



UNDERWOOD DOWN PAYMENT ASSISTANCE FUND

INTRODUCTION

The Underwood Down Payment Assistance Fund provides down payment assistance to residents desiring to build new homes in Underwood. Assistance provided under this fund is offered to qualified home buyers by the Underwood Area Economic Development Corporation on a first-come, first-serve basis.

The maximum amount of down payment assistance available to an applicant under this program is \$10,000 and is structured as a partially “forgiveable” loan to qualified home buyers (the “Home Buyer”). The maximum amount of funds under this program is only available to residents building homes in the Westridge Estates or Repnow Mees subdivision in Underwood, ND. \$5,000 in down payment assistance is available to persons desiring to purchase an existing home in Underwood, ND.

GUIDELINES

Home Construction

- a. The UAEDC via the Underwood Down Payment Assistance Fund will offer up to a \$10,000 partially forgiveable loan per Eligible Project.
- b. An Eligible Project is the construction of a new home, which is:
 - i. valued at \$120,000 or above in the year of completion,
 - ii. completed and occupied within 12 months of the date of the application,
 - iii. the primary residence of the Home Buyer, and
 - iv. constructed on a lot located in either the Westridge Estates or Repnow Mees subdivision in Underwood, ND.



- c. The Home Buyer will agree to the signing of a promissory note and the filing of a second mortgage lien for the full amount of the down payment assistance against the property. The mortgage lien is reduced at the rate of 10% per year for five years and if the Home Buyer resides in the property as the primary residence for a minimum of five years. The full outstanding amount of the promissory note at the end of such five year period, or if the Home Buyer vacates the property prior to such time, will be due and payable at the end of such five year period or at such earlier time as the property is vacated.
- d. The rate of the promissory note will be determined by the UAEDC on a case by case basis.

Home Purchase

- a. The UAEDC via the Underwood Down Payment Assistance Fund will offer up to a \$5,000 partially forgivable loan per Eligible Project.
- b. An Eligible Project is the purchase of an existing home, which is:
 - i. valued at \$60,000 or above in the year of purchase,
 - ii. the primary residence of the Home Buyer, and
 - iii. located in Underwood, ND.
- c. The Home Buyer will agree to the signing of a promissory note and the filing of a second mortgage lien for the full amount of the down payment assistance against the property. The mortgage lien is reduced at the rate of 10% per year for five years and if the Home Buyer resides in the property as the primary residence for a minimum of five years. The full outstanding amount of the promissory note at the end of such five year period, or if the Home Buyer vacates the property prior to such time, will be due and payable at the end of such five year period or at such earlier time as the property is vacated.
- d. The rate of the promissory note will be determined by the UAEDC on a case by case basis.



PROGRAM STEPS AND REQUIREMENTS

No matter how small or large your home is, you will be required to follow a step-by-step process that has been developed by the UAEDC to ensure adherence to all guidelines. The design phase to actual construction through the completion of a project may take as much as six (6) months.

The following checklist summarizes what will take place during the process:

- A. Preliminary Phase:
 - 1. Completed Pre-Application and building plans submitted to the UAEDC
 - 2. Pre-Application reviewed by the UAEDC
 - 3. Building or purchase contract and loan documents agreed to with mortgage lender submitted to the UAEDC
 - 4. Execution of promissory note and second mortgage simultaneous with execution of loan documents agreed to with mortgage lender

If you have any questions regarding this information, please contact the UAEDC at 400-5391.