

Minneapolis Homes: Access Down Payment Assistance Program



Minneapolis Homes: Access Down Payment Assistance Program Guidelines



1. Program Summary:

Minneapolis Homes: Access provides homebuyers with down payment assistance to purchase a primary residence in Minneapolis.

2. Eligible Borrower:

- Borrower/s must complete Homebuyer Education and Financial Wellness prior to execution of Purchase agreement
- The Borrower/s must be a first-time homebuyer or have lost a home to foreclosure; a First-time homebuyer is defined as never having an ownership interest in a primary residence
- The Borrower/s can have either an Individual Taxpayer Identification Number (ITIN) or Social Security Number (SSN)
- The borrower/s household income may not exceed 80% of the area median income (AMI). The income of all household residents over the age of 18, whether they will be on the title of the property or be obligated for repayment of the loan, must be verified and included when calculating Annualized Gross Income.
- All cash buyers will be underwritten by the Program Administrator using standards approved by the City.
- The borrower/s must contribute at minimum \$500 to the home purchase.
- The borrowers/s have a minimum front-end ratio or minimum housing payment of 15% and a maximum combined debt-to-income ratio of 50%.

3. Eligible Properties:

- A 1-4 unit detached home, townhome, or condominium property located within the city limits of Minneapolis.
- There is no sale price limit.
- The homebuyer must occupy the home within 60 days following the home purchase closing.
- The home purchased has a 10-year primary residency requirement.

4. Loan Terms :

- The maximum loan for applicant's household income at 60% AMI or below will be \$20,000
 - Adjusted every 3 years with authorization by the CPED Director to achieve 6% of the median sales price for Hennepin County
- The maximum loan for applicant's household income at 61% to 80% AMI will be \$10,000
 - Adjusted every 3 years with authorization by the CPED Director to achieve 3% of the median sales price for Hennepin County
- Zero percent interest.
- No monthly payment.
- The loan is 100% repayable at the end of the life of the first mortgage OR refinanced OR transfer of title OR at the end of the 30-year deferment period.
- The mortgage may be subordinated as part of a refinance of the primary loan. These loans are considered a "Special Mortgage" under the terms of Minnesota Statute 58.13.

5. Use of Funds

- The payment of down payment costs, including discount points and Principal reduction.
- The payment of normal closing costs.
- Any portion of the loan that is not applied to the payment of down payment or closing costs must be repaid to the City of Minneapolis, and the loan balance will be reduced accordingly. The loan may not be used to reimburse a borrower for a purchase or transaction that has already occurred or to provide cash to a homebuyer at closing.
- Fund reservation is available to borrowers who are preapproved for a first mortgage and have completed homebuyer education and financial wellness.
 - The fund reservation is good for up to 90 days.
 - Fund reservation is not contingent on the borrower executing a purchase agreement.

6. Required Homebuyer Financial Wellness and Homeownership Education:

- Homebuyers must complete homebuyer education and Financial Wellness through HomeStretch™ (sponsored by the Minnesota Homeownership Center, 651-659-9336 or www.hocmn.org), Framework® (online homebuyer education available at www.hocmn.org), or any other HUD approved Homebuyer education curriculum.
- Completion of homebuyer education is in addition to individualized financial wellness counseling. Both must be completed with a certificate provided before applying for Minneapolis Homes: Access.

7. Eligible Primary Financing:

- The loan may be offered in connection with any fixed-rate portfolio FHA, VA, Fannie Mae, or Freddie Mac insured, uninsured, or non-interest-bearing loan product that is generally considered in the lending industry to be an “A” or “prime” lending product.
 - Adjustable-rate mortgages are not permitted with this program
- The loan may also be offered in combination with a contract for a deed financed and held by a nonprofit developer, provided that the nonprofit developer does not sell the contract for deed without the written approval of the City. The contract for deed program must be approved by the City before participation in the Loan program.
- This loan may not be used with sub-prime lending products.
- Minneapolis Homes: Access program may be combined with other down payment assistance or shared equity homeownership programs to provide greater opportunity for the borrower/s to secure the purchase of a home.

8. Loan Security

- A Promissory Note and Mortgage will separately secure the loan funds.
- The loan may be secured behind other program funds in a subordinate lien position.
- No title insurance is required.
- No mortgagee clause is required in the owner’s hazard insurance policy.

9. Catastrophic Language

- In the event the Mortgage holder and the servicer, in their sole and absolute discretion, after a loss mitigation analysis, find that a catastrophic event, including but not limited to Borrower’s death or extended illness, or the extended illness of a close family member who depends primarily on the borrower for support, has occurred which substantially and permanently impairs their ability to repay this Promissory Note and Mortgage and requires them to sell the Property for an amount less than the existing balance on the Promissory Note and Mortgage, that portion of the lien of Promissory Note and Mortgage that cannot be satisfied from the proceeds of such sale shall be released.

10. How to Apply

- To determine eligibility and fund availability, interested applicants should contact a lending services administrator:

BuildWealth MN
2121 Plymouth Ave N
Minneapolis, MN 55411
612-877-4182 office
612-436-5418 fax
info@buildwealthmn.org

NeighborWorks Home Partners
1930 Glenwood Ave
Minneapolis, MN 55405
651-292-8710 office
651-292-0473 fax
hello@nwhomepartners.org