



| Terms                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
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| Borrower             | <ul style="list-style-type: none"> <li>Borrower includes all borrowers who will be obligated on the first mortgage. Assume requirements apply to all borrowers unless noted.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Amount of Assistance | <ul style="list-style-type: none"> <li>Borrower(s) receives a zero percent (0%) interest secured Loan equal to 20% of the purchase price, not to exceed \$45,000 per transaction. <ul style="list-style-type: none"> <li>The first \$20,000 of the loan is forgivable over a five-year period.</li> <li>The remaining \$25,000 is a 30-year deferred loan.</li> <li>Borrower(s) are not required to use the full amount of the loan.</li> </ul> </li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Eligible Borrower    | <ul style="list-style-type: none"> <li>At least one borrower self-identifies as: <ul style="list-style-type: none"> <li>African American/Black, and;</li> <li>Born in the United States, and;</li> <li>Descendant of enslaved people in the United States.</li> </ul> </li> <li>This borrower is a current resident of the 7-county Metro Area: Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington County.</li> <li>Borrower(s) is a first-time homebuyer, having no ownership interest in a principal residence during the previous three-year period.</li> <li>Borrower(s) income is equal to or less than \$132,400, using the U.S Department of Housing and Urban Development (HUD) income limit for a four-person household at 100% of the Area Median Income (AMI). Program income does not adjust for household size.</li> <li>Borrower(s) must have an underwritten preapproval for a qualified first mortgage prior to requesting funds. Desktop underwriting is not allowed.</li> <li>Borrowers with a purchase agreement are not eligible to request funds. <ul style="list-style-type: none"> <li>Borrowers who sign a purchase agreement prior to their fund reservation are deemed ineligible for the Loan.</li> </ul> </li> <li>Non-occupant co-borrowers and co-signors are not allowed.</li> </ul> |
| Use of Loan Funds    | <ul style="list-style-type: none"> <li>Down payment based on first mortgage requirement.</li> <li>Buyer settlement costs as determined by the loan closing disclosure.</li> <li>Principal buydown as determined by the borrower and requirements for the minimum housing ratio and maximum debt-to-income ratio.</li> <li>Permanent interest rate buydown as determined by the borrower.</li> <li>Required work orders as determined by the first mortgage requirements.</li> <li>Home warranty as determined by the borrower.</li> <li>Home inspection as determined by the borrower.</li> <li>Up to \$10,000 to pay collections, judgements or liens, or outstanding tax debt, as determined by the borrower and based on the conditions of the first mortgage. <ul style="list-style-type: none"> <li>The eligible debt must be paid in full and can include the use of buyer funds.</li> <li>Funds must be paid directly to the creditor and may not be paid to the borrower.</li> <li>When funds are used for this purpose, the DPA Lenders first mortgage product may not be the first mortgage.</li> </ul> </li> </ul>                                                                                                                                                                                                   |



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| Use of Loan Funds                  | <ul style="list-style-type: none"> <li>Funds cannot be used to: <ul style="list-style-type: none"> <li>Pay the 3.5% FHA Minimum Required Investment.</li> <li>Cover any valuation gaps between the property's sales price and a lesser appraised value.</li> <li>Assume the first mortgage.</li> </ul> </li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Repayment                          | <ul style="list-style-type: none"> <li>The balance of the secured Loan is recaptured if the property is sold, is subjected to an ineligible refinance, an unauthorized transfer of title, or a completed foreclosure action within the loan term. <ul style="list-style-type: none"> <li>The Loan is zero percent (0%) interest and has no monthly payment.</li> <li>The forgivable portion of the Loan, up to \$20,000, is forgivable at a rate of 20% per year on the day after the anniversary date of the Note. There is no monthly pro-rate or other partial year credit.</li> <li>The deferred portion of the loan, up to \$25,000, is fully forgiven, with recapture waived, after 30 years of continuous ownership.</li> <li>Recapture can be waived in the event of financial or personal hardship with the approval of the Administrator.</li> </ul> </li> </ul> |
| Homebuyer Education and Counseling | <ul style="list-style-type: none"> <li>Borrower(s) must complete the approved homebuyer education course prior to requesting funds.</li> <li>Eligible course include the instructor- led in person or live virtual course Home Stretch or Realizing the American Dream. <ul style="list-style-type: none"> <li>The course must have been completed within the last twelve (12) months, prior to requesting funds.</li> <li>A copy of the official or unofficial certificate is provided when the borrower requests funds.</li> </ul> </li> </ul>                                                                                                                                                                                                                                                                                                                           |
| Eligible Properties                | <ul style="list-style-type: none"> <li>Owner-occupied principal residence only. Borrower(s) must occupy the home within 60 days following the closing.</li> <li>1-2 units detached and townhomes, condominiums, co-ops, and manufactured homes titled as real property. Shared equity, community land trusts, and other resale restrictions are allowable.</li> <li>Maximum purchase price limits are: 1-unit \$515,200 and 2-units \$659,550.</li> <li>Limited to properties within the State of Minnesota.</li> </ul>                                                                                                                                                                                                                                                                                                                                                    |
| Home Inspection                    | <ul style="list-style-type: none"> <li>Prior to loan closing the applicant must document that an independent home inspection was completed. There are no minimum property standards.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Asset Limit                        | <ul style="list-style-type: none"> <li>Borrower(s) liquid assets cannot exceed \$50,000 after closing and excludes: retirement accounts, life insurance, and college savings account.</li> <li>Certificate of deposits (CD) or other comparable savings account are considered liquid assets.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Gift Contributions                 | <ul style="list-style-type: none"> <li>The total gift funds cannot exceed 10% of the purchase price.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |



