SAINT PAUL
MINNESOTA

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

Downpayment Assistance Program Guidelines

Revised February 2026

EQUAL HOUSING OPPORTUNITY

Contents

Program Administrator 4
Program Overview 4
Sources of Funds and Availability 4
Coordination with Other Downpayment Assistance 4
Property Eligibility 4
- Location 4
- Property Type 5
- Purchase Price Limits 5

Homebuyer Eligibility 5
- Owner Occupancy 5
- Pre-Purchase Counseling and Education 5
- Household Income 5
- Asset Limit 6
- No Limit on use of Gift Funds 6
- Housing to Income Ratio 6
- Minimum Borrower Contribution 6
- Cash Back at Closing 7
- Other Permitted Financing 7
- Escrow of Property Taxes and Property Insurance Required 7
- First Time Home Buyer Status Not Required 7

Reimbursement for Home Inspections 7
Application Process 8
- Contact the HRA 8
- Time to Purchase 8
- Closing 8
- Conditions 8

Loan Product Description 9
- Maximum Combined Loan Amount 9
- Interest Rate 9
- Term 9
- Eligible Use of Funds 9
- Loan Security 9
- Fees 9

Servicing, Subordination and Payoff 9
Repayment Terms for Loans Made with HRA Funds 10
Hardship/Emergency 10
Program Subject to Alteration, Suspension and Discontinuation 10
Notice of Nondiscrimination 11
Reasonable Accommodation; Assistance for Persons with Limited English Proficiency 11
Attachment A – Program layers and details 12

Program Administrator

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

Program Overview

The Downpayment Assistance Program (the "Program"):

- Deepens and expands homeownership opportunities to people with lower incomes
- Acts as a wealth building tool
- Addresses the homeownership gap in Saint Paul
- Mitigates displacement pressures
- Mitigates some of the wealth lost to descendants of property owners who lost property to the construction of I-94 or the Riverview Industrial Park
- The Program provides residents access to necessary resources to assist with achieving homeownership in today's increasingly pressured market.

Program funds can be used for downpayment assistance, closing costs, and home inspections. All amounts used for downpayment assistance and closing costs are offered as a loan at a 15-year deferred term at 0% interest and secured by a subordinate mortgage. Each year of the term the loan is forgiven at an amortized rate of 1/15th of the amount of the loan. Upon resale, refinance, or loan maturity, the balance of the loan is due, with exceptions when there are no net proceeds, as defined in the "Repayment Terms" section of the Guidelines.

The maximum loan amount is $110,000. Individual loan amounts will be determined based on which layers of assistance the applicant is eligible for and how much funding is available. Specific program layers are described in Attachment A. Unless prohibited by funding requirements, HRA funds may be layered with other downpayment assistance program funds.

Funds used for property inspections are offered as a grant. See the "Reimbursement for Home Inspections" section of these Guidelines for additional information.

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

Coordination with Other Downpayment Assistance

The Loan Specialist will determine need based on its review of application buyer's first-mortgage lender and make referrals to other program providers as appropriate.

Property Eligibility

Location

The home purchased must be located within the City of Saint Paul. If the applicant is requesting Inheritance Fund assistance, they are eligible for additional funds if they purchase within the historic boundaries of the Rondo neighborhood if a descendant of I-94 displacement, or within the boundaries of the West Side if a descendant of displacement from the Riverview Industrial Park (also known as the "West Side Flats"). See Attachment A for more information and a map of historic Rondo and the West Side Flats.

Property Type

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

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

There is no purchase price limit.

Homebuyer Eligibility

Owner Occupancy

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

Pre-Purchase Counseling and Education

The HRA strongly recommends all buyers consult with a pre-purchase homeownership or financial counseling or coaching session before executing a purchase agreement. Visit the website www.hocmn.org or call 651-659-9336 to locate a provider.

Also, prior to purchase, first-time homebuyers must complete homebuyer education through HomeStretchTM or Framework®, or provide a first-time homebuyer's certificate from a HUD approved counseling agency. For more information on HomeStretch and Framework, contact the Minnesota Homeownership Center at 651-659-9336 or visit **www.hocmn.org**

Household Income

Household Income limits vary depending on the layers of downpayment assistance for which the applicant is eligible. Income limits for each layer of assistance are provided in Attachment A.

