

17. **Grant closing documents:** All recipients shall sign a Participation Agreement and Escrow Agreement.

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| Deferred Down-payment / Purchase Program |
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1. **Interest Rate:** 0 % Deferred
2. **Income Limit:** Applicants must have an adjusted gross income from the most recent Federal Tax Return of equal to or less than 80% AMI based on household size. If a tax return is not required to be filed, income will be determined by the projected gross income for the upcoming 12 months. The HUD AMI is adjusted annually to reflect the most current HUD income limits.
3. **Loan Amount:** Maximum \$5,000 or up to \$10,000 for vacant properties (listed on city vacant/boarded structures, condemned or foreclosed and no longer occupied)
4. **Term:** 10 years. If the borrower sells, transfers title or if the home is no longer the primary residence of the original borrower prior to the 10-year anniversary date, the entire original principal balance is due and payable. The loan may also become due and payable upon refinance. After 10 years the loan is 100% forgiven.
5. **Education Requirement:** Borrower(s) purchasing the home to occupy must register and complete pre-purchase Homebuyer Education Program prior to closing.
6. **Eligible Borrowers:** All borrowers must be legally residing in the United States and may include (based on approval of 1st mortgage lender):
 - U.S. Citizens
 - Foreign Nationals
 - Permanent Resident Aliens
 - Non-Permanent Resident Aliens
7. **Ineligible Borrowers:** Ineligible borrowers include;
 - Non-Occupant Co-Borrowers
 - Non-real person entities Properties
 - Foreign Nationals
8. **Eligible Properties:** 1-4 unit residential properties located with the geographical boundaries of the Central Neighborhood. Townhomes, condominiums, and properties held in a trust are eligible.
9. **Ineligible Properties:** Ineligible properties include non-owner occupied, properties with more than 4 units, cooperatives, manufactured homes and properties used for commercial purposes.
10. **Ownership/Occupancy:** Must be owner-occupied.
11. **Loan-to-Value:** Based on 1st mortgage lenders approval, but not to exceed 110%.

12. **Debt-to-Income Ratio:** N/A
13. **Multiple Loans per Property / Borrower:** Borrowers may only obtain one purchase assistance deferred loan from this program. If ownership changes, the new owner is eligible. If a previous recipient purchases a new qualifying home, they would be eligible again at that new property.
14. **Eligible Use of Funds:** These funds may only be used for down-payment or closing costs related to the purchase of the subject property.
15. **Underwriting:** Amount and approval of loan will be determined based on the 1st mortgage approval. To determine eligibility, CEE requires the following documentation from the 1st mortgage lender:
 - A CEE application
 - A copy of the whole/complete Purchase Agreement
 - A copy of the Appraisal or determination of value
 - A copy of the Title Commitment
 - A copy of the 1st mortgage pre-approval/commitment letter
 - A copy of the 1st Mortgage loan estimate, closing disclosure or similar closing cost / financing statement.
 - Verification of Homebuyer Education
16. **Disbursement of Funds:** Funds will be disbursed to the closing agent, for the benefit of the borrower, in coordination with the purchase closing.
17. **Loan Costs:** Borrowers will pay all mortgage filing fees and related closing costs. These fees must be paid at closing, they cannot be financed into the loan amount. CEE's annual administrative fee will be paid, per the program contract.
18. **Loan Security:** NRP loans will be secured by a Mortgage in the name of the City of Minneapolis.

OTHER GENERAL CONDITIONS AND PROCEDURES

Rehabilitation Consulting: A CEE representative will be available to borrowers to advise them about proposed projects and will review bids for reasonableness. NRP funds will pay for this service to be provided.

Loan/Grant Costs: Loan and grant origination fees will be paid for with NRP funds. The borrower/recipient is responsible for paying the following fees: credit report, title work, flood certification and applicable mortgage filing fees.

Bidding: Except when labor is provided by the borrower or grant recipient, there must be a minimum of 1 bid for each project up to \$15,000 and two bids for each project over \$15,000. (Only 1 material list is required for sweat equity projects). All contractors must be properly licensed. Permits must be obtained when required.

Loan Servicing: Borrowers will be assessed a 5% fee for submitting a late payment and/or a \$20.00 fee if a payment is returned to the servicer for insufficient funds.

Total Project Cost: It is the borrower's or grant recipient's responsibility to obtain the amount of funds necessary to finance the entire cost of the work. If the final cost exceeds the loan or the grant amount the borrower or grant recipient must obtain the additional funds. NRP funds will not be disbursed until all other funds have been paid into the project

Applications for Funding: Applications will be accepted by CEE on an on- going basis and processed on a first-come, first-served basis, as funds are available until all program funds are committed. Borrowers and grant recipients may be required to submit:

- a. A completed application form
- b. A copy of current photo ID
- c. A copy of the most recent Federal Income Tax Returns, including W-2's and all schedules
- d. A copy of two most recent payroll statements
- e. A copy of your current mortgage statement
- f. A Data Privacy Act Statement, USA Patriot Act and Authorization to Release disclosure.
- g. Other documentation as requested.

Custody of Funds: Loan and grant funds will remain in the custody of CEE until payment for completed work.

Disbursement Process:

- a. Payment to the contractor (or owner) will be made after completion of the work. An inspection will be performed by the City and/or the CEE representative to verify the completion of the work.
- b. The following items must be received before the funds can be released:
 - 1) Final Invoice from each contractor showing all amounts paid and due.
 - 2) Lien Waiver from each contractor.
 - 3) Material receipts for sweat equity projects.
 - 4) Completion Certificate signed by each contractor and the borrower/recipient.
 - 5) Permits Closed. Have the inspector sign the permit card, or have the inspector leave a message at CEE, 612-335-5856 or the permit must be closed on the Minneapolis Inspections computer 612-673-5890.
 - 6) Final Inspection and approval by CEE, if applicable. The above items must be provided to CEE to begin the preparation of the check(s). Lien waivers must be provided before the funds will be released.
- c. Payment checks may take up to 10 business days after the above items are received to prepare. A maximum of three draws will be allowed per loan. Payments will only be made for work completed and approved.