

# Live It Up

## Down Payment Assistance Program

### Program

**LIVE IT UP (LIU)** combines funds from the City of Wausau, the federal government, local businesses, and private donors to create a 2% interest, partially forgivable down payment assistance loan for employees of participating businesses to help them purchase a home in Wausau. **LIU** loans are \$10,000 for a home under 75 years and \$15,000 for a historic home or over 75 years. We offer flexible loan terms, allowing the borrowers to choose the repayment term that suits their financial situation. The borrower must make reasonable home improvements during the loan term and provide evidence to Community Development. They must also make all payments as agreed per their signed Promissory Note. In the year prior to the final year of the term, Community Development will check the loan status to ensure the requirements have been met, and may, at their discretion, forgive the final year of loan payments.

### Goal

Ensure current residents stay rooted and attract newcomers to Live, Work, and Play in Wausau by boosting resources to promote homeownership and renovations in the City of Wausau.

### Participation

To qualify as a **LIU** employer, a business agrees to the following:

- Meet with Community Development to discuss the goal in offering **LIU** to current/prospective employees, anticipated employee response and financial objective to determine an appropriate, tax-deductible donation<sup>1</sup> and period of eligibility.
- The business allows the City to use their name and logo on **LIU** marketing materials, subject to company guidelines.
- The business agrees to promote **LIU** and to host at least one event to explain the program to new and existing employees.

### Process

The employee submits a completed **LIU** application<sup>2</sup> with the required documentation to Community Development for eligibility review<sup>3</sup>.

- A. Once Community Development confirms the applicant's employment with an eligible employer, the following steps will commence.
- B. Community Development compares household gross income to HUD's annual income guidelines. If income is at or below 80% of these guidelines, the applicant is eligible for Wausau's Down Payment Assistance Program (DPA) and **LIU** (*additional qualification factors must also be met*), meaning Federal HOME funds would cover up to \$10,000, and if eligible, **LIU** funds the remaining \$5,000. The applicant also qualifies for additional **LIU** perks.
- C. Unlike DPA, **LIU** allows borrowers to choose their preferred repayment term of 5, 10, 12, or 15 years, potentially gaining more loan forgiveness with a shorter term.
- D. If approved for DPA, a Housing Quality Standards (HQS) Inspection and Homebuyer Education & Counseling are required. If their income exceeded HUD guidelines, the borrower would only qualify for **LIU** and there would be no HQS Inspection or Homebuyer Education and counseling requirement.
- E. The Mayor issues an official approval letter for **LIU** and sends it to the applicant and their lender.
  - **!! NOTE !!** Approvals are issued first-come, first-served as funds are available. All parties must comply with applicable laws, rules, regulations, and orders of any government authority, including HUD and Tax Increment Financing rules.
- F. The borrower must, upon receipt, submit a copy of an executed Purchase Agreement to the City to determine the **LIU** funds amount and ensure it includes a contingency with the necessary language for a HQS Inspection.
- G. Community Development will prepare a secondary lien, amortization schedule, promissory note, and mortgage for the borrower to sign at closing. They will also attend the closing for document signing and to deliver a check to the title company.
- H. The borrower begins repayment one month after closing.
- I. The borrower must verify home renovations and make all loan payments as agreed for the City to consider forgiving the final year of payments.
- J. If the borrower repays their loan early and continues residing in the home, they must fulfill a 5-year occupancy requirement before the City will consider forgiving the final year of payments.
- K. The forgiveness amount is based on the total of the final year of payments, regardless if the loan was repaid early.
  - **EXAMPLE:** \$15,000 loan with 15-year term paid off in 10 years. Monthly payment is \$96.53/mo. The forgiveness portion is calculated as  $\$96.53 \times 12 = \$1,158$ .

<sup>1</sup> Up to 10% of donations may be reserved for the administration and marketing of Live It Up. All remaining funds will be used for Down Payment Assistance.

<sup>2</sup> Applications must be approved **PRIOR** to writing an offer to purchase.

<sup>3</sup> Eligibility determination will be completed within 21 days of receipt of completed application and all required verifications.