

PROGRAM GUIDELINES

January 18, 2010

Invest Saint Paul Initiative, Neighborhood Stabilization Program or other HRA Owned Properties Homebuyer Assistance Incentive Program

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

Program Overview All funds will be in the form of five (5) years forgivable loan. The program funds will be utilized for down payment and/or closing cost assistance and mortgage affordability enhancement creating an affordability incentive for prospective homebuyers to purchase and occupy homes that have been fully rehabilitated or constructed under the Invest Saint Paul Initiative (ISP), Neighborhood Stabilization Program (NSP) or other HRA owner properties to be sold. If the property is sold within five (5) years, then the assistance is to be repaid to the HRA. The maximum amount of assistance is \$14,500.00 per property.

Loan Pool \$ 1,000,000

Application Process First-come, first-serve.

Property Eligibility

Geographical Restrictions: Property must be located within the designated ISP/NSP areas or owned by HRA in St. Paul, MN.

Borrower Eligibility

Owner Occupancy Buyers must intend to occupy the property as their principal residence for at least five (5) years from date of closing. Buyer must homestead the property.

First Time Home Buyer Not required. Buyer can have previously owned a home.

Timing of Purchase Home must be purchased and closed on or before

December 31, 2013.

Education Requirement

Any home buyer under this Program shall be required to attend and complete a pre-purchase homebuyer education program provided by an approved HUD Counseling Agency under the NSP Program, prior to and within twelve months of closing, that requires eight (8) hours of education. For more information and a link to approved agencies, <http://www.hocmn.org/en/buyahome.cfm> and <http://www.hocmn.org/en/nsp.cfm>

Borrower Contribution:

Borrower must contribute from Borrower's own funds to the acquisition of the property a minimum of one percent (1%) of the purchase price. These Borrower's funds cannot be borrowed or granted funds from public or private sources. In addition, the HRA contribution for down payment assistance must be less than 50% of borrower's down payment obligation required by borrower's first mortgage lender.

Maximum Household Income:

120% of area median income as defined by the Department of Housing and Urban Development ("HUD")(chart attached) as of date of closing.

Loan Product Description

Loan Amount:

Maximum loan amount is \$14,500.00.

Interest Rate:

0%

Term:

Five (5) years of continuous ownership and residency from date of closing, and upon satisfaction of this term, the loan will be forgiven.

Housing ratio:

31-38% of gross household income for principal, interest, taxes and insurance ("PITI").

Eligible Use of Funds:

Down payment and/or closing costs assistance, including pre-pays and/or affordability gap, thereby reducing the amount of first mortgage.

Loan Security

Loans will be evidenced by a promissory note and secured in the name of the HRA by a mortgage filed against the property.

Other General

Conditions & Procedures

See Attachment 1 attached.

These program guidelines may be amended, modified or terminated from time to time and without notice by the HRA.

Attachment 1

OTHER GENERAL CONDITIONS AND PROCEDURES

APPLICATION PROCESS: The following application procedure shall apply to the Homebuyer Assistance Incentive Program:

1. Applicant must apply to the Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (“HRA”) at least 30 days prior to the scheduled closing of the property. Applications can be found at (*insert web site*). Initial application must include:
 - Signed application
 - Signed “data release form”
 - Copy of executed Purchase Agreement

2. At least seven (7) business days prior to closing applicant must submit to the HRA:
 - Lender letter of acceptance to acknowledge approval of NSP funds
 - Lender to provide updated Good Faith Estimate, Truth in Lending, and final application to show NSP funds and NO cash back to buyer, no exceptions.
 - Home Stretch certificate required for all homebuyers dated within 12 months of closing
 - Copy of title commitment
 - Copy of appraisal
 -
 - Date of closing, name and contact information of closer (Lender’s closer or title company closer).

DISBURSEMENT PROCESS: The HRA will provide a list of other requirements to applicants prior to closing.