



HOME Homeowner Entry Loan Program (HOME HELP) Program Concept

PROGRAM DESCRIPTION

The objectives of the HOME HELP downpayment and closing cost assistance program are to provide borrowers with:

- Cash to meet downpayment and closing cost requirements in the tightening credit market, and
- Affordable, sustainable homeownership opportunities.

Minnesota Housing encourages targeted marketing to:

- Emerging market homeownership, and
- Foreclosure remediation:
 - The purchase of vacant homes resulting from foreclosure; or
 - Homes located in foreclosure impact areas as designated by a city council or county board.

HOME HELP funds are available only as a supplement to Minnesota Housing's CASA loan program, therefore all CASA program criteria must be satisfied before HOME HELP criteria is applied. Program participants choose between the use of HAF funds or HOME HELP funds. These programs may not be used together. The program contains a five year affordability period.

HOME HELP ELIGIBILITY REQUIREMENTS

A. Eligible Participants

Existing CASA initiatives apply for access to HOME HELP funds using the supplemental HOME HELP application. If a community partnership is not currently a CASA-approved initiative and is interested in accessing HOME HELP funds, the applicant must apply to both the CASA and HOME HELP programs. A HOME HELP application will not be approved prior to the approval of a CASA initiative.

B. Borrower and Property Requirements

- Borrowers must complete Home Stretch Workshop training or its equivalent.
- Required \$1,000 Borrower contribution;
- Borrowers and properties must meet Federal HOME fund requirements including income and acquisition cost limits; lead-based paint requirements, required disclosures, airport runway restrictions; and environmental review;
- New construction, but previously unoccupied properties are eligible, and
- Currently occupied rental housing is ineligible.

C. Financing Terms

For eligible CASA initiatives HOME HELP will be available as:

- Junior lien;
- Based on a qualifying front end housing ratio of 25%;
- Loan amount of \$10,000;
- Interest free, deferred loan with 30% of the balance due upon maturity of the CASA first mortgage, sale of the property or if the property is no longer owner occupied, and
- If the borrower sells or vacates the property within the first six (6) years of the loan term, the full amount of the Home Help loan becomes due and payable.

FUNDS AVAILABLE

The total amount of HOME HELP funds available is approximately \$4.3 million. For approved CASA/HOME HELP initiatives, HOME HELP funds will be available on a pipeline basis.

SELECTION CRITERIA

HOME HELP eligible applicants include new and successful existing CASA initiatives that target emerging markets and foreclosure remediation.

CONTACT

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