

Saint Paul HRA Downpayment Assistance Program Guidelines

Program Administrator

Housing and Redevelopment Authority (“HRA”) of the City of Saint Paul, Minnesota.

Program Overview

The HRA’s Downpayment Assistance Program (the “Program”) will deepen and expand homeownership opportunities to people with lower incomes, act as a wealth building tool, address the homeownership gap in Saint Paul and help mitigate displacement pressures. The Program provides residents within areas most vulnerable to unsustainable housing costs and displacement, access to necessary resources to assist with achieving homeownership in today’s increasingly pressured market.

The Program funds will be used for downpayment assistance, closing costs, and property inspections. All amounts used for downpayment assistance and closing costs will be offered as a loan at a 30-year deferred term at 0% interest and secured by a subordinate mortgage. **At maturity, the balance of the loan is due, along with a share of appreciation, or less a share of depreciation.** The maximum loan amount is \$40,000.00 per eligible household, with specific amounts awarded depending on need. Unless prohibited by funders’ requirements, HRA funds may be layered with other downpayment assistance program funds.

Funds used for property inspections will be offered as a grant. See the “Reimbursement for Home Inspections” section of these Guidelines for additional information.

The Program will be operated in accordance with these Guidelines and all other relevant policies and procedures of the City of Saint Paul and the HRA.

Sources of Funds and Availability

Program funds will be provided from HRA funds and other sources only as available and on a first-come, first-served basis.

Approximately one-half of available funds are reserved for homebuyer households with longer-term barriers to mortgage- and homeownership-readiness, and who are working in partnership with an approved pre-purchase homeownership counseling provider to address those barriers.

Additional and more restrictive requirements of the funding sources or underlying first mortgage lender may apply.

Coordination with Other Downpayment Assistance

To ensure efficient use of resources, the HRA, in its sole discretion, requires that buyers whose needs may be met by other programs first access those programs.

The HRA will determine need based on its review of application or pre-application materials, or both, provided by the buyer and buyer’s first-mortgage lender and make referrals to other program providers as appropriate.

Property Eligibility

Location

The home purchased must be within an eligible Census tract. Eligible Census tracts as shown in Appendix A are traditionally affordable areas that are experiencing market pressures or are vulnerable to such market pressures.

Property Type

Property must be a residential one-to-two unit occupancy that complies with zoning and code requirements. Individual condominium units, townhome units, and cooperative housing units are eligible and considered a one-unit occupancy.

Existing, non-luxury appliances typically covered by residential purchase agreements, including refrigerators, ranges, microwaves, dishwashers, dehumidifiers, washers/dryers and air conditioners, may be part of the transaction.

Special requirement for two-unit (duplex) properties: At least one unit must be owner occupied. Under [section 40.04](#) of the St. Paul Legislative Code, buyers of two-unit (duplex) properties applying for their first fire certificate occupancy are required to complete [Landlord 101 training](#) through the City of Saint Paul.

Purchase Price Limits

Single-unit properties up to \$242,000 and two-unit (duplex) properties up to \$310,000 are eligible for purchase with Program funds.ⁱ

Homebuyer Eligibility

Owner Occupancy

Homebuyer must occupy the property as their principal residence for the duration of term of the HRA mortgage.

Pre-Purchase Counseling and Education Required

Prior to executing a purchase agreement, the homebuyer must have completed at least one pre-purchase homeownership or financial counseling or coaching session with an approved service provider. A list of approved service providers is shown in Appendix B. The HRA strongly recommends buyers consult with their service provider as often as necessary throughout the homebuying process to discuss the Program and the homebuying process in general.

Also, prior to purchase, the homebuyer must complete homebuyer education through HomeStretch™ or Framework®. For more information on HomeStretch and Framework, contact the Minnesota Homeownership Center at 651-659-9336 or visit www.hocmn.org.

Household Income

The homebuyer's gross annualized household income must not exceed 60 percent of Area Median Income.

