

Down Payment Assistance Program Guidelines



1. Program Summary:

- **Grow North Down Payment Assistance** is a program to help employees of North Minneapolis employers in purchasing their own home in the Near North or Camden communities of Minneapolis. The program offers a deferred loan to employees of employers physically residing and operating in North Minneapolis.

2. Eligible Borrower:

- Borrower must have a valid, fully executed purchase agreement at the time of application.
- Borrower must be employed by a North Minneapolis employer (for-profit, non-profit or public sector), physically residing and operating in North Minneapolis. Home-based businesses are not eligible.
- Borrower must provide proof of current employment (recent pay-stub, ID, etc.).
- Business must be filed with the Minnesota Secretary of State and be in Active/Good Standing.
- Borrower does not have to be a first-time homebuyer.
- Borrower must be a U.S. Citizen or be a legal U.S. Resident (have legal immigration status).
- The borrower's household income may not exceed 115% of the area median income. The income of the following persons must be verified and included when calculating Annualized Gross 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 the underlying mortgage loans (signs Promissory Note) but who is not in the title to the subject property; i.e. the Co-Signer (not named in title to the subject property and does not sign the Mortgage Deed).
 - The legal spouse of the mortgagor who will also reside in the subject property.
- For borrowers seeking an FHA insured mortgage as their primary loan financing, household income must include the income of all residents of the household, whether or not they will be on the title of the property or be obligated for repayment of the Grow North Down Payment Assistance loan.
- All cash buyers will be underwritten by the Program Administrator using standards approved by the City.

3. Eligible Properties:

- A single family (including a townhome or condominium) or duplex located in the neighborhoods listed in Exhibit A, which are a part of the Near North and Camden communities of Minneapolis.
- There is no sale price limit.
- The homebuyer must occupy the home within 60 days following the purchase closing.

4. Loan Terms:

- Zero percent interest.
- No monthly payment.
- The loan is 100% repayable at the end of the life of the first mortgage OR refinanced OR when the homeowner ceases to occupy the home as their primary residence OR transfer of title OR at the end of the 30-year deferment period.
- The mortgage may be subordinated as part of a refinance of the primary loan. These loans are considered a "Special Mortgage" under the terms of Minnesota Statute 58.13.

5. Loan Amount:

- For borrowers with household incomes at or below 80% of the area median income, the maximum loan amount will be \$7,500.
- For borrowers with household incomes greater than 80% of area median income up to a maximum income of 115% of area median income, the maximum loan amount is \$5,000.

6. Use of Funds

- The payment of down payment costs.
- The payment of normal and usual closing costs.
- Any portion of the loan that is not applied to the payment of down payment or closing costs must be repaid to the City of Minneapolis and the loan balance will be reduced accordingly.
- The loan may not be used to reimburse a borrower for a purchase or transaction that has already occurred.

7. Required Homebuyer Financial and Homeownership Counseling and Education:

- Homebuyers must complete homebuyer education through HomeStretch™ (sponsored by the Minnesota Homeownership Center, 651-659-9336 or www.hocmn.org), Framework® (online homebuyer education available at www.hocmn.org), or the Minneapolis Urban League American Dream Program.

8. Eligible Primary Financing:

- The loan may be offered in connection with any fixed-rate portfolio FHA, VA, Fannie Mae, or Freddie Mac insured or uninsured loan product that is generally considered in the lending industry to be an “A” or “prime” lending product.
- The loan may also be offered in combination with a contract for deed financed and held by a nonprofit developer provided that the nonprofit developer does not sell the contract for deed without the written approval of the City. The contract for deed program must be approved by the City prior to participation in the Local program.
- This loan may not be used with sub-prime lending products.
- The Local program funds may be combined with other assistance programs to provide greater opportunity for the borrower to secure the purchase of a home.
- This program may not be layered with any other City of Minneapolis homebuyer assistance programs.

9. Loan Security

- The Grow North Down Payment Assistance funds and any neighborhood loan funds will be separately secured by a Promissory Note and Mortgage.
- The loan may be secured in a subordinate lien position behind other program funds.
- No title insurance is required.
- No mortgagee clause is required in the owner’s hazard insurance policy.

10. Catastrophic Language

- In the event the Mortgage holder and the servicer, in their sole and absolute discretion, after a loss mitigation analysis, find that a catastrophic event, including but not limited to Borrower’s death or extended illness, or the extended illness of a close family member who depends primarily on the borrower for support, has occurred which substantially and permanently impairs their ability to repay this Promissory Note and Mortgage and requires them to sell the Property for an amount less than the existing balance on the Promissory Note and Mortgage, that portion of the lien of Promissory Note and Mortgage that cannot be satisfied from the proceeds of such sale shall be released.

11. How to Apply

- To determine eligibility and fund availability interested applicants should contact BuildWealth MN:
BuildWealth MN
2100 Plymouth Ave N
Minneapolis, MN 55411
612-877-4182 office
612-436-5418 fax
info@buildwealthmn.org

**Grow North Down Payment Assistance Program
Eligible Neighborhoods & Map**

Community	Neighborhood
Camden	Cleveland
Camden	Folwell
Camden	Lind-Bohanon
Camden	McKinley
Camden	Shingle Creek
Camden	Victory
Camden	Webber-Camden
Near North	Harrison
Near North	Hawthorne
Near North	Jordan
Near North	Near North
Near North	Sumner-Glenwood
Near North	Willard-Hay

