

Minnesota Housing Loan Programs

Start Up *First-time homebuyer loans*



Frequently Asked Questions - For Lenders

These FAQ's do not contain all the information needed to originate loans for sale to Minnesota Housing. Lenders should refer to Minnesota Housing's Start Up Program Procedural Manual and the underlying product descriptions for complete information.

What is the Start Up program?

Start Up is Minnesota Housing's first mortgage loan program for first-time homebuyers. Start Up offers affordable, fixed-rate loans and access to downpayment and closing cost loans for eligible borrowers.

Am I eligible to offer Start Up?

The Start Up program is available to lenders who participate in the Minnesota Housing Loan Program. If your company is not currently a Minnesota Housing Participating Lender, please contact Minnesota Housing's Business Account Representative Christina Akinola (christina.akinola@state.mn.us) to initiate the application process.

Do you have a summary of program requirements?

Refer to the Start Up Program Description.

What training and program resources are available?

Visit the [Manuals, Forms and Resources](#) page on the Minnesota Housing website for links to program manuals, term sheets, worksheets and forms. If you are new to Minnesota Housing, we highly recommend you register for a webinar. Course descriptions and registration are available on the [Training](#) page.

Which income calculation method do I use for Start Up?

Eligibility Income, as outlined in the [Start Up Procedural Manual](#).

Is the Eligibility Income Worksheet required?

Filling out the [Eligibility Income Worksheet](#) is optional, but you are responsible for the information contained in it.

My client's boyfriend lives with her. Do I need to count his income?

If the boyfriend is not a mortgagor, is not co-signing the loan (and living in the property) or is not legally married to her, his income should not be included in the Eligibility Income calculation.

Is this program only for first-time homebuyers?

Yes. First-time homebuyers are defined as those who have not had ownership interest in a principal residence for the past three years.

Does a person who married a homeowner still qualify as a first-time homebuyer?

If the borrower is not on the title, he or she may qualify as a first-time homebuyer. You will need to do further research to determine whether the spouse has not had an ownership interest a property.

Can a borrower get an MCC with Start Up?

No. Start Up and MCC are separate programs and cannot be combined. Borrowers who want an MCC can choose MCC (with First Mortgage), which combines an MCC with Minnesota Housing first mortgage financing and a Minnesota Housing downpayment and closing cost loan.

Is the owner of a manufactured home who rents the land considered a first-time homebuyer?

Yes.

If the borrower owns the land, but the manufactured home on that land is taxed as personal property, is the borrower still considered a first-time homebuyer?

Yes.

Do you allow non-occupying co-signers like parents?

Yes. Refer to the underlying product guidelines for eligibility.

Will there be any exceptions to the credit score requirements if there are compensating factors?

No. Refer to [Credit and DTI Matrix](#).

Can borrowers with no credit scores still be approved?

Yes. Refer to Chapter 2 of the [Start Up Program Procedural Manual](#) for details.

The credit score minimum is 640, but HFA Preferred Risk Sharing™ requires a credit score of 680. Which do I use to qualify the borrower?

You should adhere to the most restrictive requirement. In this case, HFA Preferred Risk Sharing™ requires a 680 credit score even though the Start Up credit score requirement is 640.

Can borrowers exceed the DTI ratios required by the Start Up program if an automated underwriting system approves them?

No.

What downpayment is available?

Monthly Payment Loan, Deferred Payment Loan and Deferred Payment Loan Plus. Refer to the Downpayment and Closing Cost Loan Comparison sheet for eligibility requirements.

Is the payment on the Monthly Payment Loan added to the borrower's DTI calculation for qualification purposes?

Defer to the underlying product guidelines.

Is online homebuyer education allowed?

A certificate from either an in-person Home Stretch workshop or the online course, Framework, will satisfy the homebuyer education requirement. See the Minnesota Homeownership Center's website for more details at www.hocmn.org.

If a client took a homebuyer education class three years ago, is the certificate still valid?

Minnesota Housing imposes no time limit on homebuyer education class certificates. However, many lenders will not accept a certificate over a year old. Please refer to your company's policies and the underlying product guidelines.

Will the monthly payment on the Monthly Payment Loan be part of the same mortgage statement as the first mortgage, or will there be two separate statements?

The monthly mortgage statement for the borrowers receiving both Start Up and Monthly Payment Loans will consist of two statements – one statement for Start Up and the second statement for the Monthly Payment Loan. Borrowers should make a separate payment for each statement.

Who is allowed to pay the extension fees?

Anyone but the borrower.

May the borrower use the second mortgage to pay the required 3% down with the HFA Preferred Risk Sharing™ product?

Yes.

Who can I contact for questions about this program?

You can call the Minnesota Housing Single Family Help Desk at 651.296.8215 or 800.710.8871 (toll-free) from 8:00 am to 5:00 p.m. business days or you can email our Partner Solutions Team at mnhousing.solution@state.mn.us.