



Brooklyn Center ReNew Buyer Incentive Program



Program Summary

The Economic Development Authority (EDA) of Brooklyn Center, Minnesota (EDA) has partnered with the Greater Metropolitan Housing Corporation to provide a down payment and closing cost assistance program to help rebuild the housing market in Brooklyn Center. The ReNew Buyer Incentive Program features two products. An eligible home buyer may apply for either of the following:

ReNew Grant offers a grant of 3.5% of the acquisition cost (purchase price plus rehab costs) up to \$7,000 to be used for the payment of down payment with an FHA 203 K Purchase/Rehab Loan, or other approved purchase/rehab loan.

ReNew Loan provides a \$10,000 no-interest deferred loan that is forgivable at the end five years if the borrower resides in the home during that time. The ReNew Loan may be used for payment of down payment, closing costs or home repairs when used in connection with any prime "A" fixed-rate first mortgage loan program.

ReNew Grant Guidelines

The ReNew Grant is a down payment program to help increase home ownership and encourage reinvestment. This program offers a grant of 3.5% of the acquisition cost (purchase price plus rehab costs) up to \$7,000 when used with a FHA 203K Purchase/Rehab Loan, or other approved purchase/rehab loan.

ReNewGrant Terms

- a) Must be used with an FHA 203K loan, or other approved purchase/rehab loan.
- b) A minimum of \$15,000 in home improvements is required by the EDA to qualify for the ReNew Grant funds.
- c) Construction work must be completed by a licensed contractor, with applicable permits and inspections completed.
- d) A ReNew Grant agreement must be signed by the home buyer who certifies they will be an owner-occupant.
- e) Use of local contractors is encouraged.

Use of Funds

The ReNew Grant funds must be used for down payment. The borrower may not receive any portion of these funds as cash.

Eligible Properties

- a) The property must be a single family detached dwelling or townhome.
- b) The property must be in a foreclosed status with the ReNew Grant recipient as the first purchaser after the foreclosure; the property must be registered as a vacant property by the City of Brooklyn Center. Information on how to register a property can be found at www.cityofbrooklyncenter.org.
- c) There is no sale price limit.
- d) A home inspection must be completed by a certified/licensed home inspector to determine condition of home, needed repairs and cost.
- e) The borrower's combined mortgage debt cannot exceed 100% of the appraised value.
- f) Construction must start within 30 days of the purchase closing. The homeowner must occupy the home within 60 days of the completion of the construction work and no longer than 180 days after purchase closing.

Eligible Borrower

Anyone who meets all the following conditions:

- a) Qualifies for and is receiving an FHA 203K loan, or other approved purchase/rehab loan, from an accredited lender; borrower does not need a co-signer to qualify.
- b) Household income to housing expense ratio does not exceed 31% or a total debt ratio of 43%.
- c) Household income may not exceed the following TIF Housing Account median income which is adjusted annually:
 - Households of 1 or 2 may not exceed 100% of the TIF Housing Account median income: \$83,900.
 - Households of 3 or more may not exceed 115% of the TIF Housing Account median income: \$96,485.
- d) Borrower may not own other residential property or homes.
- e) The borrower must be an individual person or persons. The borrower may not be a business entity.

Homeownership Education

Borrower must complete a homeownership education class through the Homestretch program sponsored by the Minnesota Home Ownership Center (telephone 651-659-9336 or online at www.hocmn.org) or a comparable approved program prior to closing on the loan.

Eligible Primary Financing and Combining of Funds

- a) The ReNew Grant maybe offered in connection with any FHA 203K loan, or other approved purchase/rehab loan, that is generally considered in the lending industry to be an "A" or "prime" lending product.
- b) The ReNew Grant may not be used with sub-prime lending products.
- c) Cash buyers are not eligible for the ReNew Grant.
- d) Applicants may not receive both the ReNew Loan and the ReNew Grant. However, an applicant receiving an FHA 203K, or other approved purchase/rehab loan, can choose to apply for the Renew Loan instead of the Renew Grant. Guidelines for the Renew Loan follow on the next page.
- e) ReNew Buyer Incentive Program funds may be combined with other assistance programs to provide greater opportunity for the borrower to secure the purchase of a home.

