PERHAM HRA
DOWN PAYMENT ASSISTANCE PROGRAM (DPAP) GUIDELINES

1 **Household Income Limit and Calculation:** All buyers must have gross household income equal to or less than those shown on Page 2 of these guidelines. The incomes of all adult wage earners in the household (excluding full-time college students) must be included in the income calculation. Applicants must supply the Perham HRA a copy of the most recent Federal Tax Return.

2 **Existing and New Construction:** This program applies to existing homes as well as new construction within the boundaries of the City of Perham.

3 **Affordable Mortgage Products:** The borrower(s) must be preapproved for a 15 to 30-year fixed rate mortgage using a local lender. Loans of a lesser term may be considered.

4 **Homebuyer Education:** All **first time home buyers** must complete homebuyer education before closing. (Online course available through Minnesota Homeownership Center – https://hocmn.frameworkhomeownership.org.) Must provide proof of certification once course is completed.

5 **Liquid Asset Limit:** Buyers may retain up to $15,000 of liquid assets. Liquid assets above $15,000, including equity from the sale of a previous home, must be used toward the down payment and/or closing costs. Retirement savings, such as IRAs, are not considered liquid assets.

6 **Assistance Limits:** Deferred loan to be used for up to 6% of the purchase price, with a maximum deferred loan of $10,000.

7 **Downpayment Requirement:** Borrower(s) must contribute 2% of the purchase price towards the downpayment.

8 **Open to Existing Homeowners:** Outreach to first-time buyers is strongly encouraged, but the program is also open to current homeowners who are relocating to Perham. Homeowners must sell their current home before closing on their new Perham HRA Down Payment Assistance loan.

9 **Basic Appliances:** A refrigerator and a range, at a minimum, are required for all homes.

10 **Primary Residence:** The homebuyer(s) must use the home as their primary residence. Properties of a seasonal nature are not eligible.

11 **Pre-Paids:** Gap financing cannot be used to cover Pre-Paids, which must be paid by the buyer or another source (e.g. gift).

12 **Other Funds:** Gap financing through the Perham HRA can be combined with local programs in areas where it is offered. In these cases, the assistance will be split equally between the two funding sources with a maximum assistance of $20,000.00 ($10,000.00 from each source).

13 A recording fee of $46 will be paid by the borrower(s) at the time of closing.

14 Affordable first mortgages must meet all the following requirements:

a. **Loan Terms:** Fixed rate loan, maximum amortization of 30 years.

b. **Down payment:** Down payment required by first mortgage product cannot exceed five percent of sale price (i.e., 5% conventional qualifies, 7% conventional does not qualify). This guideline does not preclude a buyer from making a larger down payment if additional personal funds are available.

c. **Interest Rate:** Perham HRA preference is for below-market or market-rate loan products. The buyer's first mortgage interest rate cannot exceed the current market rate plus one percent.

Income Limits Family Size		Income Not To Exceed
1-2	=	$118,900*
3+	=	$136,735*

*Subject to change without prior notice.