



SOUTHWEST MINNESOTA HOUSING PARTNERSHIP

Emerging Market Homeownership Initiative Down Payment Assistance Fact Sheet

Thank you for participating in the Emerging Market Homeownership Initiative (EMHI) Down Payment Assistance Program. Below you will find the documentation for the EMHI Down Payment Assistance Loan. You may request the full policy of the program from the Southwest Minnesota Housing Partnership at 507-836-8673 ext 405.

EMHI Loan

- A 0%, deferred loan up to \$2,500 for households of color or Hispanic ethnicity
- Maturity date is the earliest to occur of:
 - If a sale of the property occurs or a transfer of any part of the property
 - If any owner of the property experiences bankruptcy
 - If the First Mortgage is satisfied (paid off)
 - If foreclosure procedures occur on the First Mortgage
 - If the property is no longer the primary residence of the borrower
 - If the borrower is in default with the loan terms, for any reason (for example, non-payment of real estate taxes, or failure to maintain property insurance on the home)
- Applicant signs a note and mortgage that puts a lien against the property
- Funds must be used in conjunction with affordable first mortgages:
 - Fixed-rate loan, minimum amortization of 30 years, and a minimum term of 15 years. Note: The EMHI loan is co-terminus with the first mortgage.
 - Down payment required by product cannot exceed 10 percent of sale price. (Note: This guideline does not preclude a buyer from making a larger down payment if additional personal funds are available.)
 - The program preference is for below-market or market-rate loan products. The buyer's first mortgage interest rate cannot exceed current market rate plus 1 percent at the time of application by the Borrower.
 - Housing expense and debt to income ratios of at least 28/36 allowed by the loan product (e.g., 29/41 is acceptable). Lenders are encouraged to use community home buyer products with flexible underwriting guidelines.
 - Closing costs (excluding pre-pays) cannot exceed 3.5% percent of the loan amount. Note: This does not preclude buyers with liquid assets above \$5,000 from using their excess funds to buy down the interest rate. Rural Development and Minnesota Housing Finance Agency Loans are excluded from this provision.
 - "Roll over" loans are not acceptable. "Roll over" loans have a fixed interest rate, short maturity, and a term to be negotiated.

Needed Documentation

- A complete Uniform Residential Loan Application, signed and dated within the last 60 days
- Certificate of Completion for the applicant provided by a Home Ownership Center certified Minnesota Home Stretch organization.
- A complete EMHI Application Supplement, signed and dated within the last 60 days
- SWMHP Privacy Policy
- Final Good Faith Estimate
- Final Truth In Lending Document
- Copy of the title commitment
- Closing Instructions
- Applicant will be responsible for recording fee, mortgage registration taxes and overnight fee

ABOVE INFORMATION MUST BE SUBMITTED TO THE SWMHP LOAN OFFICER

7 DAYS PRIOR TO CLOSING

E-mail the application to lofficer@swmhp.org or by fax at 507-836-8866

Documents Delivered to the SWMHP

- Executed note immediately after closing (original)
- Executed HUD 1 Settlement Statement immediately after closing (copy)
- Recorded Mortgage 60 days after closing (original)