Maximum Income Limits, 2019 Programⁱⁱ

Household Size	Annual Household Income as a Dollar Amount
1 person	\$42,000
2 people	\$48,000
3 people	\$54,000
4 people	\$60,000
5 people	\$64,800
6 people	\$69,600
7 people	\$74,400
8 people	\$79,200
More than 8 people	Contact the HRA

The income of the following persons must be verified and included when calculating Household Income:

- Anyone who will have title to the subject property and signs the mortgage deed.
- Anyone expected to reside in the subject property and who will be obligated to repay one or more underlying mortgage loans (i.e., signs a promissory note for debt secured against the property) but who is not in title to the subject property.
- The legal spouse of the mortgagor who will also reside in the subject property.

Asset Limit

Homebuyer households must have net assets of no more than \$25,000.00 at the time of initial occupancy, excluding vehicles, equity in the unit, furnishings, clothing, any assets used in a business, and a combined \$50,000.00 in college savings and retirement account balances.

No Limit on use of Gift Funds

There is no limit on the use of gift funds.

Housing Ratio

The homebuyer's household housing ratio must be between 25% and 30% at the time of purchase.

The household housing ratio is the ratio at the time of initial occupancy of the household's monthly housing expenses associated with the financed principal residence (first and subordinate mortgage principal and interest, property taxes, homeowners' and mortgage insurance, and association dues) to its gross monthly household Income.

The City of Saint Paul's Department of Planning and Economic Development may, in its sole discretion, and subject to funding source requirements, waive the minimum 25% housing ratio in cases where a homebuyer household's housing ratio is less than 25% and the household is maximizing the amount of first-mortgage financing available to it.

Minimum Borrower Contribution

Lesser of \$1,000.00 or 1% of purchase price, including prepaids, is required. This must come from the buyer's assets and may not be a gift, grant, loan, or sweat-equity contribution.

Cash Back at Closing

The buyer may receive cash back at closing from Program funds only when the cash back is a refund of the buyer's own investment, as allowed under the terms of the first-mortgage loan.

Other Permitted Financing

Permitted sources of purchase money are cash and mortgage loans from "institutional lenders," such as federally or state insured banks and credit unions, and mortgage loans from nonprofit entities such as Habitat for Humanity. The following are not permitted:

- Loans with sub-prime rates and/or sub-prime closing costs.
- Loans with negative amortization.
- First-position mortgage loans with terms shorter than 30 years.
- Contracts for deed.
- Contracts for title.
- Lease-to-own agreements.

Escrow of Property Taxes and Property Insurance Required

Buyer must pay property taxes and insurance through monthly escrow paid in conjunction with a permitted mortgage.

First Time Home Buyer Status Not Required

Homebuyer may have previously owned a home.

Current Residency Not Required

There is no restriction as to where the homebuyer resides prior to purchase. However, after purchase, at least one borrower must occupy the property as their principal residence.

Reimbursement for Home Inspections

The HRA strongly encourages and recommends that buyers have the property inspected by a professional home inspector. Eligible prospective buyers are encouraged to join the inspector during the inspection to more fully understand the condition of the property.

The HRA will reimburse eligible buyers or prospective buyers for up to 80% of the costs of inspection on as many as three homes, provided that (1) the total HRA reimbursement for all inspections does not exceed \$500.00, (2) the buyer and seller have agreed to the sale and the home purchase is contingent on inspection or was contingent at the time of the inspection, and (3) the inspector in each case is a member of the American Society of Home Inspectors (ASHI) or the International Association of Certified Home Inspectors (InterNACHI). This reimbursement is in addition to financial assistance provided for downpayment and closing costs and is excluded from the Loan Amount.

Loan Product Description

Maximum Combined Loan Amount	Up to \$40,000.00, in one or two separate loans.
Interest Rate	0%
Term	Loans made with HRA funds are deferred over a thirty (30) year term, due at maturity (generally, at resale or at 30 years) along with a share of appreciation or less a share of depreciation. Loans made with Minnesota Housing Impact Fund dollars are deferred over a thirty (30) year term, due at maturity (generally, at resale or at 30 years).
Eligible Use of Funds	Funds will be used for downpayment and closing costs. Funds can be layered with other downpayment assistance programs subject to those programs' and funding source requirements.
Loan Security	Loans made with HRA funds will be evidenced by a non-recourse promissory note and secured in the name of the HRA by a mortgage filed against the property. Loans made with Minnesota Housing Impact Fund dollars will be evidenced by a promissory note endorsed to Minnesota Housing and secured by a mortgage filed against the property and assigned to Minnesota Housing.
Fees	The HRA does not charge the buyer for origination, application or processing. Recording fees are the responsibility of the buyer and are not paid from HRA funds.

