

# Single-Family New Construction Program Brochure – Charles City



The North Iowa Area Council of Governments is offering down payment assistance of up to 25% on the purchase price of 20 newly constructed homes in Charles City; some have already been sold. This assistance is offered in the form of a 5-year, *forgivable* loan which will be used to buy down the amount that you borrow for the home. The forgivable loan works like a grant in that it does not need to be paid back unless the property is sold, changes use, or is vacated within 5 years after closing.

## WHAT ARE THE RULES?

1. The homes purchased **MUST** be one of the participating properties in this program. The purchase price of the homes is \$150,000.
2. You and your family **MUST** meet the income guidelines below which are based on the number of persons in your household (as set by the Department of Housing and Urban Development):

1-person household	2-person household	3-person household	4-person household	5-person household	6-person household	7-person household	8-person household
\$35,500	\$40,550	\$45,600	\$50,650	\$54,750	\$58,800	\$62,850	\$66,900

3. You **MUST** obtain a home loan from a lender that has been approved by the program. Approved banks include: First Security Bank, First Citizens National Bank, (Security State Bank may be added later), Iowa Heartland Credit Union, North Iowa Community Credit Union, Northwood State Bank, Manufacturers State Bank (MBT), Liberty Bank, St. Ansgar State Bank, C US Bank, Home Trust & Savings Bank, and Clear Lake Bank & Trust Co. The home loan obtained must be at least a 15-year, fixed-rate fully amortized loan with early pay-off allowed and with an interest rate that is less than four percentage points above prime rate. Co-signers are allowed, but they cannot be included on the deed as an owner. The loan must be between 50% and 75% of the home's purchase price. You will be required to pay the closing costs out of pocket because they cannot be included in the loan; these include the cost for the bank to make the loan, the appraisal, legal work, etc.
4. You must be prepared to close on the home at the time required by the seller after issuance of a certificate of occupancy by the City of Charles City.
5. If you are approved for the program and agree to purchase one of the participating properties, the program will pay 25% of the purchase price of the home at the closing.
6. The assistance will be paid in the form of a 5-year forgivable loan, and a lien will be placed on the property. The lien will provide that 20% of the original loan balance will be forgiven each year for 5 years. After 5 years, the loan is fully forgiven, and the lien can be removed from the property. You may sell the home during the 5-year period, but the current balance of the loan must be repaid to NIACOG.
7. The home must be your primary residence during the five-year period. This is not a first time homebuyer program, and people who currently own a home are not precluded from participating in this program; however, the current home must be sold, rented, or otherwise disposed of as a primary residence for the applicant.
8. Assistance under this program will not be allowed to be combined with any Federal Jumpstart Homebuyer Assistance or State Jumpstart Down Payment Assistance (flood recovery programs) on the same dwelling unit or person/household served.

### **HOW WILL HOMEBUYERS BE SELECTED?**

1. Applications may be obtained at the North Iowa Area Council of Governments or on our website at <http://www.niacog.org/home>.
2. Income will be verified through tax and income documentation and employment verification to determine eligibility.

### **I'M INTERESTED. WHAT DO I DO NEXT?**

1. First, you will need to submit an application including all attachments listed in the application, such as a copy of your most recent tax return, basic financial documentation, and a copy of a loan preapproval letter from an approved bank. Approved banks include: Iowa Heartland Community Credit Union, North Iowa Community Credit Union, Northwood State Bank, MBT, Liberty Bank, St. Ansgar State Bank, First Citizens National Bank, CUSB, Home Trust & Savings Bank, First Security Bank, and Clear Lake Bank & Trust Co.
2. NIACOG will verify your eligibility and income based on information submitted with your application, and if you are not eligible you will be notified immediately.
3. Information about the homes can be obtained from the participating builders or from NIACOG. Please refer to our website at <http://www.niacog.org/home> for floor plans and profiles.

**For Additional Information Contact:**

Myrtle Nelson, North Iowa Area Council of Governments  
641-423-0491 ext. 16; [mnelson@niacog.org](mailto:mnelson@niacog.org)

**Or Visit Our Website At: <http://www.niacog.org/home>**