



The City of Cedar Rapids in conjunction with the Iowa Economic Development Authority (IEDA) is offering a fourth round of the Single Family New Construction Program (SFNC), locally known as ROOTS, to replace housing units lost as a result of the 2008 flood. The funds originate from the Department of Housing and Urban Development (HUD) and are in the form of Community Development Block Grant Disaster Relief (CDBG-DR) funds.

PROGRAM OVERVIEW

Eligible buyers are offered assistance up to 25% of the purchase price of an approved unit. The 25% assistance amount will be based on the builder's final sale price, which cannot exceed \$150,000.

Assistance will be given in the form of a forgivable mortgage, which shall be senior to all debt other than the principle mortgage on the property. The forgivable mortgage is reduced by one-fifth each year over the five year retention period.

Buyers must agree to maintain the acquired property as their primary residence for a period of five years. In the event the buyer sells, rents, vacates, or abandons the property during the five-year retention period, the remaining forgivable mortgage must be repaid.

MORTGAGE REQUIREMENTS

Buyers must qualify for and obtain their own mortgage financing in the form of a standard mortgage loan product from a participating, regulated lender.

- Loans must be in the form of no less than a 15-year, fully amortized, fixed rate mortgage. (No adjustable rate, balloon, or adjustable rate mortgages will be allowed.)
- Early payoff provisions must be allowed.
- Loan interest rates shall not exceed four percentage points above the federal prime rate at the time of loan commitment.
- Loan to value (LTV) ratios shall generally be at 75%, as the program provides a 25% down payment.

An applicant must submit a signed loan preapproval letter along with their completed application in order for their application to be processed.

Community Development Department – Housing Services

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