

# FIRST-GENERATION HOMEBUYERS

## Community Down Payment Assistance Fund

Term Sheet	
Product	<ul style="list-style-type: none"> <li>• First-Generation Homebuyers Community Down Payment Assistance Fund</li> </ul>
Assistance	<ul style="list-style-type: none"> <li>• 10% of purchase price, up to \$32,000 per transaction.</li> </ul>
Borrower	<ul style="list-style-type: none"> <li>• Borrower includes all borrowers who are obligated to the first mortgage. Assume requirements apply to all borrowers unless noted.</li> </ul>
Eligible Borrower	<ul style="list-style-type: none"> <li>• At least one borrower self-attests they meet the definition of First-Generation Homebuyer:               <ul style="list-style-type: none"> <li>▪ Borrower and their parent(s) or legal guardian(s) never owned (in any country) a home OR owned a home but lost it due to foreclosure.</li> </ul> </li> <li>• All co-borrowers must be first-time homebuyers. Having no ownership interest in a principal residence during the previous three-year period.</li> <li>• Borrower income is equal to or less than the income guidelines for <a href="#">Start Up as published by MN Housing for 1-2 person</a> regardless of household size.</li> <li>• At least one borrower who is a First-Generation homebuyer is a current resident of the State of Minnesota.</li> <li>• At least one borrower who is a First-Generation homebuyer has met the homebuyer education requirements.</li> <li>• Borrower can document that they have an underwritten preapproval for a Qualified First Mortgage.</li> <li>• Non-occupant co-borrowers and co-signors are not allowed.</li> </ul>
Homebuyer Education	<ul style="list-style-type: none"> <li>• Borrower that is a First-Generation homebuyer completed a homebuyer education course in the last 12 months, and it was completed <u>PRIOR</u> to submitting a Purchase Agreement.               <ul style="list-style-type: none"> <li>▪ Option 1: Borrower completes one of the following courses either Instructor Led in person or live virtual.                   <ul style="list-style-type: none"> <li>▪ <a href="#">Homestretch</a></li> <li>▪ Realizing the American Dream</li> </ul> </li> <li>▪ Option 2: Borrower completes the self-guided online course <a href="#">Framework Homeownership</a></li> </ul> </li> <li>• Not accepted: Fannie Mae HomeView and Freddie Mac CreditSmart Homebuyer U</li> </ul>
Use of Fund	<ul style="list-style-type: none"> <li>• Down payment based on first mortgage requirement.               <ul style="list-style-type: none"> <li>▪ Funds cannot be used for the 3.5% FHA Minimum Required Investment.</li> </ul> </li> <li>• Buyer settlement costs as determined by the loan closing disclosure.</li> <li>• Principal buy-down.</li> </ul>
Repayment	<ul style="list-style-type: none"> <li>• Secured zero interest loan forgiven over 5 years.</li> <li>• Loan has no monthly payment and does not accrue interest.</li> </ul>

