



Goodhue County Housing Trust Fund Workforce Housing Assistance Program

Policies & Procedures



Adopted 1/16/19
Revised 11/17/2023

Mission Statement

The Goodhue County Housing Trust Workforce Housing Assistance Program's mission is to support working individuals and families in achieving homeownership.

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Purpose and Background of Program

The Goodhue County Housing Trust Workforce Housing Assistance Program has the goal of promoting homeownership in Goodhue County. The purpose of the program is to assist workers and their families in purchasing affordable, decent, and safe housing. A strong, stable workforce is vital to the communities and economy of Goodhue County.

SEMMCHRA's funding for this program is made possible through levy funds provided by Goodhue County. Currently, SEMMCHRA has about \$30,000 to allocate to the program. Going forward, the amount of available funds will depend on the amount received from the Goodhue County levy. Funding is subject to change at any time.

The assistance will act as a second mortgage on the house. This loan is NOT forgivable. The loan will be deferred at 0% interest. The loan must be paid back, in full, when the first mortgage is satisfied, or when the home is sold, vacated, no longer being used as a primary residence, or refinanced.

Applicants can work with any lender they choose, but applicants are encouraged to talk with local banks when researching financing options. SEMMCHRA reserves the right to deny an application based on unusually high interest rates or closing costs.

Eligibility Criteria

Income Limits

In order to qualify for the Goodhue County Housing Trust Workforce Housing Assistance Program, the household income must be at or below the established income limit set by the Minnesota Housing Finance Agency (Minnesota Housing). The current income limit is \$167,000. Income limits are subject to change annually and shall be effective immediately.

The income of only the borrower(s) will be included when calculating income. The income of the borrower(s) must meet the income criteria at the time of application. SEMMCHRA will not require applicant(s) to recertify their income each year.

Program Qualifications

Applicant(s) must be preapproved for a mortgage before applying for the Goodhue County Housing Trust Workforce Housing Assistance Program. At least one member of the household must be employed a minimum of 30 hours per week. At least one applicant must be a United States Citizen.

A copy of the loan estimate and closing disclosure will be required to ensure the amount of closing costs being charged is reasonable.

Home Buyer Education

A home buyer education class must be completed by at least one of the applicants who will be signing the mortgage documents. A preference point will be awarded to any applicant who has taken the home buyer education prior to signing a purchase agreement. However, in the event an applicant is unable to attend a home buyer education class in advance of signing a purchase agreement, staff can provide a waiver, if the applicant can demonstrate the intended date and time of the class and provide a certificate of completion following the class. Applicants can choose between taking Home Stretch, which is taught by an instructor either virtually or in-person, or the online class Framework.

Credit Score

Applicants will be required to have a credit score of 620 or higher.

Purchase Agreement

A completed, signed purchase agreement must be submitted before an application can gain final approval. Purchase agreements must contain a financing contingency.

Property Requirements

Any property being purchased using the program's funds must meet several requirements:

The house must be in "move-in" condition. Meaning no major construction or repairs need to be made.

The home's purchase price may not exceed the maximum price allowed by Minnesota Housing. The current limit is \$472,030, but this amount is subject to change. The new limit shall be effective immediately.

The house must be the applicant(s) primary residence. SEMMCHRA will verify residency each year until the loan is paid back. If the home is found not to be the applicant(s) primary residence, it will trigger an automatic payback of the loan.

The house must be located within Goodhue County, excluding the City of Red Wing.

If the home is a mobile or manufactured home, the applicant must own the lot.

SEMMCHRA will not allow the total LTV of all loans to exceed 105% of the appraised value. A copy of the appraisal is required.

Priority

Applications will be prioritized in the order they are received in the SEMMCHRA Office. In the event several applications are received the same day the following points system will be utilized:

3 points for applicants already living in Goodhue County

2 points for applicants who work in Goodhue County

1 point for applicants who have children enrolled in school in Goodhue County

1 point for new construction

SEMMCHRA will stop taking applications once the funding is exhausted. Funding is subject to availability.

Household Contribution

Applicant(s) must contribute a minimum of \$500 of their own money toward the purchase of the home. The contribution can be used to pay for the home inspection, environmental testing, or earnest money. Proof of payment must be provided to SEMMCHRA before the application's final approval.

If an applicant is working with Habitat for Humanity, their "sweat equity" hours can be used to meet the \$500 minimum homeowner contribution. SEMMCHRA will require 35 hours of "sweat equity" to meet this requirement. Time spent attending SEMMCHRA's Home Stretch class and/or time spent attending one-on-one homebuyer advising sessions will count toward the required 35 hours. A document attesting to hours worked, outside of any hours earned during Home Stretch or homebuyer advising, will be required from Habitat for Humanity.

Loan Details

The funds provided by this program can be used to pay the down payment and/or closing costs associated with the applicant(s) home purchase. The funds can be used in conjunction with other down payment and closing cost assistance programs.

Interest Rate & Terms

The funds will be provided in the form of a deferred loan. The interest rate charged will be 0% and no monthly payments will be required.

The maximum amount loaned to any applicant will be \$15,000.

SEMMCHRA retains the right to deny any application based on excessive closing costs or interest rates being charged for the first mortgage. A copy of the loan estimate and closing disclosure will be required before final approval can be granted. Banks will be required to disclose the ratios used to qualify the applicant for a mortgage.

The loan is not assumable, it may not be transferred to another person at any time.

Payback Requirements

The deferred loan will be due, in full, upon satisfaction of the first mortgage or when the home is sold, vacated, or no longer being used as a primary residence. If the applicant refinances the first mortgage, SEMMCHRA's loan must be paid off. No subordinations will be allowed.

Lending Institutions

Applicants can use the lending institution of their choice. The lender does not have to be located within Goodhue County. Applicants are encouraged to interview several lending institutions before deciding on a loan product. Please check with the lender to ensure the mortgage product being used allows the use of down payment and closing cost assistance programs.

Repayment Agreements

The borrower(s) will be required to sign a Mortgage and Repayment Agreement before funds will be released. The assistance is in the form of a 0%, deferred loan. Repayment will be triggered if the home is refinanced, sold, or vacated prior to the loan being fully satisfied.

Recording Fees

Applicant(s) are responsible for paying all recording fees associated with this deferred loan.

Application Checklist

To apply for the program please submit:

- Completed application with all signatures
- Completed and signed Consumer Credit Authorization
- Two years of tax returns
- Current homebuyer education course completion certificate
- Pre-approval letter from lender with a copy of the loan estimate
- Copy of purchase agreement with all necessary contingencies
- Copy of current appraisal
- Proof of \$500 household contribution

Release of Funds

Once the necessary paperwork and documents have been provided, SEMMCHRA will review the application. Once final approval is granted, the lender can request the funds be released. The lender should contact the SEMMCHRA office a minimum of two weeks prior to closing to allow plenty of time for SEMMCHRA to process the check. All checks will be sent directly to the title company for dispersal at closing.

Equal Housing Opportunity Statement

This is an Equal Housing Opportunity program.

Contact Information

To request an application, please contact:

Tressa Sauke
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Wabasha, MN 55981
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