ReNew Loan Guidelines

The ReNew Loan program offers a \$10,000 no-interest deferred loan that is forgiven at the end of five years to anyone buying a foreclosed home in which they will live throughout the term of the ReNew Loan.

ReNew Loan Terms

- a) Zero percent interest.
- b) No monthly payment.
- c) The ReNew Loan will be forgiven at the end of a five-year time period from the date of closing if the property is owner-occupied for the full ReNew Loan term. Relative homestead properties * do not qualify for the ReNew Loan. No part of the loan will be forgiven for any time period less than five years.
- d) The ReNew Loan is due on sale, transfer of title, when the primary mortgage is paid off, or when the property ceases to be the owner's primary place of residence, except that in the case of a refinance, the loan may be subordinated subject to the EDA's Subordination Policy in effect at the time of the request for subordination. .
- e) The ReNew Loan is considered a "Special Mortgage" under the terms of Minnesota Statute 58.13. The mortgage may be subordinated as part of a refinance of the primary loan; however, the owner must receive counseling regarding their refinance transaction. Proof of the completion of the counseling will be required prior to approval of the subordination.

* ***"Relative homestead" is a property tax classification that allows the homeowner to retain homestead status on his or her property if a relative occupies it.***

ReNew Loan Amount

Borrowers will receive up to \$10,000.

Use of Funds

- a) The funds may be used towards the payment of down payment or for the payment of normal and usual closing costs. The borrower may not receive any portion of these funds as cash.
- b) The homebuyer may also use the funds to complete repairs and improvements to the home as part of their home purchase transaction.
- c) Any portion of the ReNew Loan that is not applied to the payment of down payment, closing costs or construction costs must be repaid to the Economic Development Authority of Brooklyn Center, Minnesota and the ReNew Loan balance will be reduced accordingly.

Eligible Properties

- a) The property must be a single family detached dwelling or townhome.
- b) The property must be in a foreclosed status with the ReNew Loan recipient as the first purchaser after the foreclosure, and the property must be registered as a vacant property by the City of Brooklyn Center. Information on how to register a property can be found at www.cityofbrooklyncenter.org.
- c) There is no sale price limit.
- d) A home inspection must be completed by a certified/licensed home inspector to determine condition of home, needed repairs and cost.
- e) The borrower's combined mortgage debt including the ReNew Loan cannot exceed 100% of the appraised value.
- f) If applicable, construction must start within 30 days of the purchase closing. The homeowner must occupy the home within 60 days of the completion of the construction work and no longer than 180 days after purchase closing.

Eligible Borrowers

Anyone who meets all the following conditions:

- a) Borrower must qualify for and receive a traditional (prime or A-rated) fixed-rate first mortgage loan; borrower does not need a co-signer to qualify.
- b) Household income to housing expense ratio does not exceed 31% or a total debt ratio of 43%.
- c) Household income may not exceed the following TIF Housing Account median income which is adjusted annually:
 - Households of 1 or 2 may not exceed 100% of the TIF Housing Account median income: \$83,900.
 - Households of 3 or more may not exceed 115% of the TIF Housing Account median income: \$96,485.
- d) The borrower must be an individual person or persons. The borrower may not be a business entity.

Homeownership Education

Borrower must complete a homeownership education class through the Homestretch program sponsored by the Minnesota Home Ownership Center (telephone 651-659-9336 or online at www.hocmn.org or a comparable approved program prior to closing on the ReNew Loan.

Loan Security

- a) The ReNew Loan will be separately secured by a Promissory Note and Mortgage in favor of the EDA.
- b) The ReNew Loan may be secured in a subordinate lien position behind other loans.
- c) No title insurance is required.
- d) No mortgage clause is required in the owner's hazard insurance policy.

Eligible Primary Financing and Combining of Funds

- a) The ReNew Loan may be offered in connection with any fixed-rate 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.
- b) The ReNew Loan may not be used with sub-prime lending products.
- c) Cash buyers are not eligible for a ReNew loan.
- d) Applicants may not receive both the ReNew Deferred Loan and the ReNew Grant.
- e) The ReNew Buyer Incentive Program funds may be combined with other assistance programs to provide greater opportunity for the borrower to secure the purchase of a home.

Loan Costs

Mortgage registration tax and filing fees will be paid by the borrower(s).