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

The sum of the cash value of all Assets of all Residents of the household cannot exceed $25,000, after closing unless they receive any funding from the Inheritance Fund layers, in which case there is no asset limit. Assets shall include the following:

- Cash on hand or in checking accounts;
- Cash in savings accounts, including accounts held in trust;
- The cash value of securities or U.S. Savings Bonds;
- The net proceeds of any real estate interests other than the property to be improved Included in this determination is any land in which any Resident of the household holds title and is selling on contract- for-deed. The value of a contract-for-deed property shall be determined using 100% of the outstanding principal balance on the contract.
- All other personal property, exclusive of household furnishings, clothing, and one automobile per licensed driver. This includes, but is not limited to:
    - farm equipment,
    - golf carts,
    - boats,
    - snowmobiles,
    - motorcycles,
    - business machinery,
    - business inventory,
    - farm stock, and
    - additional vehicles.

Assets exclude retirement accounts, life insurance, and college savings accounts.

No Limit on use of Gift Funds

There is no limit on the use of gift funds.

Housing to Income Ratio

The household housing to income 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 HRA may impose maximum housing ratios such as the standard maximum housing ratios for Conventional, FHA, VA, etc.

Minimum Borrower Contribution

Borrowers who are not eligible for the Inheritance Fund must contribute a minimum of $1,000.00 of their own cash funds, which may include earnest money and lender prepaid costs. This must come from the buyer's own funds and may not be a gift, grant, loan, or sweat-equity contribution.

Homebuyers who are eligible for and receive any funding from the Inheritance Fund layers have no minimum 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 for all layers of assistance except the First-Generation layer. If homebuyer is requesting the First-Generation layer of assistance they must not have previously owned a home AND their parents must not have previously owned a home, unless the homeowner's parents' most recently owned home was lost to foreclosure.

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.

Funds used for property inspections will be offered as a grant and will not be subject to the loan terms below in Loan Product Description.

Application Process

Contact the HRA

Applicants will be required to submit a lender pre-approval letter and income documentation at the time of application. Complete applications will be assisted on a first come, first served basis as staff capacity and available funding allow.

If the applicant is requesting Inheritance Fund assistance, they must verify direct descendancy through the Rondo Community Land Trust (RCLT) for Rondo descendants, and West Side Community Organization (WSCO) for descendants of the West Side Flats; or any other third party organization engaged in a contractual services agreement with the HRA or City of Saint Paul to provide this service. Submitting an application to verify descendancy to Rondo CLT or WSCO does not obligate the applicant to purchase a home through Rondo CLT or WSCO. Inheritance Fund applicants still must follow the regular process with HRA staff as described above. All other program requirements are verified by PED Loan Specialists.

Time to Purchase

Once the buyer's application packet has been approved, the applicant has 90 days to make an offer on an eligible property. If no offers have been made for 90 days, and no offers have been accepted and no closings are scheduled 12 months from the time of application approval, the applicant must resubmit an application during an open application period.

Extensions of 90 days (for a total of 180 days) will be granted to Inheritance Fund applicants who express interest in the Community Wealth option of purchasing a home in their area of descendancy (Rondo or West Side Planning District)

Closing

Applicant or applicant's realtor must contact the HRA following submission of the purchase offer and at least 30 days prior to the closing of the property. Materials required include but are not limited to:

- Copy of executed purchase agreement
- Preliminary Income Calculation Worksheet
- Income documentation in accordance with standard mortgage underwriting guidelines

Conditions

Prior to closing, the applicant's lender must submit to the HRA:

- Qualifying income documentation, Buyer Disclosure and preliminary 1003 application to show loan funds and NO cash back to buyer unless consistent with the Cash Back at Closing section of these guidelines.
- Homebuyer education certificate from an approved counseling agency 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).

- A minimum of 3 business days prior to closing, lender must provide a copy of the final buyer closing disclosure for HRA approval, and title company wire instructions.
- The HRA must be listed as an additional insured party on the borrower's homeowner's insurance binder and HRA must receive copies of final 1003 loan application, executed final buyer closing disclosure, copies of first mortgage note, mortgage deed, additional assistance documents (if any) and any other documents required by the HRA.

Loan Product Description

Maximum Combined Loan Amount

Up to $110,000.00, in one or two separate loans. Details can be found in Attachment A.

Interest Rate

0%

Term

Loans made with HRA funds will be for a 15-year term, with 1/15 of the principal forgiven annually as long as the Borrower continues to reside in the home as their primary residence. See "Repayment Terms" section for loans made with HRA Funds, below. Any new sources of funds may reflect different term requirements.

