

CityLiving Special Assistance Program Affordability Gap

- For any house in the city limits of the City of Saint Paul the maximum loan will be 5,000.
- If the house being purchased is a foreclosed or vacant house at the time of execution of the purchase agreement, it may receive an additional \$5,000 for a total of \$10,000.

The minimum borrower downpayment is the minimum required for the CityLiving Loan Program. The Assistance Program **is need based and can be used to bring households within standard conventional and FHA underwriting ratio's for the CityLiving Program; worksheet attached.**

There is **absolutely no cash back** for any reason. The assistance being provided is intended for affordability down payment and closing cost use.

Who qualifies?

First-time homebuyer (have not owned their principal residence in the 3 years preceding closing of the first mortgage)

Household Income Limits:

First time Homebuyers at or below 80% of the Area Median Income adjusted for family size:

- 1-person = \$45,100**
- 2-person = \$51,550**
- 3-person = \$58,000**
- 4-person = \$64,400**
- 5-person = \$69,600**
- 6-person = \$74,750**
- 7-person = \$79,900**
- 8-person = \$85,050**

Eligible Properties:

- **Single family homes** including 2-4 units (one unit must be owner occupied), townhomes and condominiums

located anywhere within the political jurisdictional boundaries of the City of Saint Paul, Minnesota.

The **maximum purchase price limits** are as follows;

Purchase price limits	Non-Target Area	Target Area*
1 unit	\$276,870	\$369,160
2 units	\$389,205	\$553,740
3 units	\$470,472	\$830,610
4 units	\$584,666	\$1,107,480

Eligible Financing

The Program must be used in combination with the CityLiving First-time homebuyer mortgage program.

Loan Terms

- Zero percent interest
- * Zero origination, zero discount
- No monthly payments • Minimum loan - \$1,000 • Maximum loan – up to \$10,000 * see above
- 30 year deferred or repayable when the primary mortgage is paid off, when the home is no longer the primary residence or when the home is sold.

Considered a ‘special mortgage’ under the terms of Minnesota Statutes 58.13 Loans. Loans will be separately secured by a Second Mortgage and Promissory Note payable to the HRA of the City of Saint Paul and Assigned to the Minnesota Housing Finance Agency. These mortgages are exempt from MRT but you must disclose **\$46.00 recording fee for the mortgage deed and \$46.00 for the assignment of mortgage.**

- Link to mortgage document approval by HUD
http://www.mnhousing.gov/idc/groups/public/documents/document/mhfa_007633.pdf

How to apply : Interested homebuyers must work with a participating CityLiving mortgage lender to determine eligibility for the Affordability Gap Loan.

Here the Second Mortgage Process

1. Lenders calculate the homebuyers front and back ratios, determine amount of assistance need and reserve funds for the Second Mortgage following reservation of the first in the internet system by completing the “Additional Mortgage” screen

2. Lender processes loan normally and forward **All of the following documents** directly to the HRA:

Affordability Worksheet

Income Eligibility Worksheet (must receive copies of employment verifications)

Preliminary 1003

Title Insurance Commitment

3. Within 30 days of reservation and following final credit approval and prior to applying for second mortgage funds, Lender’s underwriter completes online Underwriter Certification.

4. Lenders fax a Request for Disbursement form, a preliminary HUD 1 and closing information sheet with title insurance company wire instructions to Michelle Vojacek or Stephanie Hawkinson at 651-228-3341 no less than **seven (7) business days prior to date funds needed for closing.** The Request must be certified by the Lender via the Lender’s signature.

5. HRA reviews entire file, approves and forwards second mortgage, second note, assignment of mortgage, any other required closing documents and funds to the closing agent.

6. Within 24 hours of closing the closing agent returns to HRA an executed final 1003, executed HUD 1 settlement statement, original second note and a copy of the second mortgage.

7. If the loan does not close within 24 hours of the proposed closing date, the funds must be returned to the HRA (HRA will advise closing agent of this).

8. If the funds are needed for the borrower in the future you must begin the process again.

9. If for any reason the first mortgage loan cannot be purchased or the borrower is deemed ineligible, the Lender will remit the second mortgage amount to the HRA and the HRA will assign the second mortgage to the Lender.

Affordability Worksheet and Request for Disbursement forms are available online at <http://www.ehousing.cc/>