and can provide adequate heat (and cooling, if applicable), either directly or indirectly, to each room in order to assure a health living environment appropriate to the climate.

   HQS4-2 The unit must not contain un-vented room heaters, which burn gas, oil or kerosene. (Electric heaters are acceptable.)

   PM-602.2 Residential Buildings - Every dwelling shall be provided with heating facilities capable of maintaining a room temperature of 65 degrees F. (18 degrees C) in all habitable room, bathrooms and toilet rooms based on the outside design temperature required for locality.

   PM-602.4 Room Temperature Measurement - The required room temperatures shall be measured at a pint 3 feet (914 mm) above the floor and 3 feet (914 mm) from the exterior walls.

   PM-603.1 Mechanical Equipment - All mechanical equipment fireplaces and solid fuel burning appliances shall be properly installed and maintained in a safe working condition and shall be capable of performing the intended function.

   PM-603.2 Cooking and Heating Equipment - All cooking and heating equipment, components and accessories in every heating, cooking and water heating device shall be maintained free from leaks and obstructions.

   PM-603.3 Flue - All fuel burning equipment and appliances shall be connected to an approved chimney or vent.

   Exception - Fuel burning equipment and appliances, which are labeled for un-vented operation.

   PM-603.4 Clearances - All required clearances to combustible materials shall be maintained.

   PM-603.5 Safety Controls - All safety controls for fuel burning equipment shall be maintained in effective operation.

   PM-603.6 Combustion Air - A supply of air for complete combustion of the fuel and for ventilation of the space shall be provided for the fuel burning equipment.

5. **Illumination and Electricity**

   a. Summary of standards

   HQS5-1 There must be at least one (1) window in the living room and in each sleeping room.
HQS5-2 The kitchen area and the bathroom must have a permanent ceiling or wall type light fixture in working condition. The kitchen area must also have at least one (1) electrical outlet in operating condition.

HQS5-3 The living room and each bedroom must have at least two (2) electrical outlets in operating condition. Permanent overhead or wall mounted light fixtures may count as one of the required electrical outlets.

PM-604.2 Service - Every dwelling shall be served by a main service that is not less than sixty-(60) amperes, three (3) wires.

PM-604.3 Electrical System Hazards - Where it is found that the electrical system in a structure constitutes a hazard to the occupants or the structure by reason of inadequate service, improper fusing, insufficient outlets, improper wiring or installation, deterioration or damage, or for similar reasons, the code official shall require the defects to be corrected to eliminate the hazard.

PM-605.1 Installation - All electrical equipment, wiring, and appliances shall be properly installed and maintained in a safe and approved manner.

PM-605.2 Receptacles - Every habitable space in a dwelling shall contain at least two (2) separate and remote receptacle outlets. Every laundry area shall contain at least one (1) grounded type receptacle. Every bathroom shall contain at least one (1) receptacle.

PM-605.3 Lighting Fixtures - Every public hall, interior stairway, water closet compartment, bathroom, laundry room and furnace room shall contain at least one (1) electric lighting fixture.

PM-403.1 Habitable Spaces - Every habitable space shall have at least one (1) window of approved size facing directly to the outdoors or to a court. The minimum total window area, measured between stops, for every habitable space shall be eight percent (8%) of the floor area of such room, except in kitchens where artificial light is provided in accordance with the provisions of the building code. Wherever walls or other portions of a structure face the windows of any room and such obstructions are located less than three (3) feet (914 mm) from the window and extend to a level above that of the ceiling of the room, such window shall not be deemed to face directly to the outdoors nor to a court and shall not be included as contributing to the required minimum total window area for the room.

6. Structure and Materials

a. Summary of Standards

HQS6-1 Ceilings, walls and floors must not have any serious defects such as severe bulging or leaning, large holes, loose surface materials, severe buckling, missing parts or other serious damage.

HQS6-2 The roof must be structurally sound and weather tight.

HQS6-3 The exterior wall structure and surface must not have any serious defects such as serious leaning, buckling, sagging, large holes, or effects that would result in air infiltration or vermin infestation.
HQS6-4  The condition and equipment of interior and exterior stairways, halls, porches, walkways, etc. must not present a danger of tripping and falling. Broken or missing steps and loose boards are examples of potential hazards.

HQS6-5  Elevators must be working and safe.

HQS6-6  Manufactured homes shall be equipped with at least one (1) smoke detector in working condition. Manufactured homes must be securely anchored by a tie-down device which distributes and transfers the loads imposed by the unit to appropriate ground anchors so as to resist wind overturning and sliding (unless the Field Office has approved a variation to the Acceptability Criteria because the units are in a low wind zone area.)

PM-304.3 Structural Members - All structural members shall be maintained free from deterioration and shall be capable of safely supporting the imposed dead and live loads.

PM-304.4 Foundation Walls - All foundation walls shall be maintained plumb and free from open cracks and breaks and shall be kept in such condition so as to prevent the entry of rats.

PM-304.5 Exterior Walls - All exterior walls shall be free from holes, breaks, loose or rotting materials and maintained weatherproof and properly surface coated where required to prevent deterioration.

PM-305.3 Interior Surfaces - All interior surfaces, including windows and doors, shall be maintained in good, clean and sanitary condition. Peeling paint, cracked or loose plaster, decayed wood, and other defective surface conditions shall be corrected.

PM-304.6 Roofs and Drainage - The roof and flashing shall be sound, tight and not have defects that admit rain. Roof drainage shall be adequate to prevent dampness or deterioration in the walls or interior portion of the structure. Roof water shall not be discharged in a manner that creates a public nuisance.

PM-304.7 Decorative Features - All cornices, belt courses, corbels, terra cotta trim, wall facings and similar decorative features shall be maintained in good repair with proper anchorage and in a safe condition.

PM-304.8 Overhang Extensions - All canopies, marquees, signs, metal awnings, stairways, fire escapes, standpipes, exhaust ducts and similar overhang extensions shall be maintained in good repair and be properly anchored so as to be kept in a safe and sound condition. When required, all exposed surfaces of metal or wood shall be protected from the elements and against decay or rust by periodic application of weather coating materials such as paint or similar surface treatment.

PM-304.9 Chimneys and Towers - All chimneys, cooling towers, smoke stacks and similar appurtenances shall be maintained structurally safe and sound and in good repair. All exposed surfaces of metal or wood shall be protected from the elements and against decay or rust by periodic application of weather coating materials such as paint or similar surface treatment.

PM-304.10 Handrails and Guards - Every handrail and guard shall be firmly fastened and capable of supporting normally imposed loads and shall be maintained in good condition.
7. **Interior Air Quality**
   a. Summary of Standards

   HQS7-1 The unit must be free from dangerous levels of air pollution from carbon monoxide, sewer gas, fuel gas, dust and other harmful pollutants.

   HQS7-2 The unit must have adequate air circulation.

   HQS7-3 Bathroom areas must have one (1) openable window or other adequate exhaust ventilation.

   HQS7-4 Any room used for sleeping must have at least one (1) openable window, if the window was so designed.

PM-404.2 **Bathrooms and Toilet Rooms** - Every bathroom and toilet room shall have at least one (1) openable window, except that a window shall not be required in spaces equipped with a mechanical ventilation system that complies with the following:

1) Air exhausted by a mechanical ventilation system from a bathroom within a dwelling unit shall be exhausted to the exterior and shall not be re-circulated to any space, including the space from which such air is withdrawn.

8. **Water Supply**

   a. Summary of Standards

   HQS8-1 The unit must be served by an approvable public or private water supply, which is sanitary and free from contamination.

PM-506.1 **General** - Every sink, lavatory, bathtub or shower, drinking fountain, water closet or other plumbing fixtures shall be properly connected to either a public water system or to an approved private water system. All kitchen sinks, lavatories, laundry facilities, bathtubs and showers shall be supplied with hot or tempered and cold running water.

PM-506.2 **Contamination** - The water supply shall be maintained free from contamination and all water inlets for plumbing fixtures shall be located above the flood level rim of the fixture. Shampoo basin faucets, janitor sink faucets and other hose bibs or faucets to which hoses are attached and left in place shall be protected by an approved atmospheric type vacuum breaker or an approved permanently attached hose connection vacuum breaker.

PM-506.3 **Supply** - The water supply system shall be installed and maintained to provide a supply of water to plumbing fixtures, devices and appurtenances in sufficient volume and at pressures
adequate to enable the fixtures to function properly, safely and free from defects and leaks.

PM-506.4 Water Heating Facilities - Water heater facilities shall be properly installed, maintained and capable of providing an adequate amount of water to be drawn at every required sink, lavatory, bathtub, shower and laundry facility at a temperature of not less than 110 degrees F (43 degrees C). A gas-burning water heater shall not be located in any bathroom, toilet room, bedroom or other occupied room normally kept closed, unless adequate combustion air is provided. An approved combination temperature and pressure relief valve and relief valve discharge pipe shall be properly installed and maintained on water heaters.

9. **Lead Based Paint**
   
a. Summary of Standards

The regulation at 24 CFR Part 35, which implements the Lead Based Paint Poisoning Prevention Act, requires the following:

HQS9-1  All interior surfaces must be either free of cracking, scaling, peeling, shipping, and loose paint or be adequately treated (as discussed in 3 below) to prevent the exposure of the occupants to such immediate hazards.

HQS9-2  All exterior surfaces such as stairs, decks, porches, railings, windows and doors which are accessible to children under seven years of age must be free of cracking, scaling, peeling, chipping, and loose paint or be adequately treated (as discussed in 3 below) to prevent the exposure of such children to immediate hazards.

HQS9-3  All surfaces to be treated must be thoroughly washed, sanded, scraped, wire brushed or otherwise properly cleaned to remove all immediate hazards on applicable surfaces before repainting with at least two (2) coats of a suitable non-leaded paint or be covered with a suitable material such as gypsum wallboard, plywood, drywall, plaster, wallpaper or other suitable material. If the paint film integrity of the applicable surface cannot be maintained so that new paint or materials such as wallpaper will adhere, the old paint must be completely removed before any repainting or covering is undertaken. *Simply painting over affected surfaces is not an acceptable means of compliance.*

10. **Access**
   
a. Summary of Standards

HQS10-1  The unit must be used and maintained without unauthorized use of other private properties.

HQS10-2  The *building* must provide an alternate means of exit in case of fire (such as fire stairs or exit through windows, with the use of a ladder if windows are above the second floor).
11. **Site and Neighborhood**
   a. Summary of Standards
   
   HQS11-1  The site and neighborhood must be reasonably free of serious conditions, which would endanger the health and safety of resident.

12. **Sanitary Condition**
   a. Summary of Standards
   
   HQS12-1  The unit and its equipment must be free of serious vermin and rodent infestation.
POLICIES AND PROCEDURES HANDBOOK

FOR THE

SMALL CITIES DEVELOPMENT PROGRAM

OWNER OCCUPIED HOUSING REHABILITATION

DEFERRED LOAN PROGRAM

FOR THE CITY OF ST. CHARLES

Adopted – ____/____/20
CITY OF ST. CHARLES
OWNER-OCCUPIED REHABILITATION POLICIES AND PROCEDURAL GUIDE

It is the policy of this Housing Rehabilitation Program to work affirmatively to ensure that all persons regardless of race, color, creed, national origin, sex, religion, marital status, age, handicap, or reliance on public assistance, will be treated fairly and equally in their participation in the program.

The City of St. Charles will be responsible for the promotion of the Program at the local level and shall exercise care in avoiding promotion methods which may exclude potentially eligible applicants. Access to program information and materials will not be denied to any person for any reason including race, color, creed, national origin, sex, religion, marital status, age, handicap, or reliance on public assistance. Affirmative promotion shall include efforts to reach those persons who traditionally may not have participated in similar programs.

In order to develop or maintain an effective affirmative promotion effort, the City shall review its promotion methods from time to time during the course of the Program to determine how the methods used can be improved to increase the participation of persons who otherwise might not apply for assistance under the Program, such as single female heads of households, racial minorities, or persons with handicaps or disabilities.

SECTION I. ELIGIBILITY REQUIREMENTS:

A. Location:
Residence must be in the Neighborhood Target Area as defined in the application for SCDP funds and shown on the attached map.

B. Conflict of Interest:
Federal regulations and Minnesota Statutes specify that elected officials, non-volunteer city employees, and administrators of the Small Cities Development Program have a conflict of interest. Those with a conflict may be able to secure an exception in order to participate in the program if they have no role in the approval of rehabilitation assistance and can meet with the approval of DEED.

