

**FORECLOSURE PURCHASE INCENTIVE PROGRAM
PROCEDURAL GUIDELINES**

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Foreclosure Purchase Incentive Program Procedural Guidelines

Statement of Purpose

The purpose of the Foreclosure Purchase Incentive Program (FPIP) is to return foreclosed, vacant properties to owner-occupied properties as quickly as possible.

Program Objectives

- To eliminate the blighting influence of foreclosed, vacant housing, thus stabilizing and improving residential neighborhoods.
- To off-set costs associated with deferred maintenance and property damage associated with foreclosure and vacancy.

This will be achieved through the provision of a down-payment assistance or rehab incentive to encourage prospective homebuyers to purchase foreclosed, vacant homes in the city.

Program Outcomes

- Return ten to fifteen foreclosed, vacant houses in the city to owner-occupied homes.
- Stabilize neighborhoods impacted by foreclosed, vacant houses.
- Maintain and increase property values in neighborhoods impacted by foreclosed, vacant houses.

Definitions

Buyer - The buyer of the subject property.

HRA – The Housing and Redevelopment Authority in and for the City of Richfield.

Property – The subject house and lot.

Foreclosed Property - A house and lot that has been through a mortgage foreclosure process with the most recent owner of record, and is currently owned by a lending agency/bank.

Eligibility

1. Funding is limited to the purchase of foreclosed properties, with priority given to foreclosed AND vacant properties.
2. Applicants must apply to and be deemed ineligible for the Neighborhood Stabilization Program (NSP) funding prior to applying for FPIP funds.
3. If Buyer will be obtaining mortgage financing for the purchase of the Property, a minimum of 20% equity in the Property will be required. (Equity can be in the form of Buyer down-payment and/or the difference between appraised market value and amount of all liens against the property.)
4. Applicant's household incomes are not restricted.
5. Loan recipient must be the Buyer and reside in and homestead the property during the life of the loan.
6. The house and property to be purchased must be located within the City of Richfield municipal boundaries.
7. Applicants must submit complete a City of Richfield HRA FPIP Application.
8. Applicants who may be eligible to receive down-payment assistance through available State or Federal Programs must apply for those funds prior to applying for City HRA FPIP funds.
9. Applicants who receive down-payment assistance through State or Federal programs will not be eligible for FPIP funds.

10. Eligible properties must meet minimum health and safety requirements. Loans will not be issued for uninhabitable properties. Determination of habitability will be at the discretion of the HRA based on City of Richfield Point of Sale Inspection report and physical inspection conducted by HRA staff or HRA contracted inspector.

Terms and Conditions

1. Maximum loan amount is \$10,000 per eligible household for down-payment assistance and \$15,000 per eligible household for rehab assistance.
2. Rehab assistance loans will only be issued in conjunction with the purchase of a foreclosed house.
3. Only one loan per eligible household.
4. Funds can be used city-wide within the City of Richfield boundaries.
5. Funds can be used for down-payment assistance OR for rehab/improvement projects associated with the property.
6. Buyers will be required to sign an Agreement with the City of Richfield Housing and Redevelopment Authority consenting to all loan requirements prior to loan disbursement.
7. Funds for down-payment assistance will be disbursed at closing.
8. Funds for construction/rehab projects will be disbursed in three installments as detailed in the Agreement.
9. A lien will be placed against the property by the HRA for the full loan amount.
10. Funds will be awarded in the form of a five-year, zero-interest, forgivable loan.
11. Buyer must reside in and homestead the property during the life of the loan. If at any time during the life of the loan the property is vacant for a period of six consecutive months or longer, or the property is no longer homesteaded, the loan will be required to be repaid in full.
12. If the house is sold or the title transferred during the loan period, the loan will be required to be repaid in full.
13. Any mortgage or financing for the property must be in the form of a fixed interest rate.
14. If Buyer will be obtaining mortgage financing for the purchase of the Property, a minimum of 20% equity in the Property will be required. (Equity can be in the form of Buyer down-payment and/or the difference between appraised market value and amount of all liens against the property.)
15. The HRA reserves the right to refuse loan issuance to properties deemed to be uninhabitable.
16. The HRA may conduct an inspection of the property to verify rehab work has been completed in compliance with documentation submitted for the loan.
17. Loan funds are available on a limited basis.

Data Privacy

All information secured through the program is subject to the Minnesota Data Privacy Act.

General Program Marketing

Program marketing is entirely at the discretion of the HRA. It may include the following:

1. Buyer Solicitation. The HRA may market the program to Buyers through promotional articles, direct mail, the Internet, or other methods as deemed appropriate. End Buyers may be any financially eligible family. The HRA is a Fair Housing agency.