

**Purchase Assistance Deferred Loan**

**Interest Rate:** 0 % Deferred

**Loan Amount:** Up to \$5,000

**Term:** 15 years. The full original loan amount shall be due if the property is sold, transferred or is no longer occupied by the borrower(s) before 15 years. If the property is not sold, transferred and still occupied by the borrower(s) after 15 years the loan shall be 100% forgiven.

**Eligible Borrowers:** The borrowers must be legally residing in the United States (based on approval of 1<sup>st</sup> mortgage lender). The homebuyer(s) **MUST** attend a Home Stretch workshop or other valid homebuyers course offered through an approved counseling agency by the US Department of Housing and Urban Development and provide evidence prior to closing:

- U.S. Citizens
- Foreign Nationals
- Permanent Resident Aliens
- Non-Permanent Resident Aliens

**Ineligible Borrowers:** Ineligible borrowers include;

- Non-Occupant Co-Borrowers
- Non-real person entities (such as Sole Proprietorships, Corporations, Trusts, etc.)
- Properties held in a Contract-for-deed (except when the property is being “refinanced” to wholly transfer ownership).
- Foreign Nationals

**Eligible Properties:** 1-4 unit residential properties located with the geographical boundaries of the SE Como Neighborhood. Townhomes, Condominiums and properties held in a trust are eligible.

**Ineligible Properties:** Ineligible properties include;

- Non-owner occupied (aka Absentee Owned), unless the property is the property being purchased and will become owner-occupied
- Dwellings with more than 4 dwelling units
- Cooperatives
- Manufactured homes
- Time shares
- Properties used for commercial purposes

**Ownership/Occupancy:** Must be owner-occupied after time of purchase.

**Loan-to-Value:** 110%.

**Income Limits:** 110% of Adjust gross income based on household size and most recent federal tax return. If a tax return is not required to be filed by the borrower(s) than income will be determined by the projected income over the next 12 months.

**Debt-to-Income Ratio:** N/A

**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. Borrowers may have a maximum of two Southeast Como NRP loans out from any combination of the programs at any one time.

**Eligible Improvements:** These funds may only be used for down-payment or closing cost related to the purchase of the subject property.

**Underwriting:** Amount and approval of loan will be determined based on the 1st mortgage approval. In order to determine eligibility, CEE requires the following documentation from the 1st mortgage lender:

- 1) A CEE application
- 2) Certification that all homebuyers have completed a Home Stretch or other Homebuyers course offered through a counseling agency approved by the US Department of Housing and Urban Development
- 2) A copy of the whole/complete Purchase Agreement
- 3) A copy of the Appraisal or determination of value
- 4) A copy of the Title Commitment
- 5) A copy of the 1st mortgage pre-approval/commitment letter
- 6) A copy of the 1st Mortgage loan estimate, closing disclosure or similar closing cost / financing statement.

**Disbursement of Funds:** Funds will be disbursed to the closing agent, for the benefit of the borrower, in coordination with the purchase closing.

**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.

## 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 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.

**Loan Security:** All NRP loans will be secured in the name of the City of Minneapolis.

**Total Project Cost:** It is the borrower/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 amount the borrower/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/recipients may be required to submit:

- a. A completed application form
- b. A copy of current photo ID
- c. A copy of the most 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 signed 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.