Servicing, Subordination and Payoff

Loans made with HRA funds will be serviced by the HRA in accordance with all relevant policies and procedures of the City of Saint Paul and the HRA.

At the time of closing, loans made with HRA funds will be in the most senior lien position allowable and may be in a subordinate lien position to other purchase money mortgages.

After closing, loans made with HRA funds will be subordinated only according to the HRA's Subordination Process in effect at the time of the refinance, and only after the buyer has received refinance counseling from a HUD-approved counseling agency or a member of the Minnesota Homeownership Center's Homeownership Advisors Network. Loans made with funds other than HRA funds are subject to policies of the underlying funding source.

Before repaying a loan made with HRA funds with proceeds of a refinance loan, buyers must receive refinance counseling from a HUD-approved counseling agency or a member of the Minnesota Homeownership Center's Homeownership Advisors Network. Shared appreciation is due at time of repayment.

Program Subject to Alteration, Suspension and Discontinuation

The HRA reserves the right to alter these Guidelines and to suspend or discontinue its Downpayment Assistance Program at any time.

Notice of Nondiscrimination

The Housing and Redevelopment Authority of the City of Saint Paul, Minnesota does not discriminate on the basis of race, color, religion, gender, age, national origin, disability, marital status, familial status, sexual orientation or military status in any of its programs, services or activities.

Reasonable Accommodation; Assistance for Persons with Limited English Proficiency

If you need an accommodation to better understand this information or access this program, or want help translating this information, please contact Hannah Burchill at Hannah.Burchill@ci.stpaul.mn.us.

Si desea recibir asistencia gratuita para traducir esta información, envíe un correo electrónico a Hannah.Burchill@ci.stpaul.mn.us.

Haddii aad dooneyso in lagaa kaalmeeyo turjumidda akhbaartan, email u dir Hannah.Burchill@ci.stpaul.mn.us.

Ceebtoom. Yog koj xav tau kev pab txhais daim ntawv no, email Hannah.Burchill@ci.stpaul.mn.us.



ⁱ May be adjusted annually based on federal HOME sales price limits for existing homes.


ⁱⁱ May be adjusted annually based on Minnesota Housing Impact Fund and HUD income limits.

APPENDIX A: Downpayment Assistance Program Eligibility Area





[INSERT MAP]





The Eligibility Area consists of the shaded Census tracts in the City of Saint Paul, numbered as follows: [LIST ELIGIBLE TRACT IDENTIFICATION NUMBERS]


APPENDIX B: Approved Homebuyer Counseling Service Providers^{iiiiv}

Service Provider	Contact Information	Languages Spoken
 <p>African Development Center of Minnesota</p> <p>African Development Center (ADC) www.adcminnesota.org</p>	<p>Phone: 612.877.8261 1931 S. 5th St., Minneapolis Contact: Ayan Abdinur Email: aabdinur@adcminnesota.org</p>	<p>English Somali Swahili</p>
 <p>African Economic Development Solutions (AEDS) www.aeds-mn.org</p>	<p>Phone: 651.646.9411 1821 University Ave. W., Suite S145, St. Paul</p>	<p>Afaan Oromo Amharic English</p>
 <p>Bii Gii Wiin COMMUNITY DEVELOPMENT FUND</p> <p>Bii Gii Wiin www.biigiwiin.org</p>	<p>Phone: 612.354.2249 1113 E Franklin Ave., #200, Minneapolis Email: info@biigiwiin.org</p>	<p>English</p>

(continued on next page)