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 program 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 will be paid as part of the closing.

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 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. No cash out refinances are the only type

of refinance allowed. Loans made with funds other than HRA funds are subject to polices of the underlying funding source.

Before repaying a loan made with HRA funds, buyers must receive refinance counseling from a HUD- approved counseling agency or a member of the Minnesota Homeownership Center's Homeownership Advisors Network.

Repayment Terms for Loans Made with HRA Funds

At the time of repayment, net proceeds will be calculated as follows:

Sales price
First mortgage principal due
Closing costs
Other secured financing due, provided it is in a senior lien position or financed the homebuyer's purchase of the unit
= Net proceeds

If net proceeds are greater than or equal to the HRA funded downpayment assistance loan balance at the time of repayment, the loan will be due in full. If net proceeds are positive, but less than the HRA funded downpayment assistance loan balance at the time of repayment, then net proceeds will be paid to the HRA and the remainder of the HRA funded downpayment assistance loan will be forgiven. If net proceeds are negative, and amount to a loss, the HRA funded downpayment assistance loan will be forgiven in full.

Hardship/Emergency

An Applicant or Borrower may request a waiver from these Guidelines due to financial hardship or emergency. The request shall be submitted to the PED – Housing Director for consideration. Any requests for waivers shall be denied or granted at the sole discretion of the Executive Director of the HRA.

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.

Income limits for all layers of funding will be updated annually to reflect HUD income limits. These updates do not require HRA Board Action. Other changes to the terms of these Guidelines that may be changed administratively and without HRA Board approval include:

- Procedural changes that update, improve or streamline the application process
- Procedural changes that update, improve or streamline the loan servicing process
- Other non-substantive changes that do not increase or decrease award maximums, income limits, loan terms, or other financial policies

Changes to this document that do require HRA Board approval include but are not limited to:

- Changes to total or individual layer award maximums

- Changes to eligibility criteria for the overall program or within individual layers of the program, with the exception of updating HUD income limits.

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 Andrew Coons at **andrew.coons@ci.stpaul.mn.us**.

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

Haddii aad dooneyso in lagaa kaalmeeyo turjumidda akhbaartan, email u dir **andrew.coons@ci.stpaul.mn.us**

Ceebtoom. Yog koj xav tau kev pab txhais daim ntawv no, email **andrew.coons@ci.stpaul.mn.us**

Attachment A – Program layers and details

Citywide DPA Income Tiers

Income Limits by AMI	Level of Assistance
61-80% AMI	$20,000
60% AMI or Lower	$40,000

First-Generation Homebuyers are eligible for $10,000 of additional assistance.

Inheritance Fund Layers

Maximum downpayment assistance available will depend on the applicant's household income, their status as a direct descendant of a property owner whose property was taken for the construction of I94 or were displaced from the West Side flats area as defined in the "Flats to the Future" report, and whether or not they are a first-generation homebuyer. Layers can be combined. Individual layer or total award maximums are subject to any other award limiting requirements in these guidelines including any Housing to Income Ratio limit.

