

Vermont Community Loan Fund Purchase Subsidy Program Requirements and Criteria

The Purchase Subsidy Program is operated solely for non-profit owned mobile home parks. This program was created to assist qualified Vermonters in achieving home ownership, which would otherwise not be possible and to assist the non-profit owned parks to maintain affordability and preserve the income mix in their mobile home parks per applicable Vermont Housing Conservation Board grant requirements.

The Purchase Subsidy Program provides interest free loans to eligible mobile home buyers. The funds can be used to assist with down payment and closing costs, in conjunction with bank and other third party financing. The borrower is expected to have a personal cash investment as well. The criteria for personal investment is as follows:

- \$750 *or* 5% of the purchase price of the home, whichever is **greater**.
- The personal down payment can come from a friend or family member, but cannot be provided by another lending institution.

Maximum awards will be based upon income and all awards will be based upon demonstrated need. No awards will be made in cases where the entire debt burden (including housing payment) of the household is less than 20% of the household income.

The maximum award limits are as follows:

- \$6,000 for households with incomes less than 50% of median income
- \$5,000 for households with incomes between 50% and 60% of median income
- \$4,000 for households with incomes between 60% and 85% of median income
- No awards will be made to households with incomes greater than 85% of median income

Prior to applying for a Purchase Subsidy Program Loan, an applicant must be determined credit worthy by the non-profit owner of the park. At that time, the applicant must complete a VCLF Affordability Worksheet as well as a park lot rental application. Additionally, a qualified rehabilitation specialist should inspect the mobile home to make sure that it meets HUD's Housing Quality Standards and provide a written report. At this time, no funds are available from the Purchase Subsidy fund to cover costs associated with the inspection. Any deficiencies identified in the home will need to be repaired prior to the purchase of the home. These documents should be submitted by the non-profit to VCLF. It is expected that the non-profit will use the standard underwriting criteria of 32%/40% housing/total debt ratios. The application will be reviewed by VCLF and every effort will be made to issue a decision within one week of a complete application. At the time of a positive recommendation, a standard commitment letter will be sent to the non-profit.

The loan will be secured by a Promissory Note from the grantee to VCLF, a Promissory Note from the purchaser to the grantee, a Loan and Security Agreement, a Collateral Assignment of Lease and the Landlord's Consent to Collateral Assignment of Lease. The loan principal is repaid at the time of the home sale to another party in the future.

No more than 60% of the loans made from Purchase Subsidy Fund may go to residents of parks owned by any one non-profit. Additionally, no more than 20% of the loans made from Purchase Subsidy Fund may go to the residents of any one mobile home park.

Up to 20% of the funds available from the Purchase Subsidy Program may be used for the sole purpose of preventing foreclosures in instances where the Purchase Subsidy funds will allow for a permanent solution to the problem. No funds from the Purchase Subsidy Program may be used for upgrades or rehabilitation to mobile homes.

If **qualified park owners only** have questions, please contact the Vermont Community Loan Fund at 802-224-9146; the fax number is 802-223-1455 or email at kevin@vclf.org.

Please do not hand out this informational sheet to potential borrowers.