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| Borrower Minimum Investment          | <ul style="list-style-type: none"> <li>• Determined by first mortgage.</li> <li>• Funds cannot be used for the 3.5% FHA Minimum Requirement Investment.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Fund Reservation & Commitment Period | <ul style="list-style-type: none"> <li>• Funds are reserved for 90 calendar days for approved borrowers. A one-time 60-day extension may be allowed. <ul style="list-style-type: none"> <li>• Borrower(s) who sign a purchase agreement prior to the date of the Fund Reservation are no longer eligible.</li> </ul> </li> <li>• Once a purchase agreement has been executed, a commitment letter is issued and allows 60 calendar days for closing.</li> <li>• Borrower(s) are not subject to reapplication if the mortgage lender rejects the purchase agreement, through no fault of the buyer, or if the buyer opts to call the inspection contingency. Borrower(s) are reissued an updated reservation letter.</li> </ul> |
| First Mortgage                       | <ul style="list-style-type: none"> <li>• Mortgage must be a fixed rate, fully amortized, first mortgage loan that meets CFPB "Qualified Mortgage" definition or is originated in compliance with the nonprofit exemption to the Ability to Pay rule.</li> <li>• Not allowable: Adjustable-Rate Mortgages (ARMs), Negative Amortization, Balloons, Interest Only.</li> <li>• Borrower(s) listed on the mortgage must also be listed on the title.</li> </ul>                                                                                                                                                                                                                                                                    |
| Qualifying Ratio                     | <ul style="list-style-type: none"> <li>• Minimum housing ratio cannot be less than 25% as calculated by the first mortgage lender.</li> <li>• Maximum debt-to-income ratio cannot be greater than 50% as calculated by the first mortgage lender.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Cashback Allowances                  | <ul style="list-style-type: none"> <li>• Cash back to the borrower(s) is not allowed except in the following instances: <ul style="list-style-type: none"> <li>▪ Verified Earnest Money deposits that exceed the borrower's out of pocket settlement costs requirements.</li> <li>▪ Fees paid in advance to the first mortgage lender or other vendor by the borrower that are allowable uses of the Loan.</li> <li>▪ Fees paid in advance to the first mortgage lender by the borrower that are subsequently allowed to be included in one or more layers of transaction financing.</li> </ul> </li> </ul>                                                                                                                    |
| Fees                                 | <ul style="list-style-type: none"> <li>• Mortgage lenders cannot charge additional fees for use of the Loan and the Loan cannot be used to pay exorbitant or excessive lenders fees.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Layering and Lien Position           | <ul style="list-style-type: none"> <li>• Funds can be layered with other Down Payment Assistance.</li> <li>• Allows for any lien position.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Re-subordination                     | <ul style="list-style-type: none"> <li>• Is allowed if in the best interest of the borrower and can include term refinance, cashout refinance, or a Home Equity Loan (HELOC).</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Disbursement Process                 | <ul style="list-style-type: none"> <li>• Funds are wired to the Title Company by the DPA Lender.</li> <li>• Borrower(s) signs the Loan documents at the first mortgage loan closing.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |