

Down Payment and Closing Cost Assistance Deferred

Loan Program

1. **Loan Amount:** Up to \$7,500. If the borrower is a current resident of Brooklyn Park the maximum loan amount is up to \$10,000.
2. **Loan Term:** 10 years. The loan is 100% forgiven if the borrower(s) did not sell, transfer ownership or no longer occupied the property as the borrower(s) primary residence within 10 years of the loan closing date. If the loan is sold, ownership is transferred or is not the borrower(s) primary residence before 10 years of the loan closing, 100% of the loan is due.
3. **Interest Rate:** 0%
4. **Minimum Borrower Contribution:** Lesser of \$1,000 or 1% of the purchase price.
5. **Income Limit:** 115% of the Area Median Income (AMI). Income if determined by the Adjusted Gross Income from the most recent tax return and household size. If the borrower(s) are not required to file a tax return the income will be determined by the projected gross income.
6. **Homebuyer Education:** All borrower(s) MUST attend a Home Stretch workshop or other valid first time homebuyers course offered through an approved counseling agency by HUD. Applicants who have previously completed their pre-purchase education through an eligible provider must have a completion certificate that is dated not more than 12 months prior to closing.
7. **First-Time Homebuyer Status:** Borrowers must be a first-time homebuyer (a person or household that has not owned a home within the last three years – based on HUD approved definition). The Borrowers may not have had an ownership interest in a principal residence at any time during the three-year period ending on the date of execution of the mortgage. This requirement applies to any person who will execute the note and will have a present ownership interest in the financed property.
8. **Debt-to-Income Ratio:** N/A. Borrower must qualify for a first mortgage to purchase the property.
9. **Loan to Value Ratio:** 110%
10. **Eligible Borrowers:** All borrowers must be legal residents of the United States, as evidenced by a social security number, including U.S. citizens, permanent resident aliens and non-permanent resident aliens. Individual Tax Identification Numbers are not acceptable.
11. **Ineligible Borrowers:** Applicants with no ownership interest, business entities, foreign nationals and non-occupant co-borrowers.
12. **Eligible Properties:** All 1-4 unit owner occupied properties with a purchase price equal to or less than **\$515,200 based on MHFA Start Up Value (subject to change)** located within the geographical boundaries of the City of Brooklyn Park. Condominiums and townhouses will be eligible for this program as well.
13. **Ineligible Properties:** Properties held in a contract for deed are not eligible. Mobile homes, Co-ops, Non-owner-occupied and commercial properties.
14. **Multiple Loans:** Only one loan, but if ownership changes the new owner is eligible. If previous owner purchases a new home in Brooklyn Park they are eligible if considered a first time homebuyer. The cumulative outstanding balance of all Brooklyn Park loans cannot exceed \$50,000

15. **Subordination:** Full repayment of the loan is required unless the borrower is refinancing for a better interest rate to lower monthly payments or cash out funds for critical home repairs.
16. **Underwriting Decision:** Borrower(s) must meet 1st mortgage lender requirements.
17. **Borrower Fees:** All applicable mortgage filing fees, wire transfer, title, credit report, flood inspection and any other relevant closing costs associated with the loan.
18. **Participating Lenders:** Brooklyn Park EDA recommends the utilization of lenders with a presence in the City of Brooklyn Park.
19. **Purchase price:** Cannot exceed \$515,200 (subject to change)
20. **Eligible Use of Funds:** The loan funds can only be used for down payment and/or closing costs. The borrower cannot receive any portion of these funds as cash.