

## Down-Payment/Closing Cost Assistance

**Interest Rate:** 0%.

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

**Term:** Loan will be deferred until the borrower sells or transfers title of the property or is no longer occupied by the borrower, at which time 100% of the loan is due.

**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. Borrowers must be considered as a first-time homebuyer.

**Ineligible Borrowers:** Including but not limited to: Foreign Nationals, Non-Occupant Co-Borrowers, and Properties held in the name of a business.

**Eligible Properties:** 1-4 unit residential properties located within the geographical boundaries of the City of Coon Rapids. Single family homes, townhomes, twin-homes and condominiums. Properties held in a trust are eligible.

**Ineligible Properties:** 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, properties held in a Contract-for-Deed and properties used for commercial purposes.

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

**Loan-to-Value:** 100%.

**Income Limits:** 110% AMI based on household size and adjusted gross income from most recent tax return. If a tax return is not required to be filed by the borrower(s) then 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 if the borrower(s) would be considered as a first-time homebuyer at that 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.

**Borrower Fees:** Borrower will be responsible for mortgage filing and service fees, flood certificate, credit report fees and any applicable closing fee which may be financed in the loan amount.

### **General Program Conditions**

**Application Processing:** Loans will be distributed on a first come first serve basis as borrowers qualify. **Applicants must provide a completed application package including the following in order to be considered for funding.**

- Completed and signed application form
- Proof of income
- Bids or estimates for proposed projects
- Other miscellaneous documents loan officers may require.

**Loan Security:** All loans that will be secured with a mortgage will be in favor of the City of Coon Rapids.

**Contractors/Permits:** Contractors must be properly licensed. Permits must be obtained when required by city ordinance.

**Program Costs:** Loan origination, post installation inspection and remodeling advisor visit fees will be paid out of the Program Budget. Loan program marketing efforts will be billed directly to the City of Coon Rapids and is a separate expense should the city choose to commission CEE for marketing support. Borrowers will pay all mortgage filing fees and related closing costs.

**Disbursement Process:** Payment to the contractor (or owner in sweat equity situations) will be made upon completion of work. An inspection will be performed by a City Inspector and/or CEE to verify the completion of the work. The following items must be received prior to final disbursement of funds:

- Final invoice or proposal from contractor (or materials receipt from supplier);
- Final inspection verification by a City Inspector (or CEE);
- Completion certificate(s) signed by borrower and contractor;
- Lien waiver for entire cost of work;
- Evidence of city permit (if required)

**\*\*\*Funds will be disbursed to the homeowner at closing for the CenterPoint On-Bill Repayment Program.**