

## **Hutchinson HRA Rehab Loan Programs Walk-Away Policy**

The walk-away policy will be instituted by the Hutchinson HRA for one or more of the following reasons:

- When it is determined that it is not economically feasible or possible to bring the unit up to Minnesota Housing Finance Agency's (MHFA) Single Family Rehabilitation Standards (SFRS) 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 SFRS and Lead Based Paint standards cannot be achieved within the maximum allowable funding level OR if the building does not meet the definition of a Rehabilitable Building. Rehabilitable Building: A building is suitable for rehabilitation when it is structurally sound. To be rehabilitable, a building should be vertically plumb within three degrees and shall have no significant rot on the majority of the floor joists, studs or rafters that are weight bearing. Foundations and basement walls shall not be deteriorated to the extent or so out of alignment that they do not adequately support the building and cannot be corrected without complete replacement. Any proposed rehab/modifications to a pre-manufactured home will need prior approval by the manufacturer.
- If the property to be rehabilitated is in an "unkempt" state which could present Health or Safety hazards to Hutchinson HRA 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 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 housing inspector. If, within that thirty-day period, the property is not brought up to an acceptable standard, Hutchinson HRA 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.
- If a property is offered for bid twice and no acceptable bid is received, or if the housing inspector confirms that the property cannot feasibly be rehabilitated to SFRS and Lead Based Paint standards, within the maximum allowable funding level, the Hutchinson HRA may elect to "walk-away" from that property and take no further action regarding its rehabilitation. The property owner will be notified in writing in a timely manner.
- 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 "Owners Responsibilities and Expectations" or the "What Can a Property Owner Expect" information sheets, or the Rehabilitation Owner-Contractor contract, the Hutchinson HRA may elect to "walk-away" from that property and take no further action regarding its rehabilitation. The property owner will be notified in writing in a timely manner.
- If the Hutchinson HRA 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, the Hutchinson HRA 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 a timely manner.

- Properties with mold/mold-like appearance: The homeowner is responsible to be remediated according to MDH guidelines before the project begins if the moldy area is less than about 10 square feet (less than 3 ft by 3 ft patch). If mold growth is greater than 10 square feet, the homeowner may be eligible for a loan for mold remediation, if the water or moisture problem has been addressed or is being addressed. At the discretion of the Hutchinson HRA, an industrial hygienist may be required to inspect/assess, develop a cleanup procedure and do a final clearance. If homeowner does not agree to this, the Hutchinson HRA may elect to “walk-away” from that property and take no further action regarding its rehabilitation. The property owner will be notified in writing in a timely manner.

By my signature below I acknowledge receipt of a copy of this policy and agree to abide by this policy.

\_\_\_\_\_  
Property Owner Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Property Owner Signature

\_\_\_\_\_  
Date