Service Provider	Contact Information	Languages Spoken
 <p>Build Wealth www.buildwealthmn.org</p> <p>Works in partnership with Aurora St. Anthony NDC and Model Cities of St. Paul, Inc.</p>	<p>Build Wealth Phone: 612.877.4182 2121 Plymouth Ave. N. , Minneapolis</p> <p>Aurora St. Anthony NDC Address: 774 University Ave. W., St. Paul Contact: Nieta Phone: 651.222.0399</p> <p>Model Cities of St. Paul, Inc. Address: 839 University Ave., St. Paul Phone: 651.632.8350</p>	<p>English Malayalam</p>
 <p>Comunidades Latinas Unidas En Servicio, Inc. (CLUES) www.clues.org</p>	<p>St. Paul Location: Phone: 651.379.4200 797 E. 7th St., St. Paul</p> <p>Minneapolis Location: Phone: 612.746.3500 720 E. Lake St., Minneapolis</p>	<p>English Spanish</p>
 <p>Hmong American Partnership www.hmong.org</p>	<p>St. Paul Locations: Phone: 651.495.9160 394 University Ave. W., 2nd Floor, St. Paul 1075 Arcade St., St. Paul</p> <p>Minneapolis Location: 1206 42nd Ave. N., Minneapolis Phone: 651.495.9160</p>	<p>English Chinese Hmong Karen Somali Thai</p>
 <p>Lutheran Social Service of Minnesota www.lssmn.org</p>	<p>St. Paul Locations: Phone: 888.577.2227 1605 Eustis St. 709 University Ave. W.</p> <p>Minneapolis Location Phone: 888.577.2227 2400 Park Ave. S., Minneapolis</p>	<p>English Spanish</p>

Service Provider	Contact Information	Languages Spoken
 <p>Minneapolis Urban League www.mul.org</p>	<p>2100 Plymouth Ave. N., Minneapolis</p> <p>Contact: Ashaundria Prowell Housing Manager Phone: 612.302.3138 Email: aprowell@mul.org</p> <p>Contact: Vachel Hudson Housing Counselor Phone: 612.302.3141 Email: vhudson@mul.org</p>	<p>English</p>
 <p>Neighborhood Development Alliance (NeDA) www.nedahome.org</p>	<p>Phone: 651.292.0131</p> <p>481 Wabasha St. S., St. Paul Email: info@nedahome.org</p>	<p>English Spanish</p>
 <p>NeighborWorks Home Partners www.nwhomepartners.org</p>	<p>Register online or call 651.292.8710</p> <p>St. Paul Location 533 Dale St. N., St. Paul</p> <p>Minneapolis Location 1930 Glenwood Ave., Minneapolis</p>	<p>English Hmong Somali Spanish</p>
 <p>PRG, Inc. www.prginc.org</p>	<p>Contact: Homeownership Services Phone: 612.721.7556 2017 E. 38th St., Minneapolis Email: portia@prginc.org</p>	<p>English Spanish</p>

Service Provider	Contact Information	Languages Spoken
 <p data-bbox="128 449 394 527">Project for Pride in Living</p> <p data-bbox="71 533 505 564">Project for Pride in Living, Inc. (PPL)</p> <p data-bbox="71 571 269 602">www.ppl-inc.org</p>	<p data-bbox="646 233 935 342">Phone: 612.455.5300 1021 E. Franklin Ave. , Minneapolis</p> <p data-bbox="646 384 1036 485">Contact: Henry Rucker Phone: 612.455.5287 Email: henry.rucker@ppl-inc.org</p>	<p data-bbox="1114 233 1203 300">English Hmong</p>

ⁱⁱⁱ Designated service providers are those entities in the Twin Cities that provide services through the Minnesota Housing Finance Agency’s Enhanced Financial Capacity Homeownership Initiative (Homeownership Capacity). This list of Homeownership Capacity providers is derived from the Minnesota Housing Finance Agency’s list of Homeownership Capacity providers located in the Twin Cities and is current as of November 13, 2019. Completion of Homeownership Capacity curriculum is not required as it is an intensive service that may not be appropriate for all eligible buyers. Instead, the HRA has selected the local Homeownership Capacity provider network to ensure: a) Diverse language and cultural competency among service providers; b) that an intensive level of service is available for homebuyers that do need it; c) that HRA resources reach households, such as those served under Homeownership Capacity, with barriers to homeownership. Completion of at least one bona fide pre-purchase homeownership counseling session, whether through Homeownership Capacity, Homeownership Education Counseling and Training (HECAT), HUD protocol, or other service identified by the service provider, is sufficient to fulfill the Program’s pre-purchase counseling requirement. Written confirmation from the service provider is required.