C. Residency:
To receive SCDP funds applicants will be required to have year round residency in the housing unit. Recipients must occupy or intend to occupy the selected property as their primary place of residence.

D. Ownership/Ineligible Types of Housing:
The applicant must have an ownership interest in the property to be rehabilitated such as: a title owner, a mortgagor, a contract for deed vendee, or as holder of a life estate. All contracts-for-deed shall be recorded. Contract vendors must sign repayment agreements along with contract vendee. Remaindermen must sign mortgages as required on a life estate deed. No descending forgiveness of a deferred loan (if applicable) will be allowed for rehabilitation liens with life
estates. SCDP policy is that no portion of the loan will be forgiven until after the full term has expired.

Single-wide mobile homes, even if the home is attached to a foundation or if it has additions, are not eligible for rehabilitation with SCDP funds. Homes in a 100-year floodplain are not eligible unless they will soon be removed from the flood plain due to re-mapping. Evidence of the pending floodplain change must be provided.

MURL homes are not eligible for SCDP assistance.

E. Taxes/Insurance/Assessments/Liens:
All property taxes must be paid in full prior to application approval and property owners will be expected to carry insurance that, at a minimum, covers the costs of the rehabilitation work over the life of the SCDP loan. There should be no tax liens or past-due assessments or judgments on the property.

F. Asset Limitation:
There is no asset limit. However, income earned from assets must be counted as income.

G. Income:
The total income of the household must not exceed the most recent HUD Section 8 Moderate Income Limits at the time of the application. See attached limits. Income verification will follow HUD regulations and includes all of the following:

- Salaries; including tips, bonuses, commissions, overtime pay, pensions and annuities
- Public Assistance; including MFIP, SSI, MSA, Unemployment Compensation
- Social Security or Disability and Workers Compensation
- Estate/trust income, rental income, gain from the sale of property or securities, contracts for deed
- Interest earned
- Business profit

H. Substandard Housing:
The structure to be rehabilitated must be deficient in at least one of the following areas: structural soundness, living space or accessibility, water supply or sewage disposal, energy efficiency, heating system, plumbing or electrical system.

I. Nuisance Standard: The property where the house resides must conform to all local nuisance standards (weeds, junk, etc.). The exception would be items proposed for rehabilitation being alleviated through the program.

J. Homeowner Expectations: The property owner will read, understand and sign the “What Can a Homeowner Expect,” the “Homeowner Responsibilities and Expectations,” and “Walk Away Policy” forms as a condition of project approval.
SECTION II. TERMS OF ASSISTANCE

A. Maximum/Minimum SCDP Contribution:
The maximum SCDP contribution on any rehabilitation project shall not exceed $25,000.

B. Deferred Loans:
Assistance provided with SCDP funds will be in the form of deferred payment loans. In order for this program to be as cost-effective as possible, applicants may be required to help finance a portion of their rehabilitation work. Other funding is available, usually in the form of reduced interest loans, to assist households to finance the remainder of their project. Households that qualify for 100% deferred payment loans through this program will also be expected to explore other funding options that may be available. The purpose of SCDP funds is to supplement other funding sources. Program staff will assist households in exploring other possible funding sources. An applicant may be eligible for SCDP funds if funding through other sources, including local financial institutions, has been denied. MHFA Rehabilitation Program loans, Greater Minnesota Housing Fund loans, Rural Development grants and loans, Weatherization Assistance, and other public/private sector funds may be used to help applicants finance rehabilitation. All LMI households unable to secure other resources may be assisted with SCDP funds not to exceed the maximum contribution. The most recent HUD Section 8 Income Limits by household size is shown in the following table:

<table>
<thead>
<tr>
<th>Household Size</th>
<th>Income Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$43,400</td>
</tr>
<tr>
<td>2</td>
<td>$49,600</td>
</tr>
<tr>
<td>3</td>
<td>$55,800</td>
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<td>4</td>
<td>$62,000</td>
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<td>5</td>
<td>$67,000</td>
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<tr>
<td>6</td>
<td>$71,950</td>
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<tr>
<td>7</td>
<td>$76,900</td>
</tr>
<tr>
<td>8</td>
<td>$81,850</td>
</tr>
</tbody>
</table>

C. Previous SCDP Assistance: If a home received prior SCDP assistance, all SCDP loans must have expired for the home to be eligible.

SECTION III. DETERMINATION OF IMPROVEMENTS

A. Suitable for Rehabilitation:
The property must be determined feasible both structurally and financially after all eligible assistance is calculated. The work required to correct any lead-based paint hazards will be considered in the suitable for rehabilitation determination. The suitability will be determined by the Housing Inspector and/or the Project Director.
B. Basic and Necessary Repairs:
Each improvement must be a permanent general improvement. Only those repairs that are needed to bring the home up to the Program’s Housing Quality Standards (HQS), which are based on HUD’s Section 8 Housing Quality Standards, will be included in the rehabilitation project. Additionally, reasonable repairs that improve the structural integrity, livability and safety of the home could be included in the project at the discretion of the rehabilitation inspector. These could include weatherization measures, if vitally needed and weatherization sources of funds are not available. The priority of use of SCDP funds will be to correct deficiencies that affect the health, safety and welfare of the occupants, and to improve the energy efficiency of the units.

C. Housing Quality Standards:
Each improvement must be made in compliance with all applicable, health, fire prevention, building, housing and energy codes and standards. The property must comply with local nuisance standards and meet HQS after completion of the rehabilitation work. If funding sources will be inadequate for the home to meet HQS, the home will be deemed unsuitable for rehabilitation.

D. Ineligible Housing Rehabilitation Improvements
The following improvements are not eligible for financing with SCDP funds:

1. Detached garages, garage door openers, or any out-buildings (unless elements of the structure have been identified as a hazard in a lead-based paint risk assessment).
2. Fireplaces, central air-conditioning units, water softeners, or wood stoves.
3. Decks, patios, fencing, or landscaping beyond that which is necessary in connection with foundation and basement work. Reasonable work on decks might be allowed, if the deck also serves as an entrance to the house.
4. Driveways and sidewalks, unless health and safety dangers are present.
5. Kitchen appliances, plush carpeting, decorative work, or other improvements determined by the Housing Inspector to be “luxuries” or “frills” in nature.
6. 200 amp services, unless needed and justifiable.
7. Room additions. Exceptions to this rule may be granted by the Grant Administrator only under extraordinary circumstances and with approval of DEED. Where such an exemption is granted, room additions shall only be allowed: (1) to accommodate the installation of a bathroom or kitchen if ones do not exist and current space will not allow, or (2) case by case situations discussed with DEED.
8. The use of materials that are deemed by SEMMCHRA to be beyond standard and beyond cost-effective for the program.
9. Tree trimming may be allowed under circumstances where tree limbs present an immediate hazard to the home.

E. Ineligible Improvements Allowable with Other Funds
The applicant may use bank loans, his/her own funds on hand, and other funds in order to finance those improvements which are not eligible for financing with SCDP funds. Such improvements shall be allowable as part of the “other source” participation and shall be separately identified on work write-ups and bid forms.
F. No funds for Assessments
SCDP funds shall not be used for the payment, wholly or in part of assessments for public improvements: provided, however, that such funds may be used for that portion of improvements located on the property which will bring an individual water supply system or sewage disposal system into compliance with local, state or federal environmental and sanitary standards.

G. No Funds for Refinancing Existing Debt
No SCDP funds shall be used in whole or in part for the purpose of refinancing or paying off existing indebtedness. All such funds must be used to finance improvements begun after application for such funds.

H. Historical Review
If the structure has been determined historically significant, plans for exterior improvements to the structure must be reviewed and commented on by the Minnesota Historical Society.

I. Lead Paint Policy: The City of St. Charles will follow the current policy outlined by the MN Department of Employment and Economic Development. As participation in the owner-occupied housing rehabilitation is a voluntary decision, the program will not pay for any temporary relocation that maybe necessary due to interim controls related to lead-based paint.

J. Repayment Schedule for Deferred Payment Loans:
All SCDP funds will be secured with a lien against the property to be rehabilitated. Households will be required to repay all or some portion of their SCDP loan if the unit is sold within ten (10) years from the date that the loan is issued.

The percentage of the loan amount that must be repaid is gradually forgiven over the appropriate lien term according to the following schedule:

There will be no forgiveness of the deferred payment loan until 72 months after issuance of the loan. Beginning with completion of the 73rd month, 20 percent of the outstanding principal balance will be forgiven each month until, after 120 months; the loan will be entirely forgiven.

SECTION IV. MARKETING/APPLICATION SELECTION AND APPROVAL

Housing program staff will review and fund eligible applications. The following process will be utilized to promote the program to eligible applicants, and for applicant selection:

A. Outreach and Public Notices:
An extensive effort will be made to reach those property owners who would benefit from the program by conducting outreach and public notice activities which will include those who expressed interest as part of the application formation, ads in newspapers, newsletters, radio announcements, personal interviews and letters to homeowners. Various housing providers, disaster relief organizations and social service agencies will be notified of SCDP funding
availability. Affirmative efforts will be undertaken to ensure that those who are minorities or have disabilities are made aware of the program.

B. Application Intake:
Applications will be accepted on a first come first serve basis throughout the entire length of the program or until funds are expended.

After a preliminary screening for eligibility, applicants will then receive an on-site visit by the Housing Inspector for an in-depth inspection. If the home was built prior to 1978, a Certified Lead Risk Assessor will also visit the property to conduct a lead risk assessment.

C. Procedural Guide:
A copy of the Procedural Guide will be given to applicants for review and discussion of content.

D. Notification:
Applicants with verified LMI incomes, houses that meet the definition of suitable for rehabilitation, and also meet the Eligibility Requirements outlined in Section 1 will be selected, if sufficient funds are available.

Letters will be sent to those selected as recipients, and also to those not selected, notifying them of the status of their application (accepted, rejected, or held for further consideration).

SECTION V. PROPERTY INSPECTIONS

A. Inspections
Program staff will be responsible for carrying out a minimum of three inspections, an initial inspection to determine scope of work, an interim inspection to monitor work and a final inspection. The initial inspection will be done to determine that:

1. All necessary improvements are listed, including those required to eliminate lead-based paint hazards, and;
2. The structure upon completion of rehabilitation will meet, at a minimum; the Program’s Housing Quality Standards and will be livable, safe, and energy efficient.

Work Write-Ups: Upon completion of the initial inspection, the Housing Inspector shall prepare a work write-up indicating the scope of work necessary to bring the property into compliance with the Program’s HQS. Any improvements deemed necessary by the Housing Inspector for the property to conform to the Program’s HQS and the general program eligible improvements requested by the property owner shall be included as part of the work write-up. The Housing Inspector shall specify improvements that qualify for SCDP funding. Work items where lead based paint hazards are present will be called-out in the work write up in a way that makes them stand out. A notation on those items that qualified contractor(s) are necessary to conduct the work will also is made. Ineligible improvements paid for with leveraged funds will be identified.
B. Risk Assessment for Lead
A Risk Assessment for Lead will be performed on homes built before 1978 prior to the work write-up. Lead Clearance will be performed at completion. The property owner will sign a repayment agreement for the rehabilitation work prior to the assessment being done, which will include the costs for the risk assessment. The cost of the assessment can only be waived if contractor bids do not allow for a cost-effective rehabilitation occur.

C. Interim Inspections
Interim inspections will be done before partial payments are made to assure that specified improvements are completed. Interim inspections will be scheduled by the Housing Inspector to monitor work progress. Program staff reserves the right to inspect the property at any time upon reasonable request to applicant.

D. Final Inspection
Upon completion of work, an inspection will be made to determine that all work has been completed in a satisfactory manner and that the unit meets the Program's Housing Quality Standards. The final inspection shall certify that all lead based paint hazards have been properly eliminated or treated. In the event of a dispute between the owner and the contractor concerning the completion of rehabilitation, the Housing Inspector shall work with both parties to negotiate a satisfactory solution. If such a solution cannot be found, the City's building official shall be the final authority on when the job has been satisfactorily completed. All disputes will be resolved by binding alternative dispute resolution.

SECTION VI. CONSTRUCTION AND CONTRACT PROCEDURES

A. Contractor List
A list of contractors will be established by advertising in area newspapers and radio. Women and minority contractors and business owners will be urged to bid.

B. General Contractors
All rehabilitation work must be performed by a fully licensed and insured general contractor. Contractors performing specified lead-based paint eradication must be certified in accordance with DEED lead policy.

