

HOMEBUYER MORTGAGE ASSISTANCE



Homebuyer Mortgage Assistance Forgivable Loan Program Guidelines



1. **Program Summary:**
 - **Homebuyer Mortgage Assistance (HMA)** forgivable loan down payment assistance program provides homebuyer assistance to purchase a home in the City of Bloomington.
2. **Eligible Borrower:**
 - Borrower must have a valid fully-executed purchase agreement at time of application.
 - Borrower does not have to be a first-time homebuyer.
 - Borrower must be purchasing primary, owner-occupied home.
 - Borrower's household income may not exceed 80% of the area median income (AMI), adjusted for household size. The income of the following persons must be verified and included when calculating annualized gross income (AGI):
 - Anyone who will have title to the subject property and signs the Mortgage.
 - Anyone expected to reside in the subject property and who will be obligated to repay the underlying mortgage loans (i.e., signs a note or guaranty), but who is not in title to the subject property; i.e., the cosigner (not named in title to the subject property and does not sign the Mortgage).
 - The legal spouse of the borrower who will reside in the subject property.
3. **Eligible Property:**
 - Single-family (attached or detached), townhome or condominium within city limits of Bloomington.
 - No purchase price limit.
 - Homebuyer must occupy home, as primary residence, within 30 days following home purchase closing.
4. **Amount:**
 - Maximum forgivable loan amount is up to \$10,500.
5. **Eligible Use of Funds:**
 - Payment of down payment costs.
 - Payment of normal closing costs.
 - Funds may not be used to reimburse borrower for purchase or transaction that has already occurred.
6. **Terms:**
 - Zero percent interest.
 - No monthly payment.
 - Forgivable after continued owner occupancy through January 1, 2027.
 - Forgivable loan is 100% repayable upon the occurrence of any one of the following prior to January 1, 2027:
 - When borrower ceases to occupy the subject property as primary residence; or
 - Transfer of title.
 - The Mortgage may be subordinated, at the discretion of the HRA, as part of a refinance of the primary loan. These forgivable loans are considered a "Special Mortgage" under the terms of Minnesota Statutes Section 58.13.

7. Forgivable loan Security:

- The forgivable loan will be separately secured by a Promissory Note and Mortgage.
- The forgivable loan may be secured in a subordinate lien position behind other loans.
- No title insurance is required.
- No mortgagee clause is required in the owner's hazard insurance policy.

8. Required Homebuyer Education and One-to-one Financial Counseling:

- Borrower must complete homebuyer education through a Department of Housing and Urban Development (HUD) approved program:
 - Homestretch; sponsored by the Minnesota Homeownership Center (www.hocmn.org).
 - Framework; sponsored by the Minnesota Homeownership Center (www.hocmn.org).
 - Realizing the American Dream; sponsored by Urban League Twin Cities (www.ultcmn.org).
- Borrower must complete one-to-one financial homeownership capacity counseling with a completion certificate that pre-dates the home purchase closing date by at least 30 days.
 - Minnesota Housing Enhanced Homeownership Capacity Providers (www.mnhousing.gov).
 - Minnesota Homeownership Center Financial Wellness Providers (www.hocmn.org).
 - Community Mediation and Restorative Services Housing Partners (www.cmrsmn.org).

9. Eligible Primary Financing:

- This forgivable 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 a "prime" lending product.
- This forgivable loan may not be used with sub-prime lending products.
- This forgivable loan may be combined with other assistance programs to provide greater opportunity for borrower to secure the purchase of a home.

10. Catastrophic Event:

- In the event the Mortgage holder or 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 borrower for support, has occurred which substantially and permanently impairs their ability to repay the forgivable loan and requires a sale of the property for an amount less than the existing balance on the forgivable loan, that portion of the forgivable loan 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 a lending services administrator.