



Mortgage Assistance Foundation

**ReGenerations Down Payment Assistance Loan Program
Coon Rapids Housing Program**

**Program Guidelines
April 2010**

City of Coon Rapids Housing Program

ReGenerations Down Payment Assistance Loan Program

On November 4, 2009, the City of Coon Rapids (hereinafter referred to as the “City”) together with the Coon Rapids Mortgage Assistance Foundation (CRMAF) made available \$300,000 for the establishment of a down payment assistance loan program consisting of the following fund: ReGenerations Down Payment Assistance Loan Fund.

A. Program Overview: This program is intended to increase home ownership and encourage reinvestment in neighborhoods by providing down payment assistance for the purchase of single-family properties in need of rehabilitation or renovation. Funds made available through this program must be used in conjunction with an FHA (Federal Housing Administration under the U.S. Department of Housing and Urban Development) Section 203(k) mortgage.

B. Program Guidelines

- 1. Eligible Properties:** The property must be a single-family detached structure, or two-family structure being converted to a single-family unit, located within the City of Coon Rapids.
- 2. Eligible Use of Funds:** ReGenerations loan funds are reserved for down payment assistance. All rehabilitation projects and additions eligible under the Section 203(k) mortgage program guidelines applicable to single-family structures are permitted. Refinancing under the Section 203(k) program is not eligible except in the case of a two-family conversion to a single-family unit where the borrower is the current owner of one unit. All health, safety and energy conservation requirements and any outstanding property or building maintenance order from the City must be addressed prior to completing general home improvements. Luxury items and recreational improvements are not eligible.
- 3. Eligible Recipients:** Borrowers must occupy the property as their primary, homesteaded residence. Purchasers of investment properties are not eligible to receive ReGenerations loan funds.
- 4. Homeownership Education Required:** Borrowers who are first-time homebuyers must complete a homeownership education class through the Homestretch program sponsored by the Minnesota Home Ownership Center or an approved program conforming to the same standard.

5. **Underwriting Decision:** Access to ReGenerations loan funds is restricted to borrowers receiving a primary Section 203(k) mortgage from an accredited lender. No additional financial underwriting beyond that of the primary mortgage is required, however, the borrower must meet all requirements of the ReGenerations Down Payment Assistance Program. The Section 203(k) and ReGenerations mortgages must be closed at the same time.
6. **Inspection Required:** The property must be inspected by a City Inspection Division Building Inspector or a City-qualified home inspector to determine the health, safety and energy conservation requirements and to assist in the determination of the minimum rehabilitation cost required. This inspection must be completed before the borrower or the borrower's architect or contractor submits the work write-up and cost estimate to the Section 203(k) mortgage lender.
7. **Work by Contractor Required:** The borrower is not eligible to complete the improvements to the property. All work must be completed by a State of Minnesota licensed, bonded and insured contractor. All applicable permits must be obtained and finalized.

C. Program Terms

1. **Minimum Rehabilitation Work Required:** A minimum of \$10,000 in rehabilitation or renovation is required for participation in the ReGenerations Down Payment Assistance Program. Determination of this requirement will be made through the required inspections process and the Section 203(k) mortgage application process by establishing that the Section 203(k) mortgage is at least \$10,000 more than the purchase price of the property.
2. **Loan Amount:** The maximum ReGenerations loan amount is three and one-half percent (3.5%) of the acquisition cost (purchase price plus rehab costs) up to a maximum of \$6,000. The loan will be secured by a mortgage.
3. **Interest Rate:** The ReGenerations loan is a zero interest loan if maintained for a minimum of three years from the date of the loan closing. If the loan is paid off within three years of and including the date of the loan closing, interest will be compounded annually on the original principal amount at an interest rate identical to the interest rate of the Section 203(k) mortgage.

4. **Loan Term:** The ReGenerations loan shall be repaid upon the sale, assignment, conveyance, transfer, lease of the property; filing of a Relative Homestead on the property or when the property is no longer the principal residence of the borrower. The ReGenerations down payment assistance loan shall be repaid by the mortgagor according to the following schedule.

Age of Loan	Percent of Principal Amount and Interest Due
0 through 3 years	100 % of principal loan amount due plus interest
3 through 4 years	87.5% of principal loan amount due without interest
4 through 5 years	75.0 % of principal loan amount due without interest
5 through 6 years	62.5 % of principal loan amount due without interest
6 through 7 years	50.0 % of principal loan amount due without interest
7 through 8 years	37.5 % of principal loan amount due without interest
8 through 9 years	25.0 % of principal loan amount due without interest
9 through 10 years	12.5 % of principal loan amount due without interest
more than 10 years	0 %

The ReGenerations loan will be forgiven following the end of a ten-year period from the date of the loan closing provided the property has remained in compliance with the terms of this Program. The age of the loan is based upon the date of the transaction.

5. **Subordination:** The City will not subordinate its interest in a loan made under this program.
6. **Income Limits:** There is no maximum income limit for this Program.
7. **Property Value Limit:** There is no maximum property value limit for this Program.
8. **Purchase Price Limit:** There is no maximum purchase price limit for this Program.
9. **Loan-to-Value Ratio:** The borrower's principal mortgage debt on the property may not exceed the Section 203(k) loan program limits which is the lesser of the following: a.) the as-is value or purchase price of the property, whichever is less, plus the estimated cost of rehabilitation, or b.) 110 percent of the after-improved appraised value of the property.
10. **Construction Schedule:** Construction must start within 30 days of the date of loan closing and be completed within six (6) months of the date of loan closing. The borrower must occupy the residence immediately upon completion of the construction.