

St. Louis HOME Consortium
Office of Community Development
Department of Planning

***First-Time and Affordable Home Buyer Program (1st HOME)
Loan Product Summary***

The St. Louis HOME Consortium 1st HOME program is an effort by the Consortium members (Members) to provide zero-interest down payment loans to income-eligible homebuyers within our service area. Members include: St. Louis County, Jefferson County, St. Charles County, Florissant, O’Fallon, St. Charles City, and Wentzville. Under this initiative, Members will purchase subordinated second mortgage loans that finance, in conjunction with the origination of the primary loans by the Mortgage Lender, the down payment and eligible closing costs associated with acquiring qualified owner-occupied residences. The Second Mortgage Loans will be originated and sold to the Members by not-for-profit housing counseling agencies approved by the Members. The Members will provide each housing counseling agency with a program manual that will provide detailed Program Procedures, and will coordinate a training and review session with participating agencies.

The Program is funded by the Department of Housing and Urban Development (HUD) HOME Investment Partnership Program. St. Louis HOME Consortium Members will purchase the Notes for this program.

Qualifying Second Mortgage Loans for St. Louis County, Jefferson County, Florissant, and Wentzville are zero interest loans, with a 5-year note, and are made to income-eligible homebuyers within our service area. The loans are forgivable after 5 years.

Qualifying Second Mortgage Loans for St. Charles City, O’Fallon and St. Charles County are zero interest loans, due upon sale or transfer of residency, and are NOT forgivable

Second Mortgage Loans will be limited based upon the jurisdiction in which the property is located and are subject to conditions more completely described in the Program Manual.

The current allocation to first-time home buyers is as follows:

St. Louis County residents	\$3,000
Florissant residents	\$3,500
Jefferson County	\$10,000
O’Fallon	\$10,000*
Wentzville	\$10,000
St. Charles City	\$10,000*
St. Charles County	\$10,000** *

*Loans are due upon sale ** Homebuyers in St. Charles County need not be first time homebuyers and Loans are due upon sale.

Summary of the First-Time and Affordable Home Buyer Program (1st HOME)

The following is intended only as a summary of certain provisions of the Program and is subject to the more complete description of the rights, duties and obligations of the housing counseling agencies contained in the Program Manual.

Funding of Home Buyer Program: The initial amount of funding available for the 1st HOME program is as follows:

St. Louis County	\$300,000.
Florissant	\$ 102,980
Jefferson County	\$ 143,000
O' Fallon	\$ 35,395
St. Charles City	\$ 154,800
Wentzville	\$ 24,777
St. Charles County	\$100,000

Fixed loans will be available for down payment and closing costs to eligible individuals and families purchasing their first home in within these communities. Homebuyers who have not owned a home within the past 3 years are also eligible. St. Charles County has no restriction on prior home purchase

Use of Second Mortgage Loan Proceeds: Funds may be used for down payment and closing costs associated with the purchase of the home. Reimbursement of prepaid expenses is eligible, however there is no "cash back" to the borrower. To the extent the funds advanced by the borrower plus the first and second mortgage amounts exceed amounts required at closing, lender will reduce the first mortgage principal at closing.

Borrower Eligibility: The total gross household income of eligible homebuyers must not exceed 80% of the median household income for the St. Louis Metropolitan Area. FY2007 income guidelines are as follows:

Size	1	2	3	4	5	6	7	8
Income	\$36,900	\$42,200	\$47,450	\$52,700	\$56,950	\$61,150	\$65,350	\$69,600

Owner Occupancy Requirement: The borrower must occupy as their primary residence the home for which he/she has received the second mortgage loan for the term of the loan or until the loan is satisfied.

Minimum Property Standards: The home must meet the local inspection procedures of each Member as evidenced by an occupancy permit or other inspection certificate provided by the Member. Any visible chipping or deteriorating paint must pass a lead-based paint inspection.

Second Loan Term for St. Louis County, Jefferson County, Florissant, and Wentzville: This is a 5-year fixed rate loan which will have forgiveness provisions at the end of the loan. Prior to the end of the loan, loan will be due upon sale, transfer, or other disposition of the property (including any involuntary transfer by or as a result of foreclosure or judicial sale or operation

of law), refinance or satisfaction of the first mortgage loan.

Second Loan Term for St. Charles County, O'Fallon and St. Charles City: This is a DUE UPON SALE, transfer of residency, or other disposition of the property (including any involuntary transfer by or as a result of foreclosure or judicial sale or operation of law), refinance or satisfaction of the first mortgage loan.

Interest Rate: The interest rate on the loan will be zero percent (0%).

Loan Amount: The fixed loan amount is as follows:

St. Louis County	\$3,000
Florissant	\$3,500
Jefferson County	\$10,000
O'Fallon	\$10,000*
St. Charles City	\$10,000*
Wentzville	\$10,000
St. Charles County	\$10,000** *

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Insurance Requirements: The hazard insurance policy, when issued, must name St. Louis County as an insured second mortgagee. The mortgage title insurance policy may be issued by any reputable title company and must include the second mortgage as a valid lien against the property subordinate only to the first mortgage.

Underwriting: The underwriting standards applicable to the first mortgage loan products shall apply. First Mortgage loans may be conventional or government mortgages. First Mortgages must be a FNMA approved conforming level one or level 2 fixed rate program, FHA or VA program, MHDC program, or **approved** lender portfolio program

Recordation Requirements: The second mortgage loan must be recorded in the official public records of the Member's County such that it constitutes a valid second lien upon the property.

Funding of Second Mortgages: Participating housing counseling agencies will close Second Mortgages with their own funds and then sell the mortgages to the Member.

Prepayment: The second mortgage loan may be prepaid at any time without penalty.

Flood Plain Restriction: Properties located in a flood plain are must obtain flood insurance for the life of the loan to be eligible for this program.