

# **HUTCHINSON HRA ENTRY COST ASSISTANCE PROGRAM GENERAL CRITERIA**

The Hutchinson HRA Entry Assistance Program was created in 1998 to provide secondary funds to a homebuyer who qualifies for a mortgage. Funds are structured as a secondary, interest free deferred loan due upon sale or when the borrower no longer occupies the property and can be used for a down payment or closing costs.

The following are general criteria the Hutchinson HRA Entry Assistance Program Loan Review Committee uses for determining eligibility for a secondary mortgage:

1. Mortgage Structure: Interest free deferred loan due upon sale, when the borrower no longer occupies the property, or when the first mortgage is paid off.
2. The HRA entry cost assistance cannot exceed \$3,000 per homebuyer or \$5,000 per homebuyer for an HRA project house.
3. The home to be purchased must be located within the City of Hutchinson.
4. Available in conjunction with MHFA loans: MMP loans, CASA loans, and any approved loans to purchase HRA owned houses.
  - Must follow all requirements of the applicable MHFA first mortgage loan product and insurer/guarantor;
  - The junior lien with the larger loan amount takes prior position (2<sup>nd</sup> position) if combined with HAF;
  - HRA Entry Assistance loan does not reduce Acquisition Cost;
  - Minnesota Housing requires full disclosure of the HRA Entry Assistance lien.
5. Buyers' total gross household income cannot exceed the current limit for the MHFA mortgage program the buyer is using.
6. The maximum purchase price is the current MHFA home cost limit.
7. The homebuyer must contribute \$1000, including prepaids, for the purchase of the home.
8. Liquid asset limit of \$5,000.
9. The buyer must attend and receive certification through the Minnesota Housing Finance Agency Home Stretch First time Homebuyer Curriculum.
10. Non-occupant co-signers are not allowed on first or second mortgage loans. All Borrowers must occupy the property as their primary residency.
11. An administration fee of \$350 will be due at closing, payable to the Hutchinson HRA.

These criteria were established to provide a consistent point of reference for lenders, realtors and homebuyers when considering accessing Hutchinson HRA Entry Assistance Program funds. In special circumstances, the Hutchinson HRA Entry Assistance Program Loan Review Committee reserves the right to make loans outside the general boundaries established above.