



HOME:STL

Homebuyer Assistance

Powered by SLDC

Program Guidelines

This project is supported in whole or in part by federal award number 21.027 awarded to the City of St. Louis by the U.S. Department of the Treasury

As of April 29, 2024



Roles & Responsibilities of Primary Program Participants

- **City of St. Louis** (the “City”) is the recipient of funds used in this program as defined below. Employer Identification Number (EIN): 38-4253762
- The City’s **Community Development Administration (“CDA”)**, is the recipient of funds and the instrumentality of government, i.e. the sponsor for this program. CDA is the lender for all second mortgage loans provided through the program.
- **St. Louis Development Corporation (“SLDC”)**, is CDA’s sub-recipient of funds and responsible for the administration and oversight of the program with its agent and Program Administrator, Stifel, Nicolaus & Company.
- **Stifel, Nicolaus & Company (“Stifel” or “Program Administrator”)**, is SLDC’s agent and responsible for coordinating Program participation and reporting to SLDC.
- **Lenders** provide pre-approvals, take applications, reserve in their own systems, process, underwrite, approve, fund, close qualified loans in the program. Lenders are responsible for servicing first and second loans and/or arranging for servicing of the loans originated under the program.
- **Homebuyer (“Buyer”, “Borrower”, “Applicant”)** is the individual(s) seeking a loan to buy a home.
- **Non-Purchasing Spouse** is an individual in a marital relationship with a Homebuyer who will not be a party to the loan agreement.
- **Agency** (“Loan Agency”) is to include the Federal Housing Administration (“FHA”), Housing and Urban Development (“HUD”), Veterans Affairs (“VA”), Freddie Mac and/or Fannie Mae.

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Program Products

PLEASE NOTE THAT ASSISTANCE AMOUNTS ARE SUBJECT TO CHANGE AT ANY TIME.

With respect to reserved loans, the assistance will not change so long as loans are delivered according to the timetable included in this Guide.

Approved first loan products are FHA, VA, Fannie Mae and Freddie Mac. Lenders provide qualified borrowers a first mortgage according to the guidelines and borrowers may be eligible for the assistance. It is the responsibility of the lender to follow all program and loan agency guidelines. Funds are available on a first come, first served basis.

Fund Availability

Funding for the Home:STL Program (“HomeSTL”, “HOME:STL”, or the “Program”) is made available from the United States Department of the Treasury through the American Rescue Plan Act which established the Coronavirus State and Local Fiscal Recovery Fund (“SLFRF”) appropriation to the City of St. Louis. The

SLFRF funds have been sub awarded by the City’s Community Development Administration to the St. Louis Development Corporation for use in the Program.

Reservation of funds for the Home:STL program are available for qualified homebuyers until the SLFRF funds are fully exhausted or 9/30/2026, whichever comes first.

Mortgage Loan Options

The Borrower must qualify for and receive a 30-year, fixed rate, fully amortizing first mortgage loan with 360 level monthly payments. The SLFRF assistance is provided in the form of a forgivable second mortgage, up to \$40,000 (for the Base Assistance) or up to \$50,000 (the Base Assistance plus a Location Incentive) to apply toward down payment, closing costs, a permanent interest rate reduction, prepaids and/or to a principal reduction (the “Assistance”).

Home:STL

The Program offers Assistance to borrowers who qualify for a 30-year fixed rate mortgage loan (provided by the Lender) for purchasing a home (the “Property”) within City of St. Louis city limits and abide by the following program parameters:

- Borrower(s) and Non-Purchasing Spouse must be first-time buyers (have not owned a home within the previous 3 years)
- Minimum FICO determined by lender
- Maximum income limit is 80% of Area Median Income. Household income shall be used for the calculation.
- Assistance is in the form of a 0% Interest, 5-year/10-year/15-year forgivable second mortgage up to the amount of \$40,000 or \$50,000 and forgiven annually, pro rata through maturity as determined by the Affordability Period reflected in the chart below.
- Assistance can be used for down payment assistance, closing costs, a permanent interest rate reduction, prepaids and/or to a principal reduction.
- The Program is available until September 30, 2026 or until funding is fully reserved, whichever comes first. Reservation of funds is a two-step process involving borrower registration in the SLDC portal and pre-approval of the Borrower submitted to SLDC (see Summary of the Overall Process on page 7 for more info).

