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News Release

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City Continues Homebuyer-Assistance Program, Offering New Round of \$5,000 Loans at 0% Interest

50 forgivable loans available through Minneapolis Advantage

March 22, 2010 (MINNEAPOLIS, MN) – Applications are now available for the latest round of home-mortgage loans through Minneapolis Advantage. Minneapolis Advantage is a City-funded program that will provide 50 \$5,000 loans at 0% interest, forgivable after five years, to help qualified low- and middle-income buyers purchase homes in eligible neighborhoods in Minneapolis.

Launched in 2008, the program has already helped 241 homebuyers purchase homes in the city.

Mayor R.T. Rybak said, “Minneapolis Advantage is a terrific tool that helps turn around previously foreclosed homes and put them in the hands of qualified, responsible homeowners. And when we do that, we start turning around neighborhoods — home by home, block by block. There’s no better time than today, with homes at very affordable prices, to take advantage of this opportunity.”

“My community has been heavily impacted by foreclosures and this program has helped greatly,” said **Council President Barbara Johnson** (Ward 4). “The tide of foreclosures is turning, and this program, together with our other city efforts and with the help of the Minnesota Home Ownership Center, we are winning the foreclosure battle. I’m excited for the future of our communities,” she added.

The program, now in its third year, helps rebuild neighborhoods impacted by foreclosures and promotes sustainable home ownership and stabilized communities. Every potential homeowner must complete a counseling workshop sponsored by the Minnesota Home Ownership Center (651-659-9336 or <http://www.hocmn.org>) that prepares buyers for the important choices related to home ownership.

This year’s program offers \$5,000 loans instead of \$10,000 in assistance offered in 2008 and 2009.

“The size of the loan was initially set at \$10,000 to provide an incentive for homebuyers to purchase in foreclosure-stressed neighborhoods,” said **Tom Streitz**, Director of Housing Policy and Development, City of Minneapolis. “Since housing is slowly moving in the direction of stabilization and recovery, there is less need to provide as much of an incentive to encourage homebuyers to participate. Instead we are returning to an environment where we can simply help good, qualified homebuyers meet their need for the money to close on their new home,” he added.

2010 Minneapolis Advantage program details

- Purchasers must have an income of less than 120% of the area median income (\$100,680) and the property must be the purchaser's primary place of residence.
- Purchasers must receive a traditional (prime or A-rated), fixed-rate first mortgage loan or purchase with cash.
- A loan of \$5,000, at zero percent interest; If the purchaser continues to occupy the home as a primary place of residence 1/60 of the loan is forgiven each month so that at the end of five years the loan is completely forgiven.
- The loan can be used to assist with the payment of downpayment and closing costs.
- The property can be a single family dwelling or duplex within an eligible neighborhood. The property must be either in a foreclosed status, or was a foreclosed property that has been purchased by a non-profit for the purpose of selling it to an owner-occupant.
- Or, the property must be on the Minneapolis 249 vacant and boarded buildings list.
- New construction properties are not eligible.

Eligible neighborhoods

Jordan, Folwell, McKinley, Webber-Camden, Hawthorne, Sumner-Glenwood, Shingle Creek, Near North, Willard-Hay, Harrison, Cleveland, Beltrami, Holland, Lind-Bohanon, Bottineau, Central, East Phillips, Phillips West, Midtown Phillips, Bryant, Powderhorn Park, Ventura Village, and Corcoran.

Unless the buyers are purchasing with cash, homebuyers must apply for a Minneapolis Advantage loan through their first mortgage lender. Loans will be given on a first come, first served basis. For more information about the loan program, lenders and homebuyers, call greater Metropolitan Housing Corporation at 612-378-7985.

Information can also be found online at

www.ci.minneapolis.mn.us/cped/minneapolisadvantage_home.asp.

2009 Minneapolis Advantage program performance

The Minneapolis Advantage program has effectively encouraged people to buy homes in communities stressed by foreclosure. In 2008, 50 loans closed under the demonstration phase. In 2009, \$2 million was available. Due to the success of the pilot, the Federal Home Loan Bank of Des Moines awarded \$1.5 million to Minneapolis coupled with the City's assistance of \$500,000.

- Over 35% of the buyers moved into Minneapolis from outside the city.
- 32% are households of color.
- The average household size is 3.3, indicating larger families have been able to benefit.

In addition, \$90,000 remain, or roughly nine loans, under the 2009 program guidelines for purchasing in the Willard-Hay, Near North, Harrison, or Hawthorne neighborhoods .