



Frequently Asked Questions

What is the *CityLiving* Home Program?

CityLiving is a program sponsored by the Cities of Minneapolis and Saint Paul that provides mortgage financing and also offers special grant assistance to help with down payment and closing costs. The program is restricted to first-time homebuyers (which means they have not owned the home they have lived in over the past three years), unless the house is located in a target area*.

Do I have to attend a class to participate?

All first-time buyers must attend a Home Stretch homebuyer educational workshop. You can call 651-659-9336 or visit www.hocmn.org to be referred to a class location near you.

Who can qualify for the *CityLiving* Home Program?

The program may be used by homebuyers whose income and property sale price are below the following limits:

Purchase price limits:	<u>Non-Target Area</u>	<u>Target Area*</u>
1 unit	\$266,970	\$355,960
2 units	\$369,038	\$451,046
3 units	\$448,365	\$548,001
4 units	\$517,343	\$632,309

Program income limits	<u>Non-Target Area</u>	<u>Target Area*</u>
1 & 2 Person Household	\$80,900	\$88,990
3+ person household	\$88,990	\$88,990

**A participating lender will be able to determine if the home is in a target area based on the census tract.*

What is the interest rate?

There are three interest rates for loans depending upon the amount of grant assistance you receive. There are loans without assistance which are called "par loans." There are also loans with just 2% assistance and loans with 4% assistance.

Do I have to be below a certain income or purchase in a target area to get the grant assistance?

Anyone who qualifies for the *CityLiving* program can choose to get the assistance. Borrowers obtaining the assistance will have a slightly higher interest rate which is what compensates the program for the assistance received.

Do I have to be a first-time homebuyer?

You must be a first-time homebuyer unless you meet at least one of the following qualifications:

- ? You are buying in a targeted area.
- ? You are purchasing or refinancing a home and doing at least 1/3 of the current federal tax basis or value of the home in renovation work
- ? You are paying off a contract for deed and have an income below \$39,250.

Additional conditions may apply, but these are the basic requirements.

What can I pay for with the assistance money?

The grant assistance money can be used to pay toward closing costs and down payment. All the money must be used for these costs. The borrower may not walk away from the closing with any of this money.

How much assistance can I receive?

The amount of assistance you are eligible to receive is as follows:

Par loans (no grant assistance):

- ? Anyone can choose to get the lowest interest rate and receive no assistance.

Grant assistance equal to 2% of the mortgage amount:

(This loan will normally have an interest rate that is about .30% higher than the rate for a par loan.)

- ? Anyone can choose to receive 2% worth of grant assistance by agreeing to pay a slightly higher interest rate than the rate for a par loan.

Grant assistance equal to 4% of the mortgage amount:

(This loan will normally have an interest rate that is about .50% higher than the rate for a par loan.) To receive the 4% assistance level, you must meet one of these qualifications.

- ? Buyers with at least one dependent in their household, not including a spouse;
- ? Buyers purchasing a vacant house - vacant is defined as follows:
 - o Properties either listed on the City of Minneapolis "249 List" or the City of Saint Paul "Registered Vacant building List"
 - ✍ 249 list - www.ci.minneapolis.mn.us/inspections/docs/ch249online.pdf
 - ✍ Registered Vacant Building List - www.ci.stpaul.mn.us/depts/dsi/codeinsp/vblist.html
 - o A developed unit that included public and/or nonprofit financing which has not been purchased by an initial buyer following development.
- ? Buyers purchasing a house and doing at least \$5,000 worth of renovation work to the home.

Do I have to repay the assistance?

No, the higher interest rate compensates for the funds you are receiving so there will be no repayment required. The money is provided as a grant.

A lender told me what the interest rate is right now. Will the rate ever change?

Yes, until you lock in a rate with the lender, the rate that is available for the *CityLiving* program may change. Please consult a participating lender for the most current rate.

Can I buy a house anywhere I want?

You can buy a home that is located anywhere within the city limits of Minneapolis or Saint Paul. The *CityLiving* program is not available in the suburban communities.

Can I rent the home out?

The program requires the house to be owner-occupied. If you buy a two, three, or four unit house, you must occupy one of the units, but the other units may be rented out.

What if I want to buy a townhome or condominium?

The program can also be used to buy a condominium or a townhome as long as it is located inside the city limits of Minneapolis or Saint Paul. Specific conditions may apply regarding approval of the townhome or condominium project. Consult with a participating lender to see if the project meets the lending standard for the type of mortgage you are obtaining.

Can I use mortgage funds to rehabilitate the house?

Yes, the program can be used to purchase and fix-up a home or refinance the home you now own and include funds for home repair or improvement. If you are refinancing, you must do rehab that is substantial in nature. Please consult a participating lender for specific information about the rules that apply. (Not all lenders do this type of lending.)

Do I have to live in the house for a specific number of years before I can sell it?

No, there is no specific number of years you must live in the home before you sell it. However, the program does have what is called a subsidy recapture provision. This provision lasts for a total of nine years, but only comes into effect if there is a substantial increase in the sale price of the home and your household income during those nine years. Your lender will provide you with detailed information that will help you to understand this provision.

Is the first mortgage assumable?

Yes, it may be assumed by a qualified buyer. The loan servicer will be able to process a request for an assumption of the loan.

How do I apply for this mortgage money?

You need to contact a participating lender on the *CityLiving* participating lender list. The lender can review your qualifications and will process your mortgage application.

The lender I am now working with is not on the list. Can they become a participating lender?

It may be possible for your lender to become a participating lender by sending an email to leslie.lundeen@leonard.com. The email should clearly make that request and include their name, company name, company address, and a telephone number. There is a fee to sign up which will be outlined in the information that is sent to the lender. All lenders are subject to program approval and brokers may need to make special arrangements with US Bank which is the master servicer for the program.