A first mortgage associated with this program must be a 30-year, fixed-rate loan that is FHA, VA, Fannie Mae or Freddie Mac product. The Assistance, its term and forgiveness are dependent upon the following:

Assistance Options Offered	Amount Eligible	Amount Provided ⁽¹⁾	Qualifiers	Assistance Term (Affordability Period)	Annual Forgiveness
Base Assistance + Location Incentive	\$50,000	\$50,000-\$40,001	Base items + buy in QCT ⁽²⁾	15 years	1/15 th
Base Assistance	\$40,000	\$40,000-\$15,000	FTHB, income qualified, buy in St. Louis	10 years	1/10 th
		\$14,999-\$1,000		5 years	1/5 th
(1) If borrower qualifies, they may receive the entire Amount Eligible. It is up to the borrower (in consultation with their lender) to determine if the Amount Provided may be less. (2) QCT = Qualified Census Tract					

The Assistance is funded at loan closing. The Assistance may be used for down payment, closing costs, a permanent interest rate reduction, prepaids and/or to a principal reduction. While there is no cash back in this program, the Borrower may be reimbursed for any overpayment of escrow or apply any remaining funds as a principal reduction of the first mortgage. Assistance funds must be reserved directly with SLDC.

HOME:STL DOWN PAYMENT ASSISTANCE & SECOND LOAN TERMS

Assistance - 5 Year/10 year/15 year Forgivable Second Mortgage

Assistance is in the form of a 0% Interest, forgivable second mortgage, maturing after 5 years, 10 years, or 15 years depending on the amount of Assistance. Loans will have prorated forgiveness and no scheduled payments. Loans will be forgiven at the end of the Affordability Period. The Assistance is up to \$40,000 or \$50,000 and funded by SLDC at closing. The Assistance may ONLY be used for down payment assistance, closing costs, a permanent interest rate reduction, prepaids and/or to a principal reduction.

Prorated Forgiveness

The amount of the loan shall be reduced by a pro rata amount on each anniversary of the mortgage closing date during the Affordability Period. The prorated amount of the Assistance will be due from the Borrower if any of the following occur during the Affordability Period:

1. the sale or transfer of the Property;
2. the failure of the borrower to occupy the Property as their principal residence;
3. conversion of the Property to rental property;
4. refinancing of the Property without the prior written approval of the Second Lien Lender (CDA); or
5. other actions that constitute a default by the Borrower under the Second Deed of Trust, Second Promissory Note, and Recapture Agreement & Covenant of Residency, or other legal documents as may be applicable.

Forgivable Second Loan Disclosure

Lenders should follow current Consumer Financial Protection Bureau rules and consult with their compliance and legal departments with any disclosure related questions. Lenders are responsible for the proper disclosure and full preparation of second loan documents.

THE REQUIREMENTS

Unless otherwise directed, Lenders are responsible for assuring that loans meet the more restrictive of Agency (FHA, etc.) or Program guidelines.

Eligible Borrowers

- The Home:STL program does have a first-time buyer requirement and requires the Borrower and Non-Purchasing Spouse to be a first-time buyer (haven't owned a home within the previous 3 years),
- Buyers must occupy the property as their primary residence within 60 days of closing.
- For non-US residents, follow loan agency (FHA, VA, etc.) guidelines.
- Applicants must be considered in compliance with the Federal Fair Housing Act and Missouri law.
- Applicants must be at or below 80% Area Median Income

First-time Buyer Requirement

Borrower(s) and a Non-Purchasing Spouse cannot have had any ownership interest in any principal residence during the last three years as of the date of closing (the "First-Time Homebuyer Requirement"). The Borrower, Non-Purchasing Spouse and any other adult who will have ownership interest in the property (named on the Deed of Trust) must meet this requirement.

Underwriting Guidelines

The lender is responsible for determining acceptable underwriting, credit score, debt-to-income (DTI) & loan-to-value (LTV) requirements within Agency guidelines. Manual Underwriting is permitted according to the following:

- Mid credit score must be the minimum or above.
- If a loan agency requires a higher minimum credit score, lower DTI, or lower LTV, lenders must follow the loan agency guidelines.
- If a lender requires a higher minimum credit score, lower DTI, or lower LTV for their other loans, they may apply the more restrictive requirements for Home:STL loans.
- For borrowers with no credit score, lenders must follow loan agency guidelines.

Homebuyer Education

All buyers (defined as any person on title to the property) must attend a HUD Certified Housing Counseling course. HUD Certified courses in Missouri are required, and can be found [here](#).