C. Contractor Eligibility and Performance
Contractors shall not be debarred and shall have been determined capable based on past performance and ability to perform successfully. If applicable, contractors will carry at least the minimum amounts of liability insurance established by the State of Minnesota.

D. Bids/Cost Estimate (if applicable)
An attempt will be made to secure competitive bids from at least three general contractors, or two in areas of low contractor supply. If the project does not involve any general contractor work and it is more feasible to solicit bids from a specific trade, an attempt will be made to secure competitive bids from at least three contractors within that trade(s), or two in areas of low supply. In the event that only one bid is received after bid solicitation, a cost estimate shall be
prepared to justify the reasonableness of the sole bid.

E. Work Write-Up and Change Orders
All bids shall relate only to improvements designated by staff in the work write-up. Any changes made in the scope of work by the homeowner after the inspection and work write-up by the Housing Inspector on the scope of work will be prohibited and ineligible for SCDP program funds. ALL CHANGE ORDERS NEED TO BE APPROVED BY THE Housing Inspector and, if applicable, Project Director. The homeowner will be responsible for all costs associated with any extra work done by the contractor that is not in the scope of work.

F. Bid Awards
Contract will, generally, be awarded to the lowest responsible bidder complying with specifications. Owner may contract with non-low bidder when willing to pay the difference between selected contractor and lowest bidder.

G. Contractor Homeowner Warranty
ALL CONTRACT AGREEMENTS WILL BE BETWEEN CONTRACTOR AND OWNER. All contracts covering all or any portion of an improvement must contain an approval warranty of workmanship/materials as per a Contractor/Owner Warranty form.

H. Repayment Agreement:
A repayment agreement shall be signed by the property owner(s) before the Proceed to Work Order is issued. The repayment agreement will be filed/recorded either after the project costs are known to be at the SCDP maximum, or after the project is completed to account for any possible change orders that may occur.

I. Truth in Lending:
A signed truth in lending statement shall be secured from the homeowner(s) before the Proceed to Work Order is issued. The statement should be completed for installment (if applicable) and deferred loans as well, emphasizing that re-payment will be necessary if the period for forgiveness has not elapsed.

J. Right of Rescission:
A signed right of rescission form shall be secured from the homeowner(s) before the Proceed to Work Order is issued.

K. Limit for Housing Projects
Contractors will be limited to actively working on no more than three SCDP housing projects at any given time.

L. Contractor Requirements
Contractor shall be notified of requirements to comply with applicable federal/state laws. Building permit fees and any state inspection fees should be included in the contractor’s bid.

M. Proceed To Work Order
Proceed to work orders will be issued after package approval and must be issued before work begins. A pre-construction conference may be conducted between the homeowner, contractor and Rehab Specialist prior to issuance of a notice to proceed with the work. The contractor must provide a copy of the building permit before work can proceed.

N. Inspections
Interim and final inspections shall be made by the Housing Inspector. Prior to the disbursement of funds, work shall be satisfactorily completed.

O. Release of Funds
Funds are released (partial funds may be released as partial work is completed) in issued checks as completed work is verified and payment is requested by invoice from the contractor.

P. Contractor Payments
Contractors will be required to provide a draw request for each partial payment. The draw request must be signed by the homeowner, unless the homeowner has concerns that the Housing Inspector and Project Director have deemed as being unreasonable. Consultation with DEED as to what is unreasonable can occur. Upon completion of the rehabilitation construction, lien waivers and completion certificates will be executed by the homeowner, contractor, and Housing Inspector as necessary. On the homes that require lead reduction activities, final payment will not be made until after the Lead Clearance Test has been passed.

Q. Progress Payments
Progress payments shall be limited to two and may be subject to 10% retainage under terms specified in homeowner/contractor agreement.

R. Change Orders
Unforeseen construction problems will require a change order and all change orders will require signatures of both owner and contractor with approval by Program staff. Costs of changes must be included in change order. Any work that is done and is not on the work write-up will not be paid for with SCDP funds. Any changes made by the homeowner after the inspection and work write-up by the Housing Inspector on the scope of work will be prohibited and ineligible for SCDP funds. ALL CHANGE ORDERS MUST BE APPROVED BY THE Housing Inspector and Project Director.

S. Time for Completion
1. A maximum of 90 calendar days will be allowed for completion of contracted work on a house beginning as of the date of the Notice to Proceed. Failure to begin work by the completion date shall be grounds for termination of the contract.
2. This time period shall not be exceeded except by written Change Order, which shall outline the circumstances that require an extension of time and shall specify a revised completion date. In the absence of such a Change Order, failure to complete work on time shall be grounds for termination of the contract.
3. A waiver of this time period may be granted upon the homeowner’s request to the Housing Inspector and/or Financial Analyst.
T. Termination of Contract
Rehabilitation contracts may be terminated for convenience or for cause. The provisions contained in Section XII. P. shall be a basis for termination for cause.

U. Termination of Rehabilitation
The Project Director can stop the rehabilitation process if the Homeowner Expectations in Section 1, item J are not met by the applicant/property owner.

V. Selection of Materials and Colors
Homeowner selects colors, style and pattern of any materials used in home improvements. These selections will fit the neighborhood and any judgment calls about what fits the neighborhood will be made collectively among the city, grant administrator and the homeowner. Costs and types will be deemed reasonable by the Housing Inspector and Project Director. Products come in three types, “economy”, “standard” and “deluxe”. We specify the “standard” items. The Housing Inspector will be the final decision maker as to whether or not a product is “standard.”

SECTION VII. GENERAL CONDITIONS

A. Leveraged Funds
Each selected applicant will be evaluated on an individual basis to ascertain the most appropriate and effective source and method of funding available to leverage with SCDP funds. SCDP funds will be combined with Weatherization, MHFA Rehabilitation and Home Improvement loans, Rural Development Loans and Grants, Greater Minnesota Housing Fund loans, and other public/private funds to accomplish as much rehabilitation as possible within affordable costs.

B. Repayment Proceeds
Any proceeds received from the repayment of deferred loans originated with SCDP funds will be utilized by the City of St. Charles in accordance with DEED approved policies for the use of program income.

C. Data Privacy
Your name, address and the amount of assistance you receive are considered public data under the Minnesota Data Practices Act. Other information that you provide to the housing rehabilitation program about you and your household is considered private data.

Private data will only be used when it is required for administration and management of the program. Persons or agencies with whom this information may be shared include:

• Staff and other persons involved in program administration.
• Auditors who perform required audits of this program.
• Authorized personnel from the Minnesota Department of Employment and Economic Development, the U.S. Department of Housing and Urban Development or other local, state and federal agencies providing funding assistance for your loan.
• Those persons who authorized to see it by the applicant.
• Law enforcement personnel in the case of suspected fraud or other enforcement authorities as required.

SECTION VIII. SUMMARY OF STAFF AND RESPONSIBILITIES

The City of St. Charles has contracted with SEMMCHRA to administer the Project. SCDP funds will be requested through the City of St. Charles. The City of St. Charles will be responsible for the submission of Post Closeout Program Income reports and will consult with SEMMCHRA, if necessary, in order to complete the reports.

A. Project Director
The Project Director is responsible for coordinating all program activities and tasks. The Project Director coordinates payments of bills with the City. The Project Director also prepares and submits all required reports including the annual progress reports required by DEED. Clearance of any and all grant conditions, compliance with federal and state regulations and record keeping are also the responsibilities of the Project Director.

B. Housing Inspector
The Housing Inspector is responsible for implementing the rehabilitation activities including inspections and work write-ups, securing competitive bids, bid awards, overseeing the actual rehabilitation activities and inspections for payment.

SECTION VIII. APPLICATION APPROVAL/APPEALS PROCESS

A. Application Approval Process
All applications for assistance must be approved provided all eligibility criteria are met and resources are available. Applications are approved based upon the type of improvements and cost of rehabilitation being requested for the project.

B. Complaints and Disputes
Any person with a complaint concerning their project eligibility, terms of assistance or actual rehabilitation work will first take the complaint to the Project Director. Complaints shall be submitted in writing and shall be addressed to the Project Director. All complaints will receive a written response within thirty (30) days stating action taken regarding complaint.

If further action is required to resolve complaint, an appeal may be made in writing to Buffy Beranek, Executive Director.

C. Amendments
These policies may be amended from time to time by the St. Charles City Council.

SECTION IX. AFTER THE LOAN
A. Reverse Mortgages – SCDP loan agreements must be repaid if homeowner takes out a reverse mortgage on the property.

B. Subordination – During the life of the SCDP loan, recipients may refinance to secure a lower interest rate on a mortgage, not exceeding a loan to value determined by local policy. SCDP grant recipients may use the cash equity to rehabilitate the property. Cash equity for all other uses are not allowed unless the SCDP loan is repaid in full. An exception may be granted based on special circumstances with prior approval from DEED. DEED does not process subordinations. Subordinations are to be reviewed and processed by each respective grantee.

SECTION XII. OUTLINE OF HOUSING REHABILITATION PROCESS

1. Interact with Interested Homeowner
   A. Fill out application for assistance.
   B. Discuss data privacy, get Privacy Warning release signed.
   C. Discuss lead based paint poisoning notification (Renovate Right Brochure).
   D. Discuss fair housing pamphlet.
   E. Obtain authorization to take pictures of house.
   F. Secure conflict-screening form. If conflict, need to secure exception from the SCDP.
   G. If contract for deed, obtain consent from contract holder.
   H. Get authorization signed by homeowner to verify income, assets and credit (latter if applicable for other leverage programs).

2. Verification of Eligibility
   A. Verify income with employer or other documentation.
   B. Verify interest earned or other income.
   C. Check assets at the bank.
   D. Verify that home is not a single-wide mobile home.
   E. Recorder’s Office – verify title and check for liens.
   F. Review Treasurer’s Office – verify that current taxes are paid.
   G. Review Auditor’s Office – verify that all back taxes are paid.
   H. Clearance with State Historical Preservation Officer and home not in 100 year flood plain.
   I. Verify home in city limits or target area (if applicable).
   J. Verify home not a duplex (eligible under SCDP rental rehabilitation)

3. Inspection, Bids, Loan, Authority to Start
   A. Inspector determines project to be feasible or not feasible.
   B. Inspector determines that property is compliant with local nuisance standards (junk, weeds, etc.)
   C. Homeowner notified of lead risk assessment.
   D. Risk assessment for lead hazards completed. Summary Notice completed, copy provided to homeowner and signed copy in file.
E. Inspection completed, and detailed specification prepared.
F. Homeowner notified of eligibility or ineligibility, and if eligible the terms of assistance to be provided.
G. Homeowner approves specifications.
H. Homeowner chooses contractors to bid on the rehabilitation project, two if low contractor supply in area.
I. Bid package is provided to the selected contractors. If any of the contractors are not interested in bidding, the homeowner may select a replacement.
J. Bids opened at pre-selected date. Homeowner chooses contractor to undertake the project. SCDP program funds their percentage of the lowest bid received.
K. Applicants and projects must be determined as eligible before a commitment of SCDP funds is made.
L. Homeowner is notified about approval of the scope of work associated with their project.
M. If required, homeowner deposits “other” financing into rehabilitation escrow account.
N. Homeowner signs repayment agreement as security for the city.
O. Homeowner is presented with Right of Rescission form.
P. Relocation Screening Sheet for Occupant Protection with Lead Hazard Reduction Activities completed and placed in file.
Q. Notice to Proceed is issued to the contractor.

4. Rehabilitation Project
   A. Project change orders processed, if necessary.
   B. Mortgage amount filled in and is filed with County Recorder.
   C. Partial payments made if required after inspections are completed.
   D. Project completion certificate signed by contractor, homeowner, and Program staff representative.
   E. Lead Clearance completed.
   F. Lien Waivers obtained from contractor, subcontractors, and material suppliers.
   G. Final payment is made after lien waivers and Lead Clearance received.

5. Rehabilitation Project File Maintained
   A. A rehabilitation project file will be maintained on each application for funding, and will include all the appropriate photos, documentation and forms relating to the project.
POLICIES AND PROCEDURES HANDBOOK

FOR THE

SMALL CITIES DEVELOPMENT PROGRAM

RENTAL REHABILITATION

DEFERRED LOAN PROGRAM

FOR THE CITY OF ST. CHARLES

Adopted – _____/_____/20
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PROPERTY REHABILITATION FOR RENTAL PROPERTIES

I. Purpose

The City of St. Charles Rental Rehabilitation Program is undertaken for the purposes of:

1. Providing financial assistance for residential rental property owners to rehabilitate their rental dwellings, their neighborhoods, and the area as a whole.

