

Purchase Process

Introduction

The Headwaters Housing Development Corporation (HHDC) and the Beltrami County Housing and Redevelopment Authority (HRA) are non-profit housing organizations. Staff from the Headwaters Regional Development Commission (HRDC) assist these organizations sell the homes they own. The houses are sold for the appraised value on a first-come, first-served basis to qualified home buyers.

Funds to fill an affordability gap may be available to the buyer. (An affordability gap exists when the amount that the buyer is able to borrow from the bank is less than the sale price of the house.) These funds are need-based and the buyer must meet the requirements of the individual assistance programs. Staff from the HRDC will provide information about the different options for affordability gap assistance.

Income Requirements

The houses available will be sold to households who have completed the Homestretch Education program and whose *gross income falls into the following guidelines*:

Preference is given to households whose income is 80% of the statewide median income, which is currently \$54,560. The maximum income households may have to qualify to purchase one of the homes the HHDC or HRA has available for sale is 115% of the statewide median income, which is currently \$78,430.

Pre-Qualification

In order to complete a purchase agreement potential home buyers must pre-qualify for a loan. Home buyers must begin the application process for mortgage financing with a lender of their choice.

We suggest looking into a first-time homebuyer program called Community Activity Set Aside (CASA) available at First National Bank, Security Bank USA, Wells Fargo and First Federal Bank. This program has entry cost assistance available for eligible borrowers as well as a favorable interest rate. Listed below are the income guidelines for this program.

<u>Family size</u>	<u>Income Guidelines</u>
1 – 4	\$55,000
5	59,500
6	64,000
7	68,500
8	73,000

Another potential source of mortgage financing is USDA – Rural Development which has affordable mortgage products available for income eligible buyers.

Purchase Agreement

A buyer must submit the following information:

1. A letter from the lender, stating the buyer has been pre-qualified for a loan and the amount of the approval.
2. A signed Purchase Agreement. (Purchase Agreements are available on the website, at the HRDC offices or by calling HRDC and request one be mailed.)
3. Earnest money in the amount of \$500.00. (Contact HRDC staff to determine who the check should be made out to.)

The documents and earnest money can be mailed to the HRDC at PO Box 906, Bemidji, MN 56619-0906 or hand delivered to the HRDC offices.

Execution of the Purchase Agreement

When the Purchase Agreement has been accepted, it will be signed and a copy will be forwarded to the buyer and the earnest money will be deposited. The buyer will be required to verify their gross annual income with HRDC staff. Income verification will include furnishing current payroll check stubs and may require a review of the most recent tax returns.

Securing Financing

Immediately upon execution of the Purchase Agreement, the buyer must begin to work with their lender to obtain mortgage financing.

Closing

Closing will be scheduled as soon as all requirements of the lender have been met.

Possession

The buyer will take possession of the house immediately upon loan closing.

Contact Information

For any questions related to the purchase process, homes available for sale, or gap financing assistance contact Aaron Chirpich at 218.333.6536 achirpich@hrdc.org or Mary Thompson at 218.333.6537 or mthompson@hrdc.org both at the Headwaters Regional Development Commission.