Home: STL Program - Income Limits

The maximum income limit for the Home:STL Program is 80% of Area Median Income based on Household Income. Refer to the Income Limit Chart below to view the limits. Lenders must also follow loan agency income limits, if more restrictive. Lenders must use the provided Income Calculation Worksheet included in these guidelines when calculating the income for the household and determining eligibility for the program. To determine household size, include all persons who will occupy the home as their principal residence. See attached Homebuyer Assistance Eligibility Verification Packet for further guidance on calculating the income.

INCOME LIMITS, per HUD, as may be amended. Updated Income Limits will be provided by SLDC.

Family Size	1	2	3	4	5	6	7	8
80% AMI	\$56,250	\$64,300	\$72,350	\$80,350	\$86,800	\$93,250	\$99,650	\$106,100

Home:STL - Loan Amounts and/or Purchase Price Limits

- The Home:STL program does not have loan amount or purchase price limits
- Lenders must comply with all applicable loan agency limits (FHA, Fannie Mae, etc.) with all programs.

About the Property

- Homebuyers must purchase residential units only. New or existing, one unit property detached or attached, condos, townhomes, and manufactured homes*.
- Homes are considered new if never previously occupied.
- Follow lender guidelines for condos.
- Mobile, recreational, seasonal or other types of vacation or non-permanent homes are not permitted.
- Maximum LTV/CLTV is per lender and loan agency guidelines.
- It is anticipated that some properties, the construction of which was subsidized through SLFRF funding administered by SLDC, will be made available to Borrowers eligible for the Program.

*Manufactured Housing Requirements

- Credit score and DTI limit is determined by lender
- Manual underwriting is not permitted
- Single-wide manufactured homes are not permitted

- Non-occupant co-borrowers are not permitted
- Lenders must follow the most current loan agency (FHA, etc.) guidelines
- Must be within the Eligible Areas for the Home: STL Program

Eligible areas for the program are within the City of St. Louis. Areas outside of St. Louis city limits are not eligible. Homes purchased within [Qualified Census Tracts](#) are eligible for the maximum amount of assistance.

Mortgage Insurance

The lender must use a mortgage insurance provider with guidelines specifically matching Agency products. Check with the mortgage insurance provider of your choice for detailed guidelines.

ABOUT THE FINANCING

It is expected that lenders have reviewed some preliminary documentation and believe that applicants will also qualify for credit prior to reserving funds with SLDC. Excessive cancellations will be reviewed to assure that Program funds are being utilized appropriately.

It is the responsibility of the Lender to follow all program and Agency (FHA, VA, Fannie Mae, Freddie Mac) guidelines.

Appraisal

- Recent (<6 months) appraisal is required.
- Must indicate that the home has at least a 30-year remaining useful life.
- Appraisals with property value below the contract sales price must follow the loan agency guidelines (FHA, etc.).

Assets - All available assets are not required to be used in this program. The Program does not have asset restrictions.

Assumptions – The first mortgage loan and assistance provided in the form of a second mortgage is not assumable, except by an immediate family member in the event of borrower's death.

Boarder Income - Lender must follow loan agency guidelines (FHA, Fannie Mae, etc.).

Cash Back to the borrower is not permitted. However, borrowers are permitted a reimbursement of prepaids and overage of earnest money deposit as permitted by Agency guidelines and to the extent any minimum contribution, if any, has been satisfied.

Construction-to-permanent loans are not permitted.

Co-Signer and Non-Occupant Co-Borrowers are NOT permitted by the program.

Non-Purchasing Spouse must sign the Deed of Trust (and applicable riders/disclosures), or sign and record a Marital Rights Waiver at closing if borrower is vesting as their "sole and separate" property. Signing the Deed of Trust and other related documents does not make the Non-Purchasing Spouse a Co-Borrower.

Manual Underwriting - Lender must follow loan agency guidelines.

Real Estate Purchase Contract - The full address of the property, full names of all sellers and buyers, total purchase price of the property must be included. If there is not an address for new construction, a lot number and subdivision name are required. All named persons must sign. Include the name and title whenever a representative is signing for a corporation.

Recapture Tax – There is no recapture tax in this program. There is a recapture mortgage associated with the assistance provided.

Accessory Dwelling – Lender must follow loan agency guidelines using the rental income from accessory dwelling units per applicable Fannie Mae Guidelines.

