

# First-time Homebuyer Loan Programs



Minnesota Housing finances affordable housing for low- and moderate-income households while fostering strong communities. We offer mortgage programs that provide affordable interest rate loans to eligible first-time homebuyers, including downpayment and closing cost assistance programs.

## Why Choose Minnesota Housing?

- Affordable interest rates
- No extra fees or discount points
- Interest-free loans from \$3,000 to \$10,000 to help with downpayment and closing costs for eligible borrowers

## To qualify, you must:

- Be a first-time homebuyer (or have not owned a home in the past three years)
- Have acceptable credit
- Meet the program requirements for income and home purchase price limits

## 2012 Income Limits

To qualify for a Minnesota Housing first-time homebuyer loan, your Eligibility Income must not exceed:

Minnesota Mortgage Program			
Household	11-County Metro Area	Rochester MSA	Balance of State
1-4 Person	\$83,900	\$81,300	\$73,900
5 Person	\$90,600	\$87,800	\$79,800
6 Person	\$96,485	\$93,495	\$84,985

Community Activity Set-Aside Program			
Household	11-County Metro Area	Rochester MSA	Balance of State
1-4 Person	\$67,100	\$65,050	\$59,100
5 Person	\$72,450	\$70,250	\$63,850
6 Person	\$77,850	\$75,450	\$68,550

Income limits for larger households, spotlight areas, and downpayment and closing cost assistance programs (HAF & HOME HELP) are available on the Minnesota Housing website under "Homebuyers".

## Interest Rates

Minnesota Housing offers below-market interest rates for our loan programs. Current interest rates can be found on our website at [www.mnhousing.gov](http://www.mnhousing.gov) are subject to change.

## Home Cost Limits

The home you purchase must fall within the following limits:

If the property to be mortgaged is located in:	<b>11-County Metro Area</b>	<b>Balance of State</b>
	\$298,125	\$237,031

## Homebuyer Education

Minnesota Housing requires Qualified Homebuyer Education for some loans prior to closing. Contact a Minnesota Housing participating lender for more information on this requirement. For information on Homebuyer Education, go to the Minnesota Home Ownership Center website at [www.hocmn.org](http://www.hocmn.org).

# Minnesota Housing First-time Homebuyer Loan Programs

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## Minnesota Mortgage Program (MMP)

- Available statewide
- Low, affordable interest rate
- Downpayment and closing cost assistance available for Targeted Borrowers up to \$3,000
- Higher income limits
- Purchase and repair option

## Community Activity Set-Aside (CASA)

- Available in participating communities
- Low, affordable interest rate
- Downpayment / closing cost assistance, available for eligible borrowers from \$4,500 up to \$10,000
- Purchase and repair option

## HFA Preferred™ and HFA Preferred Risk Sharing™

These Fannie Mae conventional products are available exclusively through housing finance agencies (HFA) and can be used with both MMP and CASA. They offer a 97% loan to value (LTV) ratio. The HFA Preferred Risk Sharing™ has a slightly higher interest rate, but does not require mortgage insurance. Borrowers must meet MMP income limits and have a minimum credit score of 680 to be eligible. HAF and HOME HELP cannot be used with HFA Preferred™ and HFA Preferred Risk Sharing™.

## Downpayment and Closing Cost Assistance Options

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The **Homeownership Assistance Fund (HAF)** and **HOME Homeowner Entry Loan Program (HOME HELP)** offer interest-free, deferred downpayment and closing cost assistance loans to help low to moderate income first-time homebuyers who qualify for a Minnesota Housing loan. HOME HELP cannot be used with HAF.

### HAF

- Deferred payment, interest-free loan up to \$4,500
- Borrower must be eligible for the CASA program OR
- Borrower must be eligible for MMP and meet one of the following criteria:
  - 60% of MMP median income<sup>1</sup>, OR
  - Purchasing a home in a MMP Spotlight Area (information located on our website)
- Borrower must have \$1,000 of their own funds in the transaction and have limited assets in order to qualify
- The loan must be fully repaid when the loan matures, the first mortgage is refinanced, or the property is sold or no longer owner-occupied

### HOME HELP

- \$10,000 deferred payment, interest-free loan available depending on borrower eligibility
- Borrower must be eligible to receive a CASA 1st mortgage.
- Borrower must have \$1,000 of their own funds in the transaction and have limited assets in order to qualify
- 70% of the loan is forgiven after the sixth year and 30% is repaid when the loan matures, the first mortgage is refinanced, or the property is sold or no longer owner-occupied
- Loan must be fully repaid within the first six years if the borrower sells or vacates the property

<sup>1</sup>To view 60% of median income, please check our website at [www.mnhousing.gov/resources/resources/limits/MHFA\\_004718.aspx](http://www.mnhousing.gov/resources/resources/limits/MHFA_004718.aspx) or contact a Minnesota Housing participating lender

## Interested?

Find out more from one of our participating lenders at [www.mnhousing.gov/consumers/FindALender](http://www.mnhousing.gov/consumers/FindALender)