

GAYLORD ECONOMIC DEVELOPMENT AUTHORITY
DOWN PAYMENT ASSISTANCE PROGRAM
POLICY FOR AWARD OF ASSISTANCE

- 1) The purpose of the Gaylord Down Payment Assistance Program is to provide eligible applicants with a loan to help make a down payment on a home within the City of Gaylord
- 2) Types of homes eligible for the program are new and existing homes that exist on permanent foundations (manufactured homes on permanent foundation qualify). Mobile homes do not qualify for this program.
- 3) In order for be eligible for the program, the home must be located within Gaylord city limits
- 4) If applicant qualifies for this program, and is awarded assistance, the loan amount awarded under this program will be equal to up to 5% of Purchase Price for the home, but not to exceed \$10,000.
- 5) The loan proceeds under this program may be used towards closing costs and the down payment for purchase of a home. The loan proceeds must go towards, at minimum, 3% of the purchase price so the total of the 1st and 2nd mortgages do not exceed 100% of the home's purchase price. The loan proceeds will be paid to the closer or lender as the situation dictates.
- 6) The loan will carry an interest rate of 4%.
- 7) The monthly repayment amount regarding the loan will be based on a 15 year maximum loan, with a minimum payment of \$50.00
- 8) As part of the application process, an applicant must provide the same financial information as given to the primary lender and must provide an independent appraisal. A formal application must also be submitted.
- 9) Approval of the loan will be made by a committee determined by the Gaylord Economic Development Authority. It is the intent of the Authority that this committee have the same makeup as the Revolving Loan Fund (RLF) Committee, whose membership includes up to two members of the EDA, a bank representative, the City Administrator, and the EDA Director.
- 10) The loan will be secured by a second mortgage on the purchased property
- 11) Applicant must provide proof of insurance that lists the Gaylord Economic Development Authority as 2nd Mortgagee

- 12) Applicant will be charged a non-refundable origination fee equal to \$5.00 per \$1,000 of the requested loan. This fee cannot be a part of the financed amount.