Second Mortgage Documents /Title Insurance– Borrowers must sign all second mortgage documents at the same time the first mortgage documents are signed. The second Deed of Trust to the City of St. Louis must be recorded concurrently with the first mortgage at closing. The City Counselor will be listed as the Trustee on the second Deed of Trust. The City does require title insurance for the second mortgage.

Subordination Agreements/Payoff Statements - The City will not subordinate its second loan position if the Borrower refinances the first mortgage (for a cash out refinance) or obtains a home equity line of credit (HELOC). To order a payoff statement, please fax a written request with Borrower authorization to the Lender/servicer. The City may resubordinate rate/term refinances of the first mortgage with prior written approval.

SUMMARY OF THE OVERALL PROCESS

1. **SIGN UP.** In advance of using the Program, a loan officer or Lender’s firm must be selected for inclusion in the Program, and execute a Lender Agreement with SLDC
 - a. The Lender Agreement must be signed by a duly authorized signatory of the company
 - b. Provide a corporate resolution of the signer’s authorization
2. SLDC will counter-sign the document and provide the lending firm approval to participate.
3. **GET TRAINED.** Individual Lenders are then required to complete the training for the HomeSTL program. Training will be provided by SLDC with support by Stifel.
4. As Lenders work with Borrowers interested in the Program, the Lender will be responsible for determining if the Borrower meets the Program parameters and will qualify for a mortgage.
 - a. If the Borrower requires credit repair and / or assistance in building good credit, the Borrower should be referred to the Office of Financial Empowerment.
 - b. If the Borrower appears to meet the Program qualifications, the lender must pre-approve the Borrower in order to reserve funds in the program.
5. **RESERVE FUNDS.** To reserve funds, the Borrower must enter their information in the SLDC portal and the Lender must confirm the Borrower meets the following requirements:
 - a. Is a First-Time Homebuyer
 - b. Intends to purchase a home in the City of St. Louis
 - c. Is within the income limits of the Program
 - i. The Lender will:
 1. collect proof of 30 days income,
 2. perform a credit check,
 3. collect 2 most recent bank statements, and
 4. collect W-2s & personal and business tax returns for 2 years to reserve funds
 - d. The Lender will furnish these items and complete a HomeSTL Pre-Approval Form and submit all materials to SLDC in order to reserve funds for the Borrower.

- i. The reservation of funds is for the Borrower and not tied to the Lender. In other words, if the Borrower chooses to work with another Lender in the Program, the assistance funds are still reserved for the Borrower.
- e. **SLDC PREAPPROVAL FOR HomeSTL PROGRAM AND RESERVATION OF FUNDS COMMITMENT**
 - i. SLDC shall review the HomeSTL Pre-Approval Form and supporting materials furnished by Lender to confirm the Borrower's income eligibility, and will advise the Lender and Borrower if the Borrower has preliminary approval for HomeSTL funding and that funds are reserved.
 - 1. Formal income verification is still required at least 10 days prior to closing, which income shall be determined based on entire household income as outlined in the Home:STL Compliance Package
- f. **RESERVATION OF FUNDS**
 - i. Upon confirmation by SLDC of reservation of funds, the Borrower will have 90 days to enter into a Purchase Contract
 - ii. If the Borrower does not enter into a Purchase Contract the reservation of funds will expire and Borrower will need to Re-reserve funds in the Program.
 - iii. If the Borrower does enter into a fully executed Sales/Purchase Contract for a specific property, they may receive a 45 day extension on the reservation, for them to close on the property.
- g. **SLDC COMPLIANCE.** At least 10 days prior to closing, the Lender must submit a complete Home:STL Compliance Package to SLDC for review and approval.
 - i. This includes the Worksheet for Documenting Eligible Household Income & Residency
 - ii. Within 48 hours, SLDC will provide feedback requesting additional information or signoff on the loan to close
 - iii. The Lender is responsible for the proper disclosure and preparation of second loan documents using the template forms provided to the Lender by SLDC. The second loan documents prepared by the Lender must be reviewed and approved by SLDC prior to closing.
- h. **CLOSE THE LOAN.** At least 3 days prior to closing, a request for SLDC funding must be completed for funds to be made available on closing day.
 - i. A representative from the City will provide funds on the day of closing and will be at the closing to receive copies of lending documents listed in the CLOSE section below.

