

Woodbury HRA Program Guidelines

First-time Homeownership

Program Overview: The City of Woodbury, in partnership with the Greater Metropolitan Housing Corporation (GMHC), has made down payment and closing cost assistance loans available to encourage homeownership in the City of Woodbury. Current available dollars for loans are based upon the fund balance for any given period.

Loan Amount: The maximum loan amount is \$25,000.

Interest Rate & Deferred Loan Term: The interest rate will be fixed at 3 percent simple annual interest, with monthly installment payments of interest only. Borrowers aged 65 or older or who are military veterans shall have an interest rate of 2.75 percent. Payment of principle will be deferred until sale, transfer of title, when the primary mortgage is paid off, or when the property ceases to be owner-occupied. Loan term shall not exceed 30 years.

Eligible Use of Funds: The loan funds can be used for down payment and closing costs. The borrower cannot receive any portion of these funds as cash.

Applicant Eligibility:

- **First-Time Homebuyer Status:** Applicant(s) must be a first-time homebuyer (a person or household that has not owned a home within the last three years).
- **Debt-to-Income Ratio:** Applicant "debt-to-income" ratio cannot exceed 50 percent.
- **Current on Debt Payments:** Applicant(s) must be current on any ongoing debt payments.
- **Minimum Contribution:** There must be a Minimum Contribution of 5 percent of the purchase price paid by or on behalf of the home buyer. Acceptable sources of the Minimum Contribution include: earnest money, buyer funds brought to closing and seller paid closing costs.
- **Income Limit:** Applicant total gross annual household income shall not exceed \$95,000.

(Note for FHA-funded first mortgages: One-person households may not have a gross annual income in excess of \$69,115. Two-person households may not have a gross annual income in excess of \$79,005. Three-person households may not have a gross annual income in excess of \$88,895.)

Property Eligibility:

- Purchase price cannot currently exceed \$290,500.
- Single family homes, townhomes, twin homes, or condominiums in the City of Woodbury to be used as the buyer's principle place of residence.
- The first mortgage must be a prime/A-rated fixed rate mortgage loan.
- Properties may not be within the flood plain as identified by FEMA.

Loan Security: All loans will be secured by a mortgage in favor of the city. The loan may be secured in a subordinate lien position behind other loans. Applicant will be required to obtain title insurance on this loan for the City of Woodbury.

Loan Costs: Filing fees, title policy, wire transfer fee, prepaid daily interest and credit report will be paid by the borrower(s).

Disbursement Process: After receiving the application and all of the documentation listed in sections A and B of the Application Process Sheet, the following procedures shall apply:

- If the application meets the program requirements, GMHC will send a check (not to exceed \$25,000) and the Woodbury loan documents to the loan closing or title insurance company prior to the loan closing.
- The purchaser must sign the deferred loan note and mortgage at the loan closing. The loan closing or title insurance company conducting the loan closing will be responsible for recording the mortgage. Documentation of the recording must be sent to GMHC. The purchaser will pay the filing fee.
- After the loan closing, the title company must provide GMHC with the original signed Woodbury loan documents including the Note and Closing Disclosure, the City of Woodbury Title Insurance Policy, and a copy of the first mortgage executed Closing Disclosure.

The HousingResource Center – North & East Metro is the Program Administrator. Please call the HRC's loan consultants at (651) 486-7401 with any questions about the program.

**GMHC HousingResource Center – North & East Metro
1170 Lepak Court
Shoreview, MN 55126**

