

Purchase Agreement

No personal property may be included on the purchase agreement or addendum.

- Personal property is defined as anything which is not installed or attached to the property in some permanent manner and is not legally considered part of the real estate (i.e., free standing appliances, TVs, furniture, etc.)
- If there is personal property on the purchase agreement, the personal property must be removed from the transaction before the loan closing. See Minnesota Housing website for sample form.

Subsidy Recapture

Subsidy Recapture allows the federal government to recover tax subsidies from homeowners under limited circumstances.

To owe recapture tax, *all three* of the following criteria must apply at the same time. The borrowers must:

1. Sell their home within the first nine years after closing the loan,
2. Earn significantly more income than when they bought the home, and
3. Realize a gain from the sale of the home as defined by the IRS (this is different from exposure to capital gains tax).

If Subsidy Recapture applies, the borrowers incorporate the tax into their federal income tax returns for the year in which they sell the home.

Our Family of Loans

Whether you're just starting your home search or ready to tackle home improvements, we've got you covered. Learn more by visiting www.mnhousing.gov.

Start Up *First-time homebuyer loans*

MCC *First-time homebuyer tax credit*

Step Up *Repeat homebuyer and refinance loans*

Fix Up *Home improvement loans*

Our Mission

Housing is the foundation for success, so we collaborate with individuals, communities and partners to create, preserve and finance affordable housing.

This reference guide does not contain all information needed to originate loans for sale under Minnesota Housing programs. See the Minnesota Housing Start Up Procedural Manual at www.mnhousing.gov for complete information.

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Start Up *First-time homebuyer loans*

Program Reference Guide

for Housing Industry Professionals



www.mnhousing.gov

Start Up

First-time homebuyer loans from Minnesota Housing

Start Up is Minnesota Housing’s statewide mortgage loan program for low- and moderate-income first-time homebuyers. The program offers affordable, fixed-rate loans and access to downpayment and closing cost loans for eligible borrowers through participating lenders.

Borrower Eligibility

To be eligible for a Minnesota Housing Start Up loan, borrowers must meet the following requirements:

- ☐ Be a first-time homebuyer, defined as anyone who has not had an ownership interest in a principal residence for the previous three years.
 - Verify ownership by collecting applicants’ last three years of tax returns or IRS transcripts. Borrowers may sign an affidavit if they were not legally required by the IRS to file tax returns in the last three years.

- ☐ Meet household income limits: *(subject to change)*

	1-2-person household	3 person + household
11-country metro	\$86,600	\$99,500
Rochester MSA <small>Dodge and Olmsted counties only</small>	\$81,700	\$93,900
Balance of state	\$77,400	\$89,000

For more information, see the Start Up Procedural Manual and Income Calculation Worksheet at www.mnhousing.gov.

- ☐ Meet home cost limits: *(subject to change)*
 - 11-county metro area: \$307,900
 - Balance of state: \$255,500
- ☐ Meet credit score and debt-to-income (DTI) ratios (some products subject to additional credit overlays). See FICO/DTI requirements on website.
- ☐ Co-signers allowed, subject to product guidelines.
- ☐ All borrowers must occupy the property and meet the first-time homebuyer definition.
- ☐ Occupy the property within 60 days after closing.
- ☐ Homebuyer education course required for some programs and borrowers (www.hocmn.org).

Loan Requirements

- Fixed-rate, fully-amortized loans
- Escrows are required
- 15- and 30-year terms allowed
- Eligible products: FHA, FHA Streamlined 203(k), RD, VA, Conventional Products offered by Minnesota Housing*
 - *See product descriptions for additional requirements
- Origination fee collected from the borrower(s) in accordance with RESPA. Service release premium (SRP) paid by the Master Servicer in an amount established by Minnesota Housing and posted on Minnesota Housing’s website.

Property Eligibility

The property must be a principal residence located in Minnesota and subject to product guidelines, including:

- Single-family residences
- Duplexes
- Townhomes/condos/planned unit developments
- Modular homes
- Manufactured homes financed with government insured/guaranteed loans
- Community Land Trust leasehold estates

Excluding:

- Investment property and recreational homes
- Home-based businesses that provide exclusive business use which is greater than 15% of the total square footage (including basement)



www.mnhousing.gov

Downpayment and Closing Cost Loans

Borrower(s) may only receive one Minnesota Housing downpayment and closing cost loan at a time. Loans may be combined with other non-Minnesota Housing Community Seconds®.

All downpayment and closing cost loans require:

- Borrower contribution of \$1,000, or 1% of the purchase price, whichever is less.
- Homebuyer education course (www.hocmn.org).

Key Features	Monthly Payment Loan	Deferred Payment Loan	
		Deferred Payment Loan (DPL) Option	Deferred Payment Loan Plus (DPL+) Option
Loan Amount	Up to \$10,000 in \$100 increments	Up to \$7,500 in \$100 increments	Up to \$8,500 in \$100 increments (eligibility and maximum amount determined by lender)
Loan Term	10-year term	Equal to first mortgage term	
Repayment	Fully amortized loan with monthly payments	Deferred payment repaid upon satisfaction of first mortgage	
Interest Rate	Equal to first mortgage rate	Interest-free	
Income Limits	Start Up income limits	Deferred Payment Loan income limits (see website)	
Maximum Allowable Post-Closing Liquid Assets	None	\$8,000 or 8 months PITI, whichever is greater	
Disclosures	Required; Lender endorses note and assigns mortgage to Minnesota Housing at closing	Required; Lender endorses note and assigns mortgage to Minnesota Housing at closing	
Additional Eligibility Requirements	None	None	Borrower must meet two of the four criteria: <ul style="list-style-type: none">•Sole head of household with at least one Eligible Dependent residing in the household•Household of four or more people•Disabled household member•Front-end ratio of 28% or higher