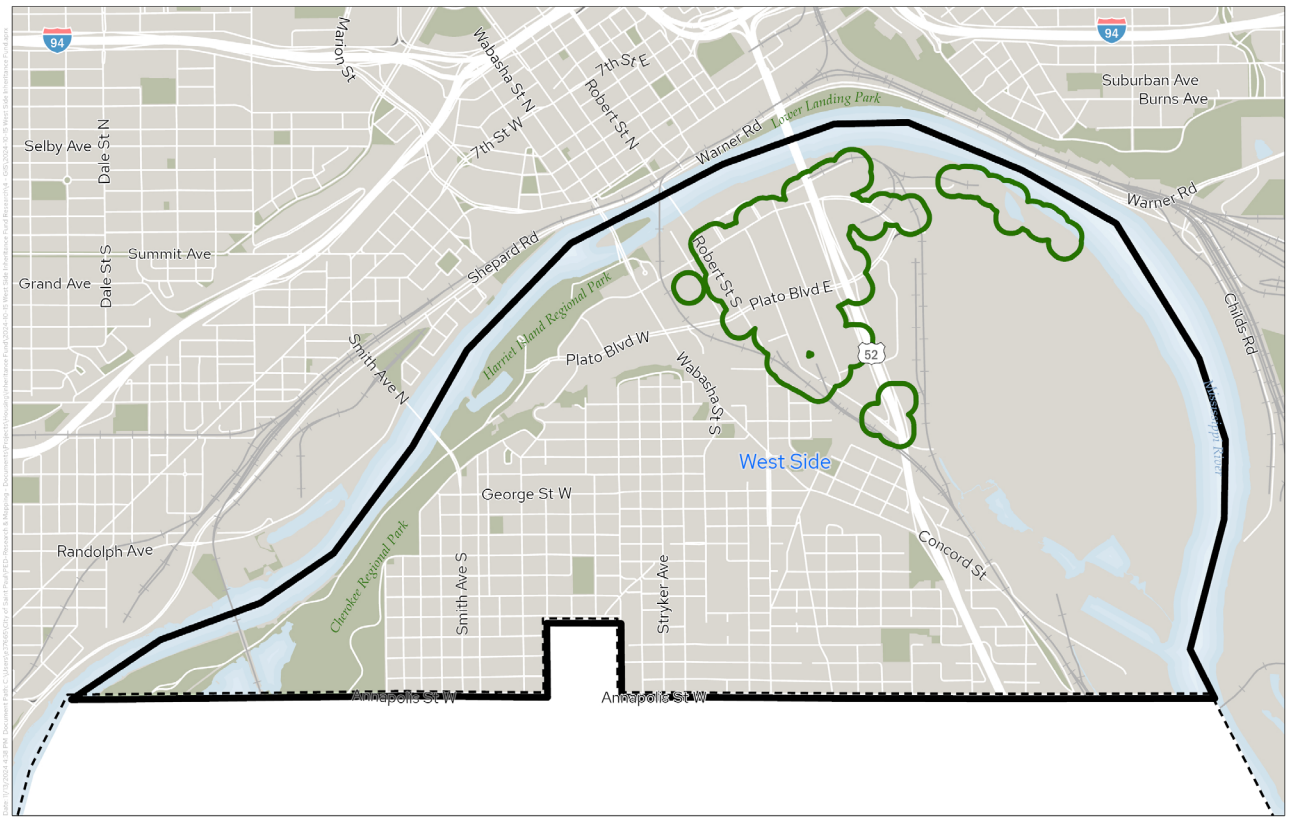
DPA Layer & Eligibility Requirements	80% AMI or less	100% AMI or less	Never owned home	Family foreclosed or never owned home	Historic Rondo or West Side Flats Descendant	Purchase a home in historic Rondo or West Side Planning District 3	Max Award per Layer
Regular	X						**$40,000**
First Generation	X		X	X			**+ $10,000**
Inheritance Fund – Generational Wealth		X			X		**+ $50,000**
Inheritance Fund – Community Wealth		X			X	X	**+ $10,000**
						Max Award per Loan	**$110,000**

Inheritance Fund: Community Wealth

Applicants eligible for the Inheritance Fund – Generational Wealth layer may also be eligible for the Inheritance Fund – Community Wealth layer if they purchase their home within the neighborhood associated with their descendancy; either the historic boundaries of the Rondo neighborhood or the West Side Planning District (District 3), as shown below and on the following page. Those boundaries are shown in the maps below and; for Historic Rondo are generally bounded by both sides of Selby Avenue to the south, both sides of University Avenue to the north, both sides of Lexington Avenue to the west, and both sides of John Ireland Boulevard/Rice Street to the east. HRA staff will verify Inheritance Fund – Community Wealth eligible addresses.

West Side Planning District's boundaries (black boundary) are generally the Mississippi River to the north, west, and east; the southern border generally follows the entirety of Annapolis Street W, excepting a roughly two block square at Annapolis Street W, S Charleton Street, and Sidney Street W. Approximate boundaries of the West Side Flats area (as defined in WSCO's "Flats to the Future" report are also shown for informational purposes.

West Side Flats Inheritance Fund



West Side Flats (Generational Wealth Bonus)
Planning District 3 (Community Wealth Bonus)

SAINT PAUL
PLANNING & ECONOMIC DEVELOPMENT

0 0.1 0.2 0.4 0.6 0.8 Miles

Data: St. Paul Enterprise GIS; Parcel Polygons: current Ramsey County data via Minnesota Geospatial Commons; Road and Building Polygons, 2017 impervious surface dataset, Ramsey County, Water bodies via Minnesota DNR. This document was prepared by the Saint Paul Planning and Economic Development Department and is intended to be used for reference and illustrative purposes only. This drawing is not a legally recorded plan, survey, official tax map or engineering schematic and is not intended to be used as such.

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