

Saint Paul Heroes First-Time Homebuyer's Loan Program
REVISED 7-1-09

Heroes make a difference in our daily lives by working hard in critical jobs within our community every day, especially during these trying economic times.

PROGRAM EFFECTIVE JULY 1, 2009

- For any house in Saint Paul the maximum Heroes 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.

PROGRAM PRIOR TO JULY 1, 2009

To aid in this effort, the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (HRA) created the Saint Paul Heroes First-time Homebuyer's Loan Program (Program) which will provide up to \$15,000 to homebuyers purchasing homes/properties within the political boundaries of the City of Saint Paul in conjunction with the Minneapolis – Saint Paul Housing Finance Board's Take Credit! Program.

The HRA requires a minimum borrower contribution equivalent to 50% of the required down payment.

Example: FHA loan of \$150,000

Loan amount	\$150,000
FHA % dpa requirement	$x \quad .035$
FHA \$ dpa requirement	\$ 5,250
Saint Paul minimum	
% Borrower contribution	$x \quad .050$

Saint Paul minimum

\$ Borrower contribution \$ 2,625

If the Borrower escrow deposit, prepaids including insurance totals **at least** \$2,625 then the minimum contribution requirement has been met.

If the Borrower escrow deposit, prepaids including insurance totals **less than** \$2,625, subtract the escrow deposit, prepaids including insurance and the borrower must provide the balance from their own funds to meet the minimum borrower contribution and may be credited to down payment or closing costs.

There is **absolutely no cash back** for any reason. The assistance being provided is intended for down payment and closing cost use. If the down payment and closing costs are covered, the choices are either additional down payment or a lesser amount of the second mortgage loan. Decreasing the loan amount leaves money for another borrower. If at the last minute it appears that there may be some unused funds and it is within a couple days of closing, then a principal reduction is absolutely acceptable. This would be permitted so that all the documents would not have to be changed.

Who qualifies?

First-time homebuyer (have not owned their principal residence in the 3 years preceding closing of loan receiving an MCC)

The Program is available to the following full-time employees [full time meaning at least 32 hours per week] who are;

- **Active Military, Active Reserve, National Guard or a Veteran** – Qualified **Active Duty Service personnel include the U.S. Armed Services or Reserve Forces.** Qualified veterans include military members honorably discharged from any branch of the U.S. Armed Forces.
- **Firefighters, Emergency Medical Technicians or Paramedics** – Sworn paid members of a fire department whose regular duties include fire suppression or prevention, emergency medical response, hazardous materials response.
- **Health Care Workers** – Certified, accredited, or licensed health care workers who are employed full-time as a medical resident or fellow, dental hygienist, nurse, nursing assistant, pharmacist, pharmacy technician, physician’s assistant, medical technician, technologist, or therapist.
- **Police Officers** – individuals commissioned as a police officer by a federal, state, regional, county, or municipal or township government, or a public or private college or university; must be sworn to uphold, and make arrests for violations of the federal, state, regional, county, or municipal, or township law or respond to terrorism.
- **Teachers** – Individuals employed full-time by an accredited or state recognized public school, private school, or federal, state, county, or municipal educational agency as a state-certified classroom teacher or administrator in grades K-12 or higher education.
- **Public Employees** – Individuals employed full-time by a federal, state, regional, county, or municipal, or township government and postal workers.

Household Income Limits:

Homebuyers who have household income at or below the following:

Non-targeted areas 1 – 2 persons = \$83,900 3- more persons = \$92,290

Targeted areas: 1 – 2 persons = \$92,290 3- more persons = \$92,290

Eligible Properties:

- **Single family homes** including 2-4 units, 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;

1	unit	=	\$276,870
2	unit	=	\$389,205
3	unit	=	\$470,472
4	unit	=	\$584,666

Eligible Financing

The Program must be used in combination with the Take Credit! Program and any 30 yr, fixed-rate FHA, VA, RHS, or conventional loan acceptable to Fannie Mae or Freddie Mac loan product that is generally considered to be an “A” or “prime lending product” originated through participating lenders.

Program loans are not eligible for use with subprime, interest-only loans or balloon loans, or adjustable rate mortgages (ARMS). No stated income loans.

Loan Terms

- Zero percent interest
- * Zero origination, zero discount

- No monthly payments • Minimum loan - \$1,000 • Maximum loan - \$15,000
- 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.

- **Loan will be forgiven** if borrower resides in the home as their primary residence 10 years or longer.

- **Loan will be allowed to be subordinated** to a refinancing of the original mortgage loan so long as no cash is taken out of the refinanced mortgage loan unless used to make improvements to the borrower’s home

How to apply : Interested homebuyers must work with a *TakeCredit!* participating mortgage lender to determine eligibility for a Mortgage Credit Certificate (MCC) and a Saint Paul Heroes First-time Homebuyer’s Loan Program loan. The Heroes loan is only made in conjunction with a TakeCredit! MCC .

Lenders may choose to fund these loans at closing and be reimbursed following approval of the MCC and verification that the DPA loan qualifies. Contact the Program Administrator for direction.

For lenders choosing to have the HRA fund the Second DPA loan here’s the Second Mortgage Process

1. Lenders reserve funds for the Second Mortgage following reservation of MCC in the internet system by completing the “Additional Mortgage” screen
2. Lender processes loan normally.
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 for MCC.
4. Lenders fax a Request for Disbursement form, a preliminary HUD 1 and documentation of eligibility for the Heroes loan to Robin Asfeld 651-228-3341 no less than three (3) 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, approves and forwards second mortgage, second note and funds to the closing agent.
6. Within 24 hours of closing, lender/closing agent faxes a copy of the executed HUD 1 to Robin Asfeld 651-228-3341
7. If the loan does not close within 24 hours of the proposed closing date, funds must be returned to the HRA. Contact Robin Asfeld by phone 651-266-6598
8. If the funds are needed for the borrower in the future, begin the process again.
9. If for any reason, the MCC cannot be issued or the borrower is deemed ineligible for a Heroes loan, the Lender will remit the second mortgage amount to the HRA and the HRA will assign the second mortgage to the Lender.

Documentation of Eligibility chart and Request for Disbursement form are available online at <http://www.ehousing.cc/takecredit09.htm>