

EXHIBIT B-24

First Generation Wealth Building Homeownership Program

Program summary

Issue: It is recognized that historical and institutional racism has disproportionately created housing challenges and disparities for Black communities, as well as members of communities who did not identify as white, and other underserved low-income communities. Black/African American people and households have historically been prohibited from purchasing and owning a home due to redlining, block busting, racially restrictive covenants and decimation of Black neighborhoods for “public purposes” such as freeways. Additionally, the income and education gap between households of color and white households has resulted in difficulty for Black and African American people and households of color to obtain a mortgage and subsequent on-going housing stability issues. Due to this income gap and other social injustices, many households of color have poor credit or no credit, making it even harder to get a mortgage or to get a mortgage with a favorable interest rate. This program is designed to address these historic injustices and inequities, to facilitate affordable homeownership and to provide a means for wealth-building.

What: The city has designed a homeownership program designed to address these historic injustices and inequities, to facilitate affordable homeownership and to provide a means for wealth-building.

The goal is to address housing disparities; build power in communities most impacted by housing challenges and disparities; pilot an innovative program to address housing challenge for Black communities as well as members of communities who do not identify as white, and other low-income communities; and support inclusive and equitable communities.

2. Eligible Borrower:

First generation buyer – buyer(s) and parents of buyer(s) cannot have previously owned a home.

- Borrower does not currently own a home or has not previously owned a home
- Borrower parents and/or legal guardian does not currently own a home, nor have they previously owned a home
- Borrower spouse, if applicable, does not currently own a home and has not previously owned a home
- Borrower spouse’s parents and/or legal guardian does not currently own a home, nor have they previously owned a home
- Borrower(s) must sign the First Generation Homebuyer Affidavit
- Must occupy this property as their primary residence.
- Must be a legal resident.

- The borrower's maximum household income cannot exceed 80% of the area median income (AMI) based on a family size of four for households of 1-4. Income limits will be increased based on family size for families with more than four members. Income is calculated using paystubs W2's, if self-employed two years tax returns, and any other documentation needed to verify projected gross income. The income of the following persons must be verified and included when calculating income:
 - Anyone who will have title to the subject property and signs the Mortgage Deed.
 - The legal spouse of the mortgagor who will also reside in the subject property.
 - Multi-generational buyers are allowed. Income used for mortgage eligibility; would also be included to determining income eligibility for SLP program.
- No outstanding liens and judgements.
- Maximum liquid assets \$15,000 following closing on home, does not include retirement assets or noncash assets (i.e. cars, jewelry, vehicles, etc.)

Eligible Properties:

A single family (including a townhome or condominium) or duplex property located within the city limits of St Louis Park

- There is no maximum purchase price.
- Owner occupied dwellings only. The homebuyer must homestead and occupy the home within 60 days following the home purchase closing.

Loan Terms:

- The loan has a zero percent interest rate (0% APR).
- There are no monthly payments.
- The loan is forgiven at a prorated rate (5% per year) over a twenty-year owner occupancy period. If the homeowner ceases to occupy the home as a primary residence during the twenty-year owner occupancy period, the remaining balance of the loan must be repaid.
- The mortgage may be subordinated as part of a refinance of the primary loan.
- Borrower must contribute at least \$1,000 to down payment or closing costs to purchase home

Loan Amount:

- The maximum homebuyer deferred loan amount will be based on the household's income and the purchase price of the home up to the MHFA first time homebuyer purchase price regardless of household size. The maximum deferred loan provided will be as follows: Households of 1-4 will be based on the AMI for a household of 4.
 - Households with incomes at or below 50% AMI: 25% of the purchase price up to, not to exceed \$75,000.
 - Households with incomes between 51% and 60% AMI: 20% of the purchase price, not to exceed \$60,000.
 - Households with incomes between 61% and 80% AMI: 15% of the purchase price, not to exceed \$45,000.

- This program may not be layered with Down Payment Assistance Program for First Time Homebuyers from the City of St. Louis Park or with the Minnesota State First Generation Down-Payment Assistance Program.

Use of Funds:

- Down payment costs and closing costs as needed per the restrictions listed above.

Required Homebuyer Financial and Homeownership Counseling and Education:

Homebuyers must complete homeownership HomeStretch™ (sponsored by the Minnesota Homeownership Center, 651-659-9336 or www.hocmn.org), Framework® (online homebuyer education available at www.hocmn.org), or the Minneapolis Urban League American Dream Program or another designated program approved by the city.

- Financial wellness counseling through a designated service provider approved by the city. Buyers must have attended at least one financial counseling session before loan approval.
- Certificates for homeownership education or counseling older than two years will not be accepted.
- Must complete training before funds are reserved.
- The city will reimburse buyers for any approved educational program costs following the closing.

Eligible Primary Financing:

- This loan must be a fixed interest rate.

Loan Security:

- The loan funds will be separately secured by a Promissory Note and Mortgage.
- The loan may be secured in a subordinate lien position behind other lender resources.

Application and reservation of funds:

- Must complete homeownership counseling program before loan approval .
- Must have attended at least one financial counseling session before loan approval.
- Upon determination of approved eligibility applicant must submit confirmation of preapproval for a first mortgage at which time funds will be reserved.
- Funds will be reserved for 90 days and will be extended to accommodate a scheduled closing provided a purchase agreement is in place.
- One 60-day extension will be granted if applicant is actively searching for a home.
- Another extension will be considered if no other applicants have applied and are waiting for a loan reservation.
- If funds are not available due to prior reservations, eligible homebuyers may be placed on a waiting list. A maximum of 10 people will be placed on the waiting list. Applicants will be contacted in the order they are placed on the waiting list.

Home energy squad visit

- The city will pay for a Home Energy Squad Visit to be completed within the first year following purchase.

Disbursement of Funds

- Funds will be disbursed to the Closing Agent, for the benefit of the Borrower and in coordination with the purchase loan closing.

Borrower Fees

- All applicable mortgage filing fees, wire transfer fees, title work, credit report, flood and any other applicable closing costs associated with the loan

City Origination Fees

- \$1,050 per loan closed/executed
- One Time Set-Up Fee of \$1,000
- Annual Administration Fee shall be included as listed in Exhibit A-24