Austin/Mower County Homeownership Fund Lending Criteria

The Austin/Mower County Homeownership Fund (A/MCHF) was created in 1997 to provide a flexible source of secondary funds to families and individuals interested in purchasing a home. The funds are meant to be used to help a homebuyer who has qualified for a mortgage with the down payment and/or closing cost assistance. Funds are structured as a 2% loan. In addition, these funds can also be used for any rehabilitation that a property may need in order to meet code or mortgage requirements.

The following are general parameters that the A/MCHF Loan Review Committee uses when determining whether to make a loan:

1. The down payment, closing costs, or rehab loan (or combination thereof) amount requested should not exceed $8,000. In certain cases, exceptions are allowed.
2. Loans are reviewed on an as needed basis, usually within one week of our receipt of the application.
3. The mortgage interest rate should not exceed 1 ½ % of the prime rate.
4. The interest rate is 2%.
5. The mortgage term should be a minimum of 15 years, with a fixed interest rate.
6. The maximum term for A/MCHF loans is seven years.
7. The buyer's principal, interest, taxes and insurance, and A/MCHF payment amount should not exceed 35% of the monthly housing expense to income ratio, or the mortgage lender's criteria, which ever is less. As a guide, **The Total Debt to Income should not exceed 42% but it is up to the discretion of the A/MCHF Loan Review Board.**
8. Housing receiving A/MCHF funds must be on a permanent foundation.
9. The house must meet prevailing building codes.
10. The maximum adjusted income limits set according to the Minnesota Housing Finance Agency guidelines, plus $5,000.

    1-2 people $85,000,
    3+ people $96,000,

    The maximum house price is **$220,000**.
11. The family or individual applying for A/MCHF assistance must attend and receive certification through the Minnesota Housing Finance Agency Home Stretch homebuyer curriculum – **currently being waived.**
12. Generally, homes financed through contracts for deed are not eligible for A/MCHF loans.
13. Persons receiving A/MCHF assistance must not be able to access other loans or programs for similar assistance, and must contribute all they are reasonably able toward the purchase of the home.

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

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