COMPLIANCE FILE DELIVERY INSTRUCTIONS

Lender, shall assemble the Buyer Eligibility & Affordability Checklist (attached) and submit it to SLDC 10 days prior to closing. The Compliance File should be a PDF file uploaded and in a clear legible format by the Lender and sent via a secure file share and/or password protected means to SLDC, composed of all required documents on the Checklist. Lenders should not upload a compliance file until all required items are included in the package. Incomplete files will not be reviewed or approved. Be aware that Loans will go straight to deficient status if items are missing. The following items will be required for submission of all files for loan approval:

1. Purchaser Information (form included in Checklist document)
2. Annual Income Verification (include signatures of all beneficiary adults) (form attached)
3. Two (2) most recent filed Federal Income Tax Returns with W-2s attached
4. Two (2) months of most recent paycheck stubs
5. Two (2) months of most recent checking account and savings account statements
6. Dependent Income Certification (if applicable) (form attached)

7. Purchase Contract
8. Appraisal
9. Buyer credit score
10. Title Commitment (will follow ordered final title)
11. Commitment Letter from Lender
12. Homebuyers Program Certification (minimum 8 hours from a HUD-approved agency)
13. In-depth third-party inspection report or waiver signed by purchaser(s)
14. Fully endorsed Homeowner's Insurance Policy (1 year minimum) with CDA named as additionally insured
15. Homeowner Warranty Plan
16. Lender's Note & Mortgage
17. Closing Settlement Statement

CLOSING

It is important to provide accurate closing instructions to closing agents. All Program documents must be returned to the Lender. The following forms must be signed by the Borrower at closing:

- Commitment Letter (Satisfies HUD ML 2013-14) the original remains with Lender, provide a copy to Borrower, a copy to Lender and a copy in the FHA Case Binder.
- Second Deed of Trust (copy provided to SLDC*)
- Second Promissory Note (copy provided to SLDC*)
- Recapture Agreement & Covenant of Residency (copy provided to SLDC**)
- The Lender will sign the Commitment Letter and retain the Original, and the Lender shall retain a copy in the FHA case binder.
- NOTE: It is the responsibility of the Lender and/or the Servicer for the first mortgage to service the second mortgage, track the associated annual forgiveness for the Assistance and provide payoff statements and/or lien releases as necessary. The originating Lender is ultimately responsible for these duties if the Servicer does not purchase the loans.

* Lender must provide copies of the recorded Second Deed of Trust and Second Promissory Note to SLDC not later than forty five (45) days after closing.

** Lender will furnish the Borrower-executed Recapture Agreement and Covenant of Residency ("Recapture Agreement") to SLDC's representative at closing. SLDC's representative will obtain counter signatures from the City and return an executed Recapture Agreement to the closing title company to be recorded.

REPORTING

Lenders shall report the following information to the Program Administrator on a Quarterly basis (not later than the last day of April/July/October/January for the prior 3 months):

- Number and Amounts of Loans originated (by credit score & income tranche)
- Number of city employees served
- Number of applicants who received financial counseling services - i.e., referred to the City's Office of Financial Empowerment
- Number of Loans denied
- Number of Loans and Amount of Assistance caused to be repaid
- Cause for Assistance repayment(s)
- Type(s) of first mortgages originated
- Demographic composition of applicants approved and denied (including race, address, household income)

The Program Administrator shall in turn provide an aggregated report to SLDC for use satisfying SLDC's reporting compliance requirements to the City.

LENDER FEES – Lender Fees are any fees paid to the Lender for services rendered (i.e. Processing, Underwriting, Administrative, Document Preparation, etc.). Lender Fees must be reasonable and customary, and may not exceed what is typically charged by the Lender to other borrowers. “Junk” fees may not be charged and excessive fees are not permitted. This is a public purpose program for affordable housing and fees are closely monitored.

CLOSING DOCUMENTS

Template program forms will be provided by SLDC.

Second Lien Deed of Trust

Second Lien Promissory Note

Recapture Agreement & Covenant of Residency

Obligation / Second Mortgage “Gift” & Commitment Letter

Fulfills HUD ML 2013-14 requirements. Original to Lender, copies to Borrower, and one copy for the FHA case binder.

ADDENDUM A DETERMINING INCOME FOR HOME:STL DOWN PAYMENT ASSISTANCE (DPA) PROGRAM

An Underwriting Guide for Determining Borrower and Occupant Income for Household Income