2. Increasing the financial involvement of public agencies and private lending institutions in the improvement of the rental housing stock in the Rental Rehabilitation target area.

3. Provide safe, decent and sanitary, and affordable housing for lower income families the physical rehabilitation of existing housing and to increase the availability of affordable housing units.

II. Statement of Affirmative Action

It is the policy of the City of St. Charles that no individual shall be discriminated against because of race, color, religion, creed, sex, national origin, disability, marital status, age or status with respect to public assistance.

The City of St. Charles shall insure that every person be given full and equal opportunities for participation in the deferred loan program undertaken by this project.

The Southeastern Minnesota Multi-County HRA, as the administrator of the St. Charles Rental Rehabilitation Program, shall take necessary actions to guarantee that minority contractors and subcontractors are provided equal opportunity to perform rehabilitation work.

It shall be the policy of the City and the HRA to encourage all contractors participating in the rehabilitation deferred loan program to carry out Affirmative Action Policies necessary to assure equal employment opportunity in all aspects of employment, regardless of race, creed, color, religion, sex, national origin, disability, marital status, age or status with respect to public assistance.

In no case shall the HRA or the City of St. Charles be in conflict with State or Federal Statutes as they relate to equal opportunities for employment.

III. Delegation of Authority

The City of St. Charles has contracted with the Southeastern Minnesota Multi-County Housing and Redevelopment Authority, hereinafter referred to as HRA, for the administration of the Small Cities Development Program (SCDP). The Board of Commissioners of the HRA have been given the authority to set the guidelines for participation in the program and may amend this Handbook as it deems necessary within the regulations established by DEED. The HRA shall be responsible for ensuring that only eligible applicants receive SCDP funds. The HRA will assure that all rehabilitation repairs will meet program eligibility criteria. The City and the HRA are bound by the terms agreed to by both parties for this project's Contractual Agreement.
IV. Definitions

1 — Administrator.
“Administrator” of the Program shall be the Southeastern Minnesota Multi-County Housing & Redevelopment Authority, “SEMMCHRA”, located in Wabasha, MN. It shall be the responsibility of the Administrator to coordinate all aspects of the Program.

2 — Annual Income.
“Annual Income” means the rental unit's occupants’ anticipated total income, from all sources, received by all members of the household (even if temporarily absent), including all income derived from assets (excluding income that is temporary, nonrecurring or sporadic) for the 12-month period following the application for housing repair assistance. Annual Income is further defined in Section VII.

3 — Applicant.
“Applicant” means any rental property owner seeking to obtain assistance under the terms of this Program. Married couples shall be considered an applicant in the singular.

4 — Financing: Deferred Loans.
A “Deferred Loan” is financing which carries no interest and no periodic payments, but which is secured by a Repayment Agreement and lien against the property. A Deferred Loan must be repaid in full in the event the property that is rehabilitated is sold, transferred, or conveyed, within seven (7) years from the date of the Repayment Agreement. Under extraordinary circumstances, the terms and conditions of repayment of a Deferred Loan may be modified, or restructured.

Rental property owners are eligible for a seven (7) year 0% SCDP Deferred Loans for up to 70% of the per unit project cost, to a maximum of $10,000 per unit. Under extraordinary circumstances, the terms and conditions of repayment of a Deferred Loan may be modified or restructured.

The St. Charles Rental Rehabilitation Program will not require a first-position security interest for the Deferred Loan financing. Upon request from a bank or other lender, the Program may subordinate its security interest to another party, at the discretion of the City.

6 — Dependent.
“Dependent” means a member of the household (excluding foster children) other than the household head or spouse, who is under 18 years of age, is a physically or mentally challenged person or is a full-time student.

7 — Rehabilitation Advisor.
The “Rehabilitation Advisor” for the Program shall be a designated employee of the Administrator or the Administrator’s designee. It shall be the responsibility of the Rehabilitation Advisor to provide technical expertise relating to all housing inspections, construction quality, code compliance, and work write-ups.

8 — Principal Place of Residence.
“Principal Place of Residence” means the property that the tenant occupies as their home for at least nine months of the calendar year and in which the tenant resides at the time of application for assistance.

9 — Section 8 Guidelines.
“Section 8 Guidelines” means the set of income guidelines calculated by household size, as determined by the United States Department of Housing & Urban Development and in effect for Winona County, Minnesota.
The 2020 Section 8 Income Guidelines for Winona County are:

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<td>7</td>
<td>$76,900</td>
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<td>8</td>
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</tbody>
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10 — Rehabilitation.
Rehabilitation is not remodeling. Remodeling is for convenience or cosmetic purposes. Rehabilitation deals with, in order of priority:

- Health issues and safety issues.
- Energy conservation.
- Long-term preservation of structures, through the repair of such basic elements as siding, roofs, and foundations.

Certain types of rehabilitation can be viewed as lack-of-maintenance or deferred-maintenance. Other types of rehabilitation can be viewed as items which wear out or need replacement due to obsolescence.

11 — Rehabilitation Standards.
The "SCDP Rental Rehabilitation Standards" used for the St. Charles Rental Rehabilitation Program shall be followed in conducting inspections, determining deficiencies, and evaluating the quality of workmanship on a rehabilitation project. These Standards incorporate Section 8 Housing Quality Standards, the Uniform Federal Accessibility Standards, ADA Accessibility Guidelines, and Minnesota Energy Efficiency Standards.

12 — Risk Assessment, Lead Based Paint.
All rehabilitation projects built prior to 1978 will be assessed for lead based paint by a certified lead based paint Risk Assessor. Structures found to contain lead based paint will be rehabilitated according to federal regulation of each Subpart of the Rule within 24 CFR Part 35.

13 — Interim Controls, Lead Based Paint.
When required, interim control measures would include paint stabilization of deteriorated paint, treatments for friction and impact surfaces where levels of lead dust are above the levels specified in CFR Part 35.1320 dust control and lead contaminated soil control. As provided by CFR Part 35.155, interim controls may be performed in combination with, or be replaced by abatement methods.

Clearance examinations shall be performed in accordance with CFR 24 Part 35.1340 by qualified personnel i.e. a certified risk assessor, a certified lead based paint inspector, a person who has successfully completed a training course for clearance technicians before a structure can be reoccupied.

V. Property Eligibility

1 — Type of Ownership.
An applicant for rental rehabilitation must possess at least a one-third interest in one of the following types of ownership in the property to be rehabilitated:

- A fee title, or
- A life estate, or
- A fee title or life estate subject to a mortgage or other lien securing a debt, or,
- A mutually binding, recorded contract for deed, where the borrower is rightfully in possession and the purchase price is payable in installments. In the event that a contract for deed arrangement is present, the City Attorney shall be consulted to determine: (a) if the contract vendee’s participation in the housing rehabilitation program is compatible with the terms of the contract for deed, (b) if permission from the contract vendor is needed before undertaking rehabilitation, and (c) if the contract vendor needs to be a party to the rehabilitation mortgage/repayment agreement.

2 — Suitable for Rehabilitation.

A determination of the structural suitability of a property for rehabilitation shall be made by the Rehabilitation Advisor, based on the “SCDP Rehabilitation Building Standards.” Poor- and Very Poor-condition structures (described below) shall be considered to be substandard, based upon the following criteria and individual inspections by the Rehabilitation Advisor:

1. Poor Condition: No major structural defects. However, the structure has more than one sign of major exterior deterioration.

2. Very Poor Condition: Structure has either: (A) No more than one structural defect and more than one sign of major exterior deterioration; or, (B) More than one structural defect.

Poor condition / Suitable for rehab: Poor or Very Poor-condition buildings shall be suitable for rehabilitation when:

1. The building is still structurally sound on an overall basis. The building should be vertically plumb within three degrees and shall have no significant rot on the majority of the weight-bearing floor joists, studs, or rafters. Foundations and basement walls shall not be deteriorated to the extent, or so far out of alignment, that they do not adequately support the building and cannot be corrected without complete replacement.

2. The benchmark amount of funding for rehabilitation is the average for rehabilitation projects established in the Small Cities Development Program (SCDP) grant application. For any one project, the use of SCDP funds shall not exceed the amount specified in Section C.1. If the total cost of a project exceeds that amount, the additional funds must come from other sources, including from the property owner.

3 — Not Suitable for Rehabilitation.

Not Suitable – Good Condition: Some properties may be in good condition and will not need rehabilitation assistance. Although an Applicant may be otherwise eligible for assistance, the Program will not assist any structures that are not in need of significant repairs. Following a detailed inspection of the structure, the Rehabilitation Advisor shall make a determination of the structural suitability of a structure for rehabilitation, on the basis of provisions noted in Section G.2, above. The Rehabilitation Advisor shall have authority to determine whether a property is not in need of repair. If a property is determined to be in structurally good condition, it shall be excluded from participation in the Program, based upon the following criteria:
1. **Good Condition**: Structure is less than 10 years old, or there are no indications of exterior deterioration, or energy efficiency measures were incorporated in the original construction.

2. **Fair Condition**: Structure displays some exterior deterioration, but of minimal severity. Energy efficiency improvements may be required to comply with standards. Shall only be considered as budgets may allow and only after substantial progress has been made toward meeting higher-priority improvements for “poor”-quality buildings.

**Not Suitable – “Beyond Repair”**: Some properties may have deteriorated to a point where rehabilitation is structurally not feasible. Following a detailed inspection of the structure by the Rehabilitation Advisor as described above, the Advisor shall have authority to determine whether a property is not feasible for repair. If a property is determined to be structurally “beyond hope” of repair, it shall be excluded from participation in the Program, based upon the following criteria:

1. **Beyond Repair Condition**: Structure has more than one structural defect and indications of extensive major exterior deterioration.

4 - **Occupancy Requirements**
Upon completion of the rehabilitation, at least 51% of the units in the building must be occupied by low and moderate-income households as defined by the U.S. Department of HUD for a period of seven (7) years. In the case of duplexes, 50% of the units must be occupied by low and moderate income households.

5 - **Property Tax Delinquency**.
No structure shall receive rehabilitation assistance if property taxes are delinquent and unpaid or the applicant owes any debt to the City (including utility bills). Applicants may apply for the program and have their eligibility determined, but no rehabilitation work shall be placed under contract unless property taxes and city obligations (including utility bills) are paid in full as of the most recent tax period and debts to the city are current.

6 - **Default, Bankruptcy, Judgments**.
No structure shall receive assistance if:

1. the owner is in default of a mortgage, contract for deed, or comparable obligation;
2. the owner is currently engaged in bankruptcy proceedings; or
3. there are unpaid court judgments filed against the property or the owner.

7 – **Property Maintenance Code**
Properties that are not in compliance with the City’s Property Maintenance Code are not eligible for SCDP funding. The Program Administrator is allowed to take applications, but funds will not be obligated until the property is brought into compliance.

8 – **Mixed-Use Buildings**.
A mixed-use building which is partially utilized for commercial purposes and partially utilized for residential purposes may be assisted by the Rental Housing Rehabilitation Program. However, only those improvements which benefit the residential portion of the building can be paid for with housing rehabilitation Program funds. Improvements which benefit the commercial portion of a mixed-use building must be paid for with other funds. In the event a mixed-use building is proposed for rehabilitation, the City shall seek such additional guidance as may be necessary from the Minnesota Department of Employment & Economic Development.
9 — Vacant Buildings.
Vacant dwelling units shall be eligible for rehabilitation with SCDP funds provided that the following provisions are met:

1. The income of all potential tenants must be verified by the program administrator and all new tenants must complete the tenant survey prior to rental of the apartment(s). Tenants with incomes over the allowable income limits may be rejected if 51% of the units are not occupied by low and moderate income persons

2. 51% of the units must be occupied by low and moderate income persons, apartment units must be reserved as necessary to meet this goal during the seven (7) year rental restriction time period

3. The landlord will be encouraged to rent first to low and moderate income persons in order to meet the 51% occupancy goal

4. If 51% of the units are not occupied by low and moderate income persons prior to close out of the SCDP grant, the City will require full repayment of the funds.

10 — Other Ineligible Buildings.
Only permanent structures shall be assisted. The following are not eligible for assistance:

- Temporary or movable structures;
- Satellite buildings used primarily for storage;
- Detached garages; and
- Other structures which do not meet the test of a principal place of residence.

11 — Priority of Applicants Receiving Rehabilitation Assistance.

Applications Accepted: Applications for rental rehabilitation shall be accepted at any time during the lifetime of the program, or until that point where all available funds are committed to rehabilitation projects. Applicants who qualify for rental rehabilitation assistance shall be processed and inspected on a “first-come, first-served” basis.

Applicants Notified: Applicants shall be notified that the availability of rehabilitation assistance depends upon:

1. A detailed inspection of the property;

2. The types of repairs needed and allowable under the program's guidelines;

3. The cost of the repairs, based on bids;

4. The financial and structural feasibility of undertaking a repair job for the property; and

5. The Applicant's own initiative and diligence. In this regard, the document by which the Applicant shall be given the opportunity to accept or reject their offer for rehabilitation assistance (see Section 6) shall contain the following acknowledgment:

"I understand that: (a) the grant program serves applicants on a first-come first-served basis, (b) once the bid documents for my building are prepared and turned over to me, it becomes my responsibility to contact contractors and obtain the necessary bids, (c) projects which have all the necessary bids turned in ahead of other projects are placed under contract sooner and move forward on that basis, and (d) because the program operates on a first-come first served basis, it
is possible that the grant money may run out before all my bids are received and before I make a
decision to move forward and that, in that case, I will not receive any rehabilitation assistance."

VI. Applicant Eligibility

1 — Status & Location of Applicant.
To be eligible for rental rehabilitation:

1. The applicant must be one or more individuals, corporations, partnerships, or other legal entities that
   hold legal titles to the property to be rehabilitated.

2. The proposed rehabilitation must not cause the displacement of low and moderate-income persons,
   either physically or financially. If displacement does occur, the property owner will be required to
   provide relocation benefits as required by the Uniform Act to displaced tenants.

3. The property to be rehabilitated must be located within the target area limits (map attached) of the St.
   Charles Rental Target Area.

LMI Tenants: Upon completion of the rehabilitation, at least 51% of the units in the building must be
occupied by low and moderate-income households as defined by the U.S. Department of Housing and Urban
Development (HUD) for a period of seven (7) years. In the case of a duplex, 50% of the units must be
occupied by low and moderate-income households.

Affordable Rents. The owner will be required to enter into specific rental agreements to assure that rents are
affordable to low and moderate-income persons for a five-year period. Affordable rents are defined as those
that do not exceed HUD Fair Market Rents for Winona County, or do not exceed 30% of the tenant’s income,
whichever is less. The FMRs may be amended from time to time.

The current 2020 FMRs for efficiency through 4-bedroom units in Winona County are:

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General Notice. All tenants must be provided with a "General Notice " which explains the proposed project,
and the tenants’ rights and responsibilities.

Tenant Survey. All tenants will complete a tenant survey that provides information about household size and
income, and other relevant information.

Labor Standards. Owners of buildings to be rehabilitated which contain eight (8) or more units must comply
with the requirements of the Davis - Bacon Act, which requires that all persons working on the site be paid at
an hourly rate not less than the minimum rate specified in the Wage Determination issued for a particular
project.

2 — Floodplain.
The target area of the St. Charles Rental Target area does not include any floodplain areas.

3--- Historical Society Review
MHS Review: All properties will be reviewed by the Minnesota Historical Society to determine if the structure is historically significant before any rehabilitation occurs.

Documentation Submitted: After the initial property inspection has been completed by the Housing Rehabilitation Advisor, the following will be submitted to the Minnesota State Historic Preservation office (SHPO):

1. A summary of the work to be done at the property;
2. Photographs of the structure;
3. Property description;
4. Any other information requested by the SHPO.

Any changes in the scope of the project requested by the SHPO will be initiated.

VII. Income/Household Verification

The applicants are not required to meet any income requirements. However, the income of the tenants shall be monitored through the Tenant Survey to ensure that the minimum number of households required to meet the low and moderate-income occupancy standards are met.

1. HUD Section 8 Income Limits applicable to the tenants in a rental rehabilitation project shall be adjusted periodically upon HUD notification and as shown in B.9.

There is no asset ceiling for applicant’s participating in the SCDP rental rehabilitation program.

VIII. Data Privacy

Information on program applicants is private data, which will be administered in accordance with the Minnesota Government Data Practices Act. Information or documentation shall be determined to be necessary if it is required for purposes of determining or auditing a household eligibility to receive a deferred loan, for verifying relating information or for monitoring compliance with equal opportunity requirements. The use or disclosure of information obtained from a household or from another source pursuant to this release and consent is limited to purposes directly connected with the administration of this project under which the household family is receiving assistance. Income, asset and other financial data the HRA receives in its applicant’s verification process is considered Private Data and is subject to Privacy of Information Provisions, pursuant to State Statutes.

Exception for Administration: Solely for the purpose of administering the Program, information may be made available to the staffs of the following agencies or organizations: the Minnesota Housing Finance Agency, St. Charles City Council, banks and lending institutions participating as Financing Sources, the Minnesota Department of Employment & Economic Development, and the United States Department of Housing & Urban Development.

IX. Financial Assistance:

1 - Maximum Financing.

The maximum amount of Small Cities Development Program funds, which shall be invested in any rental unit, is $10,250, which includes lead based paint interim controls.

The Applicant will be fully responsible for securing additional financing or the scope of the project will be reduced. All funds provided from the Small Cities Development Program shall be secured as a “Deferred Loan”
which must be repaid in full in the event the property rehabilitated is sold, transferred, or conveyed within seven (7) years from the date of the Repayment Agreement.

2 - Levels & Mix of Small Cities Development Program (SCDP) Financing.

Leverage Requirement: Applicants will be required to provide a minimum of 30% of the project costs and any amount more than $10,000 per unit. Applicants qualifying for other deferred loans or grants shall utilize these funds to the maximum and may experience a higher leverage ratio. The property's income from rental units must show a positive cash flow and an ability to service any leveraged loans for the rehabilitation.

Leverage Sources: Leverage funds shall be any funds used to provide for rehabilitation activities performed at an eligible applicant's property other than the funds provided by the Small Cities Development Program. Leverage sources will be determined by owner's debt and debt carrying capacity, owner's credit worthiness and property eligibility. Leverage will be based on the owner's income and ability to meet the debt service requirements of any loan and the funding source limitations. The program administrator will work to assist clients in obtaining the best leverage sources available.

3 - Leverage Sources and Types

1. Deferred Loans and Grants. These may be provided by the following programs and sources: Minnesota Housing Finance Agency, D.O.E. Weatherization, Energy Assistance Repair Program Grant/Loan, and where applicable, client contributions.

2. Subsidized and Unsubsidized Loans. These loans may be provided by the following programs and sources: Minnesota Housing Finance Agency, Local Bank Loans, and where applicable, client contributions.

The program administrator will supply specifications and bidding documents or any other documentation required by the funding source. The program administrator will also coordinate contractor activities and payments with the other agency or agencies.

Specifications Shared: When an applicant does secure funds from a lending institution, the Program Administrator will provide specifications, bidding documents, warranties or any other documentation required by the lending institution before loan closing. However, before any proceed to work is sent to a contractor, the loan proceeds must be placed in an escrow account established by the property owner and require the lending institution's authorization before any funds can be dispersed or a check payable to the property owner and contractor for the loan amount shall be delivered to the project director for disbursement when payment is due. The disbursement process will be triggered by a completion certificate signed by the owner, contractor and the grant administrator's representative.

Escrow Accounts for Owner-Funds: In some cases, owners may wish to use liquid assets for leverage funds. When this occurs, owners will be required to place the funds in an escrow account before any proceed to work is sent to a contractor. These funds deposited in an escrow account and can be released only by the project administrator and the owner only after the property owner has signed a completion certificate.

Escrowed Funds Released: Loan proceeds will be held in escrow accounts from all sources, except where prohibited by other lending sources, until the improvement has been completed to the satisfaction of the applicant and the Program Administrator Program Administrator's Rehabilitation Advisor. The escrow will be held in a special account labeled as "leverage funds" and cannot be released until the applicant has signed a completion certificate indicating that they are releasing the funds to the contractor.

4 — Eligibility Qualifications – Other Funds.
To be eligible for rental rehabilitation assistance provided by any of the participating Financing Sources, the applicant must meet the eligibility qualifications set forth by the particular Financing Source for their specific program. Participation in the Program is limited to those Applicants who are found to meet the requirements of these policies.

X. **Eligible Work Items**

1. **Final Condition.**
   Upon completion of work and final inspection, all properties assisted under the Program shall meet or exceed the adopted SCDP Housing Rehabilitation Standards. Those repairs that are financed under the Program shall meet State of Minnesota plumbing, electrical and energy conservation codes.

2. **Eligible Improvements.**
   **Permanent Improvements:** Each rental rehabilitation improvement must be a permanent general improvement. Such improvements shall include alteration, renovation, or repairs that correct defects and deficiencies directly affecting the safety, habitability, energy consumption, or aesthetics of the property. Improvements must be economically feasible and must be consistent with the provisions of the City’s “Housing Rehabilitation Building Standards.”

   **Physically Attached:** Any rental rehabilitation improvements that are made must be physically attached to the structure and must be permanent in nature. For the purposes of rental housing rehabilitation assistance under the Small Cities Development Program, the following types of improvements are considered eligible:

   1. Any improvement required bringing the dwelling up to the standards noted in Section B.11, especially improvements which relate to health and safety concerns.
   2. Any improvement resulting in a substantial weatherization and increased energy-efficiency of the property.
   3. Exterior painting and/or residing, as needed.
   4. Improvements which are essential in making the property more accessible and habitable for handicapped members of the household. Handicaps must be documented as permanent and affecting major life functions as defined by government regulations.
   5. Structural improvements to and the necessary replacement of roofs, floors, exterior walls, interior walls, stairs, sidewalks, foundations, and other basic housing features.
   6. Functional improvements to and the necessary replacement of electrical systems, plumbing fixtures, heating units, etc.

3. **Priority of Eligible Rental Housing Rehabilitation Improvements.**
   Health and safety deficiencies plus repairs necessary for improved energy-efficiency have priority and must be corrected before any other improvements are made. If the scope of the project must be reduced to comply with cost limits specified in Section C.1, these priority repairs shall not be omitted; and in such cases, the Rehabilitation Advisor shall work with the property owner to reduce the project by omitting repairs which are of lesser importance to the long-term needs of the structure or, if retained in the project scope, the applicant shall be solely responsible for funding said repairs.
4- **Lead-Based Paint.**

**Notification:** All applicants and rental tenants for the St. Charles Rental Rehabilitation Program shall receive a notification of the hazards of lead-based paint.

**Lead-based Paint Prohibited:** The use of lead-based paint in any aspect or portion of the construction process covered by this program, or by any separate contracts or agreements entered into by the Owner and the Contractor, is expressly prohibited. All contracts for rehabilitation work shall contain language incorporating this prohibition.

**Risk Assessments:** Lead risk assessments for defective paint surfaces will be required in all units that are in buildings constructed prior to 1978. All defective paint conditions shall be identified on the assessment report form and corrected in accordance with methods that ensure the safety of the residents and the contractor.

**Interim Controls:** Lead-based paint interim controls shall, where necessary, be in accordance with Minnesota Statutes 4761.0300. Additional guidance in lead-based paint interim controls shall be found in the Department of Employment & Economic Development’s “Step-by-Step Guide to Rehabilitation Inspection”, and the "Procedures Relating to the Elimination of Lead Based Paint Hazards."

**Relocation.** Residents of rental units containing unacceptable levels of lead based paint will be required to vacate the property during the time the rehabilitation construction activities are occurring. Residents may not re-occupy the unit until the unit has been cleared by a certified lead risk assessor. The Small Cities grant can be used for temporary relocation benefits for occupants of rental units containing unacceptable lead based paint levels as determined by the lead risk assessment.

**XI. Ineligible Activities**

1. **Ineligible Improvements Allowable with Other Funds.**
   The Applicant may use bank loans, his/her own funds on hand, and other funds in order to finance those improvements that are not eligible for financing with SCDP funds. Such improvements shall be separately identified on work write-ups and bid forms.

2. **Ineligible Housing Rehabilitation Improvements.**
   The following improvements are not eligible for financing with SCDP funds:
   1. Detached garages, garage door openers, or any out-buildings.
   2. New Fireplaces, central air conditioning units, water softeners, or wood stoves.
   3. Decks, patios, fencing, or landscaping beyond that which is necessary in connection with foundation and basement work.
   4. Driveways and sidewalks, unless health and safety dangers are present.
   5. Kitchen appliances, plush carpeting, decorative work, or other improvements determined by the Rehabilitation Advisor to be “luxuries” or “frills” in nature.
   6. 200 amp services, unless needed and justifiable.
   7. Room additions. Exceptions to this rule may be granted by the Administrator only under extraordinary circumstances and with the approval of the SCDP grant staff at the Minnesota Department of Employment & Economic Development. Where such an exemption is granted, room additions shall only
be allowed: (1) to accommodate the installation of a bathroom, or (2) where severe overcrowding is present.

8. SCDP funds shall not be used for the payment, in whole or in part, of assessments for public improvements; EXCEPTING, however that such funds may be used for that portion of improvements located on the property which will bring an individual water supply system or sewage disposal system into compliance with local, state, or federal sanitary standards.

XII. Rehabilitation Procedures

The following administrative procedures shall govern operation of the Rental Rehabilitation Program, unless otherwise provided for by the procedures of another participating Financing Source.

1 - Implementation Responsibilities.
The Program Administrator shall:

1. Coordinate all rehabilitation work delivered through the various Financing Sources;
2. Collect and process applications and approve applicants as being eligible for rehabilitation assistance;
3. Obtain clearance from the Minnesota Historical Society regarding historic preservation requirements before rehabilitation work begins; and
4. Review all applications for consistency with these policies and approve or deny individual projects. An applicant may appeal any decision as provided for in Section P.

Eligibility: The Administrator will use the following guide to assess the eligibility of the applicant.

1. Whether or not the applicant is eligible for a SCDP loan and what leverage package the applicants are eligible for;
2. Debt load capacity;
3. Location of the applicant's property in the target Area;
4. Property ownership; and
5. Current tenant's income and qualification that 51% of the units to be rehabilitated are occupied by low and moderate-income persons and the rent after rehabilitation will be affordable to those tenants.

Reports: The Administrator shall provide regular reports to the City Council on the program status, but Council approval of individual projects is not required.

Review Committee: The project review committee shall consist of the Program Administrator, the Rehab Inspector, and a representative of the City.

Marketing and the Program Administrator: The Program Administrator will conduct outreach and will solicit applications for the program in the following ways:

1. Notifying all applicants on the St. Charles Rental Rehabilitation waiting list.
2. Issue press releases advertising community meetings on SCDP grant application both to local newspapers and to the local radio station.

3. Make direct mailing of program information to the owners in the target areas if necessary to generate additional applicants.

4. Develop brochures and send them out in the billing statements of our local utility vendors.

5. Develop posters and post them in prominent areas in the community.

City Council's Responsibilities: The City Council shall be responsible for setting overall program policy, including approval, amendment, and adoption of these Guidelines.

Checks Issued: All checks issued under the SCDP program shall be issued by the City.

2 — Applications.
Application: Applicants shall complete the "Application for Rehabilitation Assistance." This form shall (where applicable) request information concerning income, assets, and property. The form shall further provide a "Notice to Tenant" informing the renters of data privacy, misrepresentation, lead-based paint warnings, and inspection considerations.

Tenant Survey: The Administrator may collect from the Tenants, such supporting documentation as may be deemed necessary, including but not limited to income tax returns, paycheck stubs, bank deposit slips, and other materials relating to the financial status of the Renter.

3 — Relocation, Temporary.
Applicants will be informed that temporary relocation costs for their tenants, due to lead based paint interim control measures or other valid construction related reasons, shall be at their expense and the program will not, under any circumstances, pay for temporary relocation costs during rehabilitation activities. A signed acknowledgment by the applicant stating this fact shall be kept in the applicant’s file.

4 - Displacement.
The Administrator shall work with the Applicant to determine if the possibility exists of displacement from the dwelling. If the potential for displacement appears likely, the Administrator shall provide to the Applicant and Tenants such written notices as are required. If displacement occurs, the Administrator shall work with the Applicant and Tenants to assure that the Applicant's and Tenant’s displacement and relocation rights are protected.

5 - Verifications.
The Administrator may request that information concerning assets, property, and other facts reported by the Tenant, or brought to the attention of the Administrator, which are relevant to their eligibility, shall be independently verified. The Administrator shall, with written permission of the Tenant, obtain verifications from the appropriate sources and shall use the verified information to determine an applicant's eligibility for rehabilitation assistance.

6 - Notification of Status & Truth-in-Lending Compliance.
Notification: The Administrator shall notify the Applicant in writing as to the approval or rejection of their application and, if approved, the maximum amount of assistance for which they qualify and the mix of assistance as outlined in Sections C.1 and C.2. The Applicant shall then be given the opportunity to accept or reject this offer before proceeding with an inspection.
Right of Rescission: The notification of status shall include a “Notice of Right of Rescission”. This notice shall include an explanation of the Applicant's right to cancel the transaction, and information as to how the transaction may be canceled.

7 — Authorization for Initial Inspection.
Following the Applicant's acceptance of the financing offer, the Rehabilitation Advisor shall conduct an initial inspection. This inspection shall be thorough, complete, and shall identify all rehabilitation needs of the property.

8 — Work Write-Up and Bid Specifications.
Following initial inspection, the Rehabilitation Advisor shall prepare a Scope of Work for the property. This work write-up shall specify reasonable, quality workmanship be used to bring the structure up to applicable plumbing, electrical, energy efficiency and HQS standards; shall suggest materials and methods for making necessary repairs and improvements; and shall be prepared in sufficient detail to help contractors prepare accurate bids. Drawings and sketches shall be provided where they will be necessary or helpful.

9 — Bidding and Contracting Procedures.
Solicit Bids: After receiving the Rehabilitation Advisor's work write-up, the Applicant shall solicit sealed bids from contractors. A minimum of two bids per trade shall be required; three bids shall be encouraged. All bids will be reviewed by the Rehabilitation Advisor to determine that the bids are comparable. In seeking the minimum of two bids, one general contract bid can be compared against the sum of individual bids by trade. Rehabilitation activities needing lead based paint interim controls shall only be bid on by state certified lead trained contractors.

Bidders List: The Administrator shall provide to the Applicant a Bidders List of contractors. The Applicant will be requested to seek sealed bids from this list. No contracts will be awarded to contractors who are not on this Bidders List. The list will, however, be continually updated as more contractors come forward and qualify for the list. If the Applicant obtains bids from a contractor who is not currently on the Bidders List, the bid will be considered at such time as the contractor qualifies for the List. Contractors bidding on projects containing unacceptable levels of lead based paint will be required to have a copy of their state issued lead license on file with the Program Administrator.

Low Bidder: Bids will be awarded to the lowest qualified bidder unless one of the following occurs:

1. The bid is found to be unrealistically low and the contractor agrees to withdraw the bid.

2. The contractor has failed to follow the procedures outlined in instructions to the bidders.

3. The Applicant does not want the lowest bidder to do the work. In that case the Applicant must pay the difference between the lowest bid and the preferred contractors bid.

4. There appears to have been collusion between two or more contractors and/or the Applicant. Collusion among contractors will result in their being barred from further participation in the Program. Collusion involving the Applicant will result in the rehabilitation project being canceled and the Applicant being barred from the Program.

5. The contractor fails to bid according to specifications and, following efforts by the Rehabilitation Advisor; it is impossible to compare the contractor’s bid with those of the other bidders.
Lead-Licensed Contractors: Contractors who sublet work on a structure needing lead based paint interim controls must have a lead supervisor state issued license and the subcontractor must follow lead worker safe worker practices.

Lead Contracts: Contracts may be made with general contractors or individually by trade. Contracts will be let by the Applicant and shall be a contract between the Applicant and the contractor.

Previous Work: Any repair work which begins before a written Proceed to Work Order is issued will not be paid for by funds from any Financing Source.

Completion Timeline: Projects not under contract within eight months after the date when bids are delivered to the Applicant shall be dropped from the program. An offer of financing made to the Applicant shall be null and void after the expiration of this eight-month period.

10 — Qualification for Bidders List.
Contractor’s Statement: Contractors must complete the “Contractor's Qualification Statement” and return it to the Administrator.

Licensed Tradesmen: Contractors must be bona fide tradesmen. Contractors must meet State licensing requirements where such requirements apply, including residential building contractor and residential remodeler license requirements (effective January 1, 1992).

Insurance: Contractors must possess insurance coverage that meets or exceeds these requirements:

- Manufacturers and Contractor/Independent Contractors. Bodily Injury: $100,000 (each occurrence) and $300,000 aggregate. Property Damage: $50,000 (each occurrence).
- Auto (Owned, Hired, or Leased). Bodily Injury: $100,000 (each occurrence) and $300,000 aggregate. Property Damage: $50,000 (each occurrence).
- Worker's Compensation. The contractor shall obtain and maintain Worker's Compensation Insurance for all of his/her employees, according to State law and regulation.

Subcontractor Insurance: In cases where any work is sublet, the Contractor shall also require the subcontractors to comply with the insurance requirements set forth above.

Removal from Bidder’s List: Contractors may be removed from the Bidders List and disqualified from contracting under the following circumstances:

- Failure to keep the required insurance in force;
- Failure to complete work in a timely manner;
- Performance of substandard work;
- Failure to correct deficiencies in substandard work; or
- Collusion between two or more contractors and/or the Applicant.

11 — Change Orders.
Work which is not specified in the Work Write-Up will not be paid for by the Program without a written change order approved by the Administrator, the Rehabilitation Advisor, the contractor, and the Applicant. Change Orders increasing the costs of a project beyond the maximum amount specified in Section IV. 4 shall be paid by the Applicant or by another Financing Source.

12 — Interim Inspections.
The Rehabilitation Advisor may conduct interim or progress inspections for each property assisted by the Program. The interim inspections shall be used:

- To monitor the work in progress and the quality of work being performed, and
- To determine the completeness and quality of repairs prior to any payments to contractors or subcontractors.

13 — Lead Based Paint Clearances.
Structures needing lead based paint interim controls must be cleared for client re-occupation by a certified lead risk assessor before the client will be able to return to the dwelling.

14 — Partial Payments to Contractors.
No interim or partial payments will be made without prior inspection by the Rehabilitation Advisor and approval by the Administrator. No partial payment or sum total of partial payments shall exceed 80% of the total contract amount. No pre-payment or advance of Program funds is allowed.

15 — Final Inspection and Acceptance of Work.
The Rehabilitation Advisor shall conduct a comprehensive and thorough final inspection of all repairs upon completion of all work. This final inspection shall be used to determine the completeness and quality of repairs prior to the final payment to contractors or subcontractors. Substandard or incomplete work identified by the Rehabilitation Advisor will not be paid for. Prior to payment, a “Completion Certificate and Acceptance of Work” form shall evidence satisfaction with the work and shall be signed by the Applicant, the contractor and/or subcontractor, the Rehabilitation Advisor and the Administrator.

16 — Payment and Lien Waivers.
SCDP funds shall be disbursed to the contractor upon approval and acceptance of the work as noted in Section 15. Appropriate lien waivers must be provided by the contractor, prior to the release of checks.

17 — Time for Completion.
A maximum of 90 calendar days will be allowed for completion of contracted work on a property, beginning as of the date of the contract for the repairs, or as of the date proposed by the contractor (when provided). Failure to begin work by the completion date shall be grounds for termination of the contract.

Exceptions: This time period shall not be exceeded except by a written Change Order, which shall outline the circumstances that require an extension of time and shall specify a revised completion date. In the absence of such a Change Order, failure to complete work on time shall be grounds for termination of the contract.

18 — Termination of Contract.
Rehabilitation contracts may be terminated for convenience or for cause. Reasons for termination may include:
- Unacceptable contractor work habits or performance or,
- An inability to resolve disputes associated with the project.

19 — Permits and Fees.
Payment of local building permit fees will be the responsibility of the Applicant. State inspection fees should be included in the contractor's bid. Recording fees shall be paid for by the Applicant.

20 — Close-out
Upon completion of all rehabilitation activities and acceptance of the work by all parties, the Administrator shall process such close-out documents as are required for the SCDP financing, including mortgage documents and/or repayment agreements.

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XIII. Appeals and General Complaints

Appeals Procedure and Resolution of Disputes.
All Applicants and contractors shall have full right to appeal any decision or action relating to the administration of the Program. Such appeals may be made in accordance with the process described below.

Dispute Resolution: In the event of a dispute between the Applicant and the contractor, the Rehabilitation Advisor shall work with both parties to negotiate a satisfactory solution. If the event that this procedure fails to produce a satisfactory solution, the dispute shall be presented to the City Council by the Administrator. In the event that the City Council is unable to resolve the dispute, judicial arbitration procedures shall be followed.

1 - Client Complaint Process

Client complaints about any aspect of service delivery, the administrator’s or assignee’s staff, program restrictions or contractor relations / workmanship may be pursued verbally or in writing. Complaints should be addressed directly to the Program Administrator. The Program Administrator will respond to each complaint and shall work with the staff, the contractor, and the client to resolve the problem within two (2) weeks. If the applicant is still dissatisfied, the client may further pursue the complaint as follows:

1. A complaint may be filed which will be taken to the City Council for action at its next regularly scheduled meeting.

2. If the client is still unsatisfied, the complaint will be forwarded to the MN Department of Employment and Economic Development along with the following information:
   - A copy of the written complaint and request for satisfaction under the appeals Process.
   - A copy of all correspondence between the Program Administrator and/or Administrative Staff and the appealing client appealing the appeal disposition.
   - The final appeal disposition.

2 - Project Appeal Process

If a property owner’s application for any reason is denied or a property owner is dissatisfied with the level of assistance they have received, the following procedure is to allow for a standardized appeal/complaint process to all applicants of the St. Charles Small Cities Development Program. Upon complaint, an applicant will be informed of the following:

1. That a written procedure for appeal is available.

2. In the case of denial of assistance or service, a written notice shall be sent to the applicant clearly stating under what condition that application was denied and also a copy of this appeal process.

3. Initial client appeals about any aspect of service delivery expressed verbally or in writing shall be responded to within two (2) weeks. If the applicant is dissatisfied with the response, then the client shall be informed of the following procedure.

4. The applicant who wishes to appeal the initial response must submit a request for appeal in writing within thirty (30) days of the initial response. This request must state the reason(s) for the appeal and should include any information that the applicant feels is pertinent to the appeal.
All appeals should be addressed to: SEMMCHRA
c/o Buffy Beranek
Attention: St. Charles SCDP Appeal
134 East Second Street
Wabasha, MN 55981

Council Review: The applicant may appeal to the City Council within fifteen (15) working days. At that time, the applicant will be notified that he/she has the right to appear before the City Council. The St. Charles Council will respond with a written decision, which shall be final, within thirty (30) working days.

State Review: Any further appeal actions will be forwarded to the MN Department of Employment and Economic Development, along with the following information:

1. A copy of the written complaint and request for satisfaction under the appeals process.

2. A copy of all correspondence between the Program Administrator and/or Administrative Staff and the appealing client concerning the appeal disposition.

3. The final appeal disposition.

XIV. Refinancing and Work in Progress

No funds from this Program shall be used to refinance existing indebtedness. No funds shall be used to pay for any repairs or improvements that may be in progress or may have begun prior to the Administrator issuing a written Proceed to Work Order.

XV. Applicant Labor

Applicant labor on Rental Rehabilitation projects is not allowed. All work must be performed by certified construction contractors.

XVI. Applicant Fees

Neither the Administrator nor the City of St. Charles shall charge to the Applicant an origination fee, inspection fee, or fee of any kind, other than building permit fees and recording fees.

XVII. Contractor's Warranty

The Contractor shall defend, indemnify, and hold harmless the Applicant, Administrator, Rehabilitation Advisor, St. Charles City Officials and staff, and the officers of any other Financing Source from all liability and claims for damages arising from bodily injury, death, property damage, sickness, disease, or loss and expense resulting from or alleged to result from a Contractor's operations under this Program.

The Contractor shall warrant to the Applicant and subsequent owners of the property that:

- All materials, hardware, fixtures, and utilities of whatever kind used in making repairs are of good quality and free from defects in workmanship or material.
• The Contractor shall repair, correct, or replace at no cost to the Applicant or subsequent owners any defective workmanship or materials or deficiencies subject to warranty, upon written notice within two years from the date of completion and acceptance of work.

XVIII. Fair Housing & Equal Opportunity

It is the policy of this Rental Rehabilitation Program to work affirmatively to ensure that all persons, regardless of race, color, creed, national origin, sex, religion, marital status, age, handicap, or reliance on public assistance, will be treated fairly and equally in their participation in the Program.

Affirmative Promotion: The City of St. Charles will be responsible for the promotion of the Program at the local level and shall exercise care in avoiding promotion methods that may exclude potentially eligible applicants. Access to program information and materials will not be denied to any person for any reason including race, color, creed, national origin, sex, religion, marital status, age, handicap, or reliance on public assistance. Affirmative promotion shall include efforts to reach those persons who traditionally may not have participated in similar programs.

City to Promote: In order to develop or maintain an effective affirmative promotion effort, the City shall review its promotion methods from time to time during the course of the Program to determine how the methods used can be improved to increase the participation of persons who otherwise might not apply for assistance under the Program, such as single female heads of property-holds, racial minorities, or persons with handicaps or disabilities.

MBE/WBE’s Encouraged: The City of St. Charles shall encourage participation by women and minority-business enterprise (W/MBE) parties in the Rental Rehabilitation Program. W/MBE contractors, materials suppliers, vendors, and others engaged in rehabilitation related enterprises shall be encouraged to seek inclusion on the Bidders’ List of the rehabilitation program.

XIX. Conflict of Interest

Federal regulations (24 CFR 570.611) and Minnesota Statutes 471.87-471.88 specify that elected officials, employees of Small Cities Development Program grant recipients, and others who are in a position to participate in the decision-making process of the Program may not:

1. Obtain personal or financial interest or benefits, including money, favors, gratuities, entertainment or anything of value that might be interpreted as conflict of interest.

2. Obtain a direct or indirect interest in any contract, subcontract, or agreement for any activity. This prohibition extends to contracts in which a spouse, minor child or business associate may have a personal or financial interest.

Questions concerning conflict of interest shall be resolved by a written legal opinion from the City Attorney who shall, if necessary, seek further assistance from the Minnesota Attorney General's Office. Small Cities Development Program staff shall be contacted if such a situation arises.
XX. **Evidence of Misconduct**

Any party participating in the Program shall refer any evidence of fraud, misrepresentation, or other misconduct in connection with the operation of the Program to the Minnesota Attorney General's Office for appropriate investigation and legal action.

XXI. **Amendments**

These policies and procedures may be amended or changed at any time by the St. Charles City Council except where a signed agreement precludes a change.
Southeastern Minnesota Multi-County Housing & Redevelopment Authority  
Community Development Department  
Rehabilitation Programs – Walk Away Policy

This walk-away policy will be instituted by the Southeastern Minnesota Multi-County Housing and Redevelopment Authority (SEMMCHRA) staff for one or more of the following reasons.

1. When it is determined that it is not economically feasible or possible to bring the unit up to the Department of Housing and Urban Development’s (HUD’s) Housing Quality Standards (HQS) and Lead Based Paint standards. The purpose of the “walk-away” policy is to prevent investment in a home which is so deteriorated that compliance with the HQS and Lead Based Paint standards cannot be achieved within the maximum allowable funding level.

2. If a property is offered for bid on two separate occasions and no acceptable bid is received, or if the housing auditor confirms that the property cannot feasibly be rehabilitated to HQS and Lead Based Paint standards, within the maximum allowable funding level, SEMMCHRA may elect to “walk-away” from that property and take no further action regarding its renovation. The property owner will be notified in writing within two weeks of the determination to “walk-away”.

3. If, in the opinion of the SEMMCHRA inspector, the current monetary value of property to be rehabilitated, together with the funds to be expended thru the Rehabilitation program, cannot bring the net monetary value up to at least the amount of the Rehabilitation funds expended, SEMMCHRA reserves the right to “walk away” from that property and take no further action regarding its rehabilitation.

4. If the property to be rehabilitated is in an ‘unkempt’ state which could present Health or Safety hazards to SEMMCHRA personnel or a Rehabilitation Contractor who would be performing the work, the following will apply. “Unkempt” may include, but would not be limited to, general clutter or household garbage, either inside or outside of the property to be rehabilitated. If in the opinion of the SEMMCHRA housing inspector the property is in an “unkempt” state the property owner will be notified in writing and given thirty days to bring the property up to an acceptable standard of cleanliness as determined by the SEMMCHRA Inspector. If, within that thirty day period, the property is not brought up to an acceptable standard, SEMMCHRA reserves the right to “walk away” from that property and take no further action regarding its rehabilitation. The property owner will be notified in writing within two weeks of this decision.

5. If it becomes apparent that the property owner, or tenants in the case of rental rehabilitation, at any phase of the project, are not willing to comply or accept standard practices of the rehabilitation program that are outlined in the “Steps for Single Family Rehabilitation” and “What to Expect and What Not to Expect” information sheets provided, or the Rehabilitation Policies and Procedures Guideline for the SEMMCHRA.
6. If the SEMMCHRA Staff or the Rehabilitation Contractor decides that continued presence on the job site may constitute a liability to their company due to the owner, or tenants, personal behavior or threatening manner.

If the project is cancelled due to items number 5 or 6, or the property owner chooses to withdraw from the program, after, either the initial inspection or lead risk assessment and inspection has been conducted, a fee of $500.00 per inspection, up to $1,000.00, will be charged to the owner of the property. If you continue with the home repairs the costs of the initial inspection will be charged to the program and the cost of the lead testing will be part of the program costs or loan, depending on the program.

Payments shall be made to the SEMMCHRA no later than thirty (30) days following the action that requires the repayment. If such payment is not made within 30 days, collection proceedings will begin to recapture these funds. Collection proceedings include submitting unpaid loan balance plus unpaid interest to Minnesota Department of Revenue Recapture Program.
### Illustration 2
Grantee Summary Information Sheet  
Small Cities Development Program  
State of Minnesota

<table>
<thead>
<tr>
<th>Grantee: City of St. Charles</th>
<th>Grant Number: CDAP-19-0051-O-FY20</th>
</tr>
</thead>
</table>

All grantees must complete sections 1-6. Grantees whose projects will be administered in whole or in part by other entities must complete section 7.

### 1. PROJECT DIRECTOR

<table>
<thead>
<tr>
<th>Buffy Beranek</th>
<th>S.E. Minnesota Multi-County HRA</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Name</strong></td>
<td>Executive Director</td>
</tr>
<tr>
<td><strong>Title</strong></td>
<td>134 East Second Street</td>
</tr>
<tr>
<td><strong>Agency</strong></td>
<td>Wabasha MN 55981</td>
</tr>
<tr>
<td><strong>Address</strong></td>
<td>City State Zip Code</td>
</tr>
<tr>
<td><strong>Phone:</strong></td>
<td>Area Code Number Extension</td>
</tr>
</tbody>
</table>

*beranek@semchra.org*

Enter the name and address of Project Director. If Project Director is not an employee of the grantee, but is an employee of a separate implementing agency, please complete section 7.

### 2. AUTHORIZED OFFICIAL/ENVIRONMENTAL CERTIFYING OFFICER

<table>
<thead>
<tr>
<th>John Schaber</th>
<th>City of St. Charles</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Name</strong></td>
<td>Mayor</td>
</tr>
<tr>
<td><strong>Title</strong></td>
<td>Unit of Government</td>
</tr>
<tr>
<td><strong>Agency</strong></td>
<td>830 Whitewater Avenue</td>
</tr>
<tr>
<td><strong>Address</strong></td>
<td>City State Zip Code</td>
</tr>
<tr>
<td><strong>Phone:</strong></td>
<td>Area Code Number Extension</td>
</tr>
</tbody>
</table>

*mavor@stcharlesmn.org*

Enter the name and address of the individual designated as authorized official on the grantee’s Resolution of Sponsorship. This individual will also certify compliance with environmental laws and regulations.

### 3. FINANCIAL OFFICER

<table>
<thead>
<tr>
<th>Buffy Beranek</th>
<th>S.E. Minnesota Multi-County HRA</th>
</tr>
</thead>
<tbody>
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<td><strong>Phone:</strong></td>
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</tbody>
</table>

*beranek@semchra.org*

Enter the name and address of the Financial Officer.

### 4. FH/EO OFFICER

<table>
<thead>
<tr>
<th>Karen DuCharme</th>
<th>S.E. Minnesota Multi-County HRA</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Name</strong></td>
<td>Administrative Development Director</td>
</tr>
<tr>
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</tr>
<tr>
<td><strong>Agency</strong></td>
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<tr>
<td><strong>Phone:</strong></td>
<td>Area Code Number Extension</td>
</tr>
</tbody>
</table>

*kduchanne@semchra.org*

Enter the name and address of the person designated as FH/EO/CEO Officer.

### 5. LABOR STANDARDS OFFICER

<table>
<thead>
<tr>
<th>Tressa Sauke</th>
<th>S.E. Minnesota Multi-County HRA</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Name</strong></td>
<td>Special Projects Coordinator</td>
</tr>
<tr>
<td><strong>Title</strong></td>
<td>134 East Second Street</td>
</tr>
<tr>
<td><strong>Agency</strong></td>
<td>Wabasha MN 55981</td>
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<td><strong>Phone:</strong></td>
<td>Area Code Number Extension</td>
</tr>
</tbody>
</table>

*sauke@semchra.org*

Enter the name and address of the person designated as Labor Standards Officer.

### 6. ENVIRONMENTAL COORDINATOR

<table>
<thead>
<tr>
<th>Karen DuCharme</th>
<th>S.E. Minnesota Multi-County HRA</th>
</tr>
</thead>
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<td>Area Code Number Extension</td>
</tr>
</tbody>
</table>

*kducharme@semchra.org*

Enter name and address of individual designated to coordinate the Environmental Review.
<table>
<thead>
<tr>
<th>7. IMPLEMENTING AGENCY (other than Grantee)</th>
<th>8. REHABILITATION SPECIALIST</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Agency</strong></td>
<td>S.E. Minnesota Multi-County HRA</td>
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<tr>
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<td>Wabasha</td>
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<td>City</td>
<td>Address</td>
</tr>
<tr>
<td>MN</td>
<td></td>
</tr>
<tr>
<td>55981</td>
<td>City</td>
</tr>
<tr>
<td>Zip Code</td>
<td>State</td>
</tr>
<tr>
<td>(651) 565-2638 213</td>
<td>Zip Code</td>
</tr>
<tr>
<td>Phone: Area Code Number Extension</td>
<td>Phone: Area Code Number Extension</td>
</tr>
<tr>
<td>kduchanneffisemmchra.org</td>
<td><a href="mailto:jhall@semcmchra.org">jhall@semcmchra.org</a></td>
</tr>
<tr>
<td>E-mail Address</td>
<td>E-mail Address</td>
</tr>
</tbody>
</table>

Enter name and address of implementing agency if other than grantee.
2020 CITY OF ST. CHARLES
OFFICIAL LISTING

Mayor: John Schaber
830 Whitewater Avenue
St. Charles, MN 55972
Phone: 507-932-3020
Email: mayor@stcharlesmn.org

City Administrator: Nick Koverman
830 Whitewater Avenue
St. Charles, MN 55972
Phone: 507-932-3020
Email: nkoverman@stcharlesmn.org

City Council:

Dave Braun
Wayne Getz
Craig Hilmer
David Kramer
Project Title: CITY OF ST. CHARLES HOUSING REHABILITATION PROGRAM

Grant Number: CDAP-19-0051-O-FY20

Grant Timeline

<table>
<thead>
<tr>
<th>Project Task</th>
<th>Anticipated Completion Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grant approval from DEED</td>
<td>January/February 2021 (release of funds obtained)</td>
</tr>
<tr>
<td>Multi-Family Rental Rehab Inspection</td>
<td>December 2020/January 2021</td>
</tr>
<tr>
<td>Last date for rehab applications to be received</td>
<td>January 31, 2023</td>
</tr>
<tr>
<td>Date of award of last rehab contracts</td>
<td>March 1, 2023</td>
</tr>
<tr>
<td>Estimated program completion date</td>
<td>June 30, 2023</td>
</tr>
</tbody>
</table>
Adopted – _____/____/20  ADMINISTRATION CONTRACT
WITH
SOUTHEASTERN MINNESOTA MULTI-COUNTY
HOUSING AND REDEVELOPMENT AUTHORITY

This contract, for Administrative Services, is between City of St. Charles, (hereinafter referred to as the "Grantee") and the Southeastern Minnesota Multi-County Housing and Redevelopment Authority, (hereinafter referred to as the "HRA").

WHEREAS: The Grantee has received a grant from the State of Minnesota to fund and administer the Small Cities Development Program (SCDP), Minnesota Rules chapter 4300, within the political jurisdiction of the Grantee; and

WHEREAS: The Grantee, which is a local unit of government and is not a state employee, is awarded funds to provide financial assistance to address the need for decent, safe, affordable housing, economic development and public facility needs, and provide a suitable living environment by expanding economic opportunities, principally benefitting low to moderate income households. The activities may include: Housing Rehabilitation – (This includes owner-occupied and single family, duplex and multi-family rental units), Commercial Rehabilitation, and Public Facility Improvements: (i.e. construction or improvements to water and wastewater systems, etc.); and

WHEREAS: The Grantee desires to have the assistance of the HRA, which is a multi-county political subdivision of the State of Minnesota, in the administration of the grant.

WITNESSETH: In consideration of the mutual covenants and agreements contained herein, the Grantee and the HRA agree as follows:

1. The term of this contract is from October 1, 2023 through September 30, 2024. This contract shall automatically renew annually and shall coincide with the Federal Fiscal Year.

2. In consideration of financial reimbursement to be made specifically described below and in accordance with the Grantee’s Small Cities Development Program grant, the HRA agrees to act as the Administering Agent for the Grantee. As part of the post-grant administrative process, the Grantee may receive monies from borrowers, who have an obligation to repay funds in accordance with the terms of their Repayment Agreement and/or Program Mortgage. The grantee agrees to pay an administrative fee to the HRA during the Federal Fiscal Year in an amount not less than $250 and not to exceed $2,000 for administration. If funds are repaid by borrowers, then the administrative fee shall be collected from those repayment(s). The Grantee shall pay 15 percent of a project’s total cost for administration of the re-use of funds in the form of a rehabilitation project. Costs, including attorneys’ fees and court costs, incurred to collect a defaulted loan will be in addition to the above administrative fee and will be collected from funds collected from borrowers.

3. The HRA shall perform the activities in accordance with all applicable provisions of Title One of the Housing and Community Development Act of 1974, as amended, and its implementing regulation found in Volume 24 of Code of Federal Regulations, Part 570, and all applicable state and federal laws. The HRA shall perform its obligations and activities under this agreement consistent with and in compliance with the Grantee’s obligations under the Small Cities Development Program Grant Agreement(s) entered into with the State of Minnesota including all amendments thereto. The grant agreement(s) are specifically identified in Appendix One.
4. **Project Planning.** The HRA will coordinate the preparation of plans, specifications, contracts, reports, budgets and other agreements in a consistent manner with applicable state and federal laws and regulations for all project activities, within the respective limitations of the funds collected on behalf of the Grantee and/or in accordance with the state and federal requirements for rehabilitation projects. Annually, the administrator will determine, based on the dollar amount of funds collected, how the funds will be administered and reported. In the next federal fiscal year, the HRA will allocate the funds for eligible project uses in accordance with the Small Cities Development Program. The HRA will report to the use of funds to the Grantee in a manner consistent with the original grant process.

5. **Borrower Servicing:** The HRA will maintain individual borrower information, based on that data of borrower payments provided monthly by the Grantee. The HRA will perform on the Grantee's behalf the annual 1098 reporting, subordinations and satisfactions. The HRA will follow the established guidelines approved by its board of commissioners. The HRA's board of commissioners will be reviewing and acting on subordinations on behalf of the Grantee. The HRA will follow-up with the borrowers on behalf of the Grantee.

6. **Financial Record Keeping and Control.** The HRA will keep complete and accurate records of all claims and disbursements in accordance with the following procedures:

   A. **Annual Reports.** The HRA shall prepare and maintain annual post close out reports, including records of individual activities and program recipients in the form and manner required by DEED. At the time of annual reporting, the HRA will determine the type of funds to be reported and utilized in the next federal fiscal year.

   B. **Financial Reporting and Collection of Funds.** For all collections of loan repayments made pursuant to this agreement, the HRA shall keep financial records to reconcile annually the bank account balance for individual loan payments from all grantees. This data will be provided to the Grantee by the 15th of January in the next calendar year for accounting purposes.

   C. **Financial Reporting and Use of Funds.** For all expenditures of funds made pursuant to this agreement, the HRA shall keep financial records, including invoices, contracts, receipts, vouchers and other documents sufficient to evidence in proper detail the nature and propriety of the expenditure. For contracts with individual consultants, invoices for payments must state that the work performed and invoiced is in accordance with the terms of the Consultant Contract. Furthermore, these invoices must also state the calendar dates and number of hours of each day for which the consultant is requesting compensation. Accounting methods for this program will meet the standards set forth in Common Rule "Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments". The annual uses of funds data will be provided to the Grantee by the 15th of January in the next calendar year for accounting purposes.

   D. **Audit and Inspection.** Accounts and records related to the funds provided under this Agreement shall be accessible to authorized representatives of the State of Minnesota for the purposes of examination and audit. In addition, Grantee will give the State of Minnesota, Minnesota Department of Employment and Economic Development, Legislative Auditors, State Auditor's Office and the Comptroller General of the United States, through any authorized representative, access to and the right to examine all records, books, papers or documents related to the funds.
7. For the purposes of this contract, the HRA shall be deemed an independent contractor and not an employee of the Grantee. Any and all employees of the HRA or other persons while engaged in the performance of any work or services required by the HRA under this contract, shall not be considered employees of the Grantee.

8. The HRA shall not assign any interest in this contract and shall not transfer any interest in the same, whether by assignment, subcontract or novation, without the prior written consent of the Grantee.

9. Any alteration, variation, modification or waiver of the provisions of this contract shall be valid only after it has been reduced in writing, duly signed by both parties and attached to the original of this contract.

10. The waiver of any of the rights and/or remedies arising under the terms of this contract on any one occasion by either party hereto shall not constitute a waiver of any rights and/or remedies in respect to any subsequent breach or default of the terms of this contract. The rights and remedies provided or referred to under the terms of the agreement are cumulative and not mutually exclusive.

11. This contract shall constitute the entire agreement between the parties and shall supersede all prior oral or written negotiations.

12. The Grantee shall have full access to all records relating to the performance of this agreement.

13. In performing the provisions of this contract, the HRA agrees to comply with all Federal, and State Laws and all applicable rules, regulations or standards established by any agency of such governmental units, which are now or hereafter promulgated.

14. Should any of the above provisions be subsequently determined by a court of competent jurisdiction to be in violation of any federal or state laws or to be otherwise invalid, both parties agree that only those provisions so adjudged shall be invalid and that the remainder of this contract shall remain in full force and effect.

15. The Grantee reserves the right to terminate this contract if the HRA fails to perform any of the provisions hereof. Such termination shall occur ninety (90) days after the HRA's receipt of written notice specifying the grounds thereof, unless, prior to the date, the HRA has cured the alleged non-performance of the provisions of this contract. In the event that the project is terminated or that the grant funds are withdrawn for any reason by the State, the Grantee may terminate this contract without penalty or obligation upon giving ninety (90) days written notice to the HRA.

16. Special Administrative Provisions. All records pertaining to this Agreement shall be maintained by the HRA for a period of at least seven (7) years after the expiration of the term of this Agreement.

The HRA further understands and agrees that it shall be bound by Minnesota Statutes on data privacy with respect to "data on individuals" which collects, receives, stores, uses, creates or disseminates, pursuant to this Agreement. The HRA is a governmental unit that is subject to the Minnesota Data Practices Act, and nothing under this contract can waive or modify its obligation to comply with that Act.
NOTICE OF CONTRACTOR (HRA): You are required by Minnesota Statutes, 1982, Section 270.66 to provide your Social Security Number or Minnesota Tax Identification Number if you do business with the State of Minnesota. This information may be used in the enforcement of federal and state tax laws. Supplying these numbers could result in action to require you to file state tax returns and pay delinquent state tax liabilities. This contract will not be approved unless these numbers are provided. These numbers will be available to federal and state tax authorities and state personnel involved in the payment of state obligations.

Minnesota Tax ID: 7008622

Federal Tax ID: 41-6005513

IN WITNESS WHEREOF, the parties hereto have caused this contract to be duly executed.

SOUTHEASTERN MINNESOTA MULTI-COUNTY HOUSING AND REDEVELOPMENT AUTHORITY

________________________
Buffy J. Beranek, Executive Director

CITY OF ST. CHARLES, MINNESOTA

________________________
John Schaber, Mayor

________________________
Nick Koverman, City Administrator