Repayment	<ul style="list-style-type: none"> <li>• Loan is forgivable at a rate of 20% per year on the day after the anniversary date of the note. There is no monthly pro-rate or other partial year credit.</li> <li>• Prorated balance of the loan is repayable if the property converts to nonowner occupancy, is sold, is subjected to an ineligible refinance, an unauthorized transfer of title, or a completed foreclosure action within the five-year loan term.</li> <li>• Recapture can be waived in the event of financial or personal hardship with the approval of the Administrator.</li> </ul>
Re-subordination	<ul style="list-style-type: none"> <li>• Is allowed if it is in the best interest of the borrower: <ul style="list-style-type: none"> <li>▪ Rate and term refinance will lower the interest and/or payment.</li> <li>▪ A death or divorce of one of the borrowers on the loan.</li> <li>▪ Health or safety issues with the property.</li> </ul> </li> <li>• Cash-out is restricted to home improvement or repairs.</li> <li>• First mortgage must meet the same requirements of the original terms and guidelines for the First-Generation Homebuyers Community Down Payment Assistance Fund.</li> <li>• Allows for any lien position.</li> </ul>
Eligible Properties	<ul style="list-style-type: none"> <li>• Owner-occupied principal residence only. Borrower must occupy the home within 60 days following the closing.</li> <li>• 1-2 units detached and townhomes, condominiums, co-ops, and manufactured homes titled as real property.</li> <li>• Shared equity, community land trusts, and other resale restrictions.</li> <li>• Limited to properties within the State of Minnesota.</li> <li>• Effective for applications submitted on or after August 1, 2024, the maximum purchase price limits are as follows: <ul style="list-style-type: none"> <li>▪ 11-county metro 1-unit \$515,200 and 2-unit \$659,550</li> <li>▪ All other counties 1-unit \$472,030 and 2-unit \$604,400</li> </ul> </li> </ul>
First Mortgage	<ul style="list-style-type: none"> <li>• Mortgage must be a fixed rate, fully amortized, first mortgage loan that meets CFPB “Qualified Mortgage” definition or is originated in compliance with the nonprofit exemption to the Ability to Pay rule. <ul style="list-style-type: none"> <li>▪ Sharia compliant products that meet above standards.</li> <li>▪ ITIN (Individual Taxpayer Identification Numbers) products that meet the above standards.</li> </ul> </li> <li>• Not allowable: Adjustable-Rate Mortgages (ARMs), Negative Amortization, Balloons, Interest Only.</li> </ul>
Asset Limits	<ul style="list-style-type: none"> <li>• Effective for applications submitted on or after January 15, 2025, borrower(s) liquid assets cannot exceed \$50,000 after closing and excludes: retirement accounts, life insurance, and college savings account.</li> </ul>
Gift Contributions	<ul style="list-style-type: none"> <li>• Effective for applications submitted on or after January 15, 2025, the total gift funds cannot exceed 10% of the purchase price.</li> </ul>

Fund Reservation & Commitment Period	<ul style="list-style-type: none"> <li>• Funds are reserved for 90 calendar days for approved borrowers. A one-time 60 calendar day extension is allowed, subject to approval by the DPA Lender.</li> <li>• Once a Purchase Agreement has been executed, a commitment letter is issued and allows 60 calendar days for closing. <ul style="list-style-type: none"> <li>▪ Renovation Loans may be eligible for a one-time 30 calendar day extension.</li> <li>▪ New Construction commitments are valid for 180 calendars days.</li> </ul> </li> <li>• Borrowers are not subject to reapplication if the mortgage lender rejects the purchase contract, through no fault of the buyer, or if the buyer opts to call the inspection contingency. Borrowers are reissued an updated reservation letter.</li> </ul>
Qualifying Ratio	<ul style="list-style-type: none"> <li>• Minimum housing ratio cannot be less than 20% as calculated by the first mortgage lender.</li> <li>• Maximum debt-to-income ratio is determined by the first mortgage.</li> </ul>
Borrower Minimum Investment	<ul style="list-style-type: none"> <li>• Determined by first mortgage.</li> <li>• Funds cannot be used for the 3.5% FHA Minium Required Investment.</li> </ul>
Fees	<ul style="list-style-type: none"> <li>• First mortgage lenders cannot charge additional fees for use of this fund.</li> <li>• Pricing determined by first mortgage.</li> </ul>
Cashback Allowances	<ul style="list-style-type: none"> <li>• Cash back is not allowed unless verified Earnest Money deposits exceed the borrower's out of- pocket settlement costs requirements and/or the fees paid in advance to the first mortgage lender are allowed to be included in the financing.</li> </ul>
Layering	<ul style="list-style-type: none"> <li>• Can be layered with other Down Payment Assistance.</li> </ul>
Lien Position	<ul style="list-style-type: none"> <li>• Allows for any lien position.</li> </ul>
Disbursement Process	<ul style="list-style-type: none"> <li>• Funds are wired to the Title Company by the DPA Lender.</li> <li>• Borrower signs the loan documents at the first mortgage loan closing.</li> </ul>