



Guidelines for the *Minneapolis Advantage Program* (Funded by the City of Minneapolis)

1. Program Summary:

The ***Minneapolis Advantage Program – Local*** (“Local”) is a downpayment and closing cost assistance program to help rebuild the housing market in neighborhoods that have experienced high levels of mortgage foreclosures. There will be a total of \$500,000 available for all the MAP eligible areas. The program offers a \$10,000 zero-percent interest loan that is forgivable at the end of five years.

2. Loan terms:

- a) Zero percent interest.
- b) No monthly payment.
- c) 1/60th of the loan will be forgiven each month so that at the end of the fifth year the loan is no longer repayable.
- d) Prior to the fifth anniversary, the loan is due on sale, transfer of title, when the primary mortgage is paid off, or when the property ceases to be the owner’s primary place of residence, except that in the case of a refinance, the loan may be subordinated subject to the CPED Subordination Policy in effect at the time of the request for subordination.
- e) These loans are considered a “Special Mortgage” under the terms of Minnesota Statute 58.13. The mortgage may be subordinated as part of a refinance of the primary loan; however, the owner must receive counseling regarding their refinance transaction. Proof of the completion of the counseling will be required prior to approval of the subordination.

3. Loan amount:

Borrowers will receive up to \$10,000

4. Use of funds

The funds may be used to go toward either of the following uses:

- a) The payment of downpayment, normal and usual closing costs, or repairs to the home. The borrower may not receive any portion of these funds as cash.
- b) Any portion of the loan that is not applied to the payment of downpayment, closing costs, or construction costs must be repaid to the City of Minneapolis and the loan balance will be reduced accordingly.
- c) Since the intent of the Local loan is to help buyers with their home purchase, the FHLB loan may not be used to reimburse a borrower for a purchase transaction that has already occurred.

5. Eligible properties:

- a) A single family or duplex property located in a neighborhood that has been approved for this specific funding by the City (see Exhibit A attached for a list of eligible neighborhoods).
- b) The property must meet one of the following three criteria:
 - i. The property to be purchased must be either a single-family detached home or a duplex that is in a foreclosed status, or was a foreclosed property that has been purchased by a non-profit for the purpose of selling it to an owner-occupant.
 - ii. Property on the Minneapolis 249 vacant and boarded buildings list
 - iii. A property that has been vacant for more than 30 days prior to signing the purchase agreement provided that the seller can document the vacancy for that period of time.
 - iv. New construction properties are no eligible.
(To view the list of boarded and vacant homes, please visit the website at <http://www.ci.minneapolis.mn.us/Inspections/docs/ch249online.pdf>. See www.ownahomemn.org to see a list of foreclosed homes that have been newly rehabbed by community development organizations. Talk to a realtor to help you find a foreclosed home.)
- c) There is no sale price limit.
- d) The homebuyer must occupy the home within 60 days following the home purchase closing, except that in the case of a home purchase and repair transaction, the homeowner must occupy the home within 60 days of the completion of the construction work.

6. Eligible borrower:

- a) Borrower's household income must not exceed 120% of the Minneapolis/Saint Paul metropolitan median income.
- b) Borrower must qualify for and receive a traditional (prime or A-rated) fixed-rate first mortgage loan or purchase the property using cash.
- c) Cash buyers must demonstrate the financial ability to maintain the home within the same affordability standards as a prime loan recipient. All cash buyers will be underwritten by the Program Administrator using standards approved by the City

7. Homeownership Counseling:

Borrower must complete homeownership counseling through the Homestretch counseling program sponsored by the Minnesota Home Ownership Center (telephone 651-659-9336 or online at www.hocmn.org) or a comparable approved counseling program prior to closing of the loan.

8. Combining funds:

- a) Eligible primary financing:
 - i. The loan may be offered in connection with any fixed-rate FHA, VA, Fannie Mae, or Freddie Mac insured or uninsured loan product that is generally considered in the lending industry to be an "A" or "prime" lending product.
 - ii. The loan may also be offered in combination with a contract for deed financed and held by a nonprofit developer who has renovated a foreclosed property for

resale, 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 prior to participation in the Local program.

- iii. This loan may not be used with sub-prime lending products.
- b) Lenders are encouraged to consider combining this loan with the *CityLiving* home program to maximize the borrower's ability to qualify.
- c) The Local program funds may be combined with other assistance programs to provide greater opportunity for the borrower to secure the purchase of a home.
- d) These funds may not be combined with other MAP funds (regardless of the funding source).

9. Loan security

- a) The City loan funds and any neighborhood loan funds will be separately secured by a Promissory Note and Mortgage.
- b) The MAP loan may be secured in a subordinate lien position behind other program funds.
- c) No title insurance is required.
- d) No mortgagee clause is required in the owner's hazard insurance policy.

10. 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 can not be satisfied from the proceeds of such sale shall be released.

11. Neighborhood participation

Some Minneapolis neighborhoods also provide home purchase and home renovation funds. The McKinley, Webber-Camden, and Folwell neighborhoods, with the help of the Family Housing Fund, are making available an additional \$4,000 in their neighborhoods, bringing the total loan amount to \$14,000 for McKinley, Webber-Camden, and Folwell. Harrison neighborhood also has \$4,000 in mortgage assistance that can be added to the program and an additional \$15,000 that can go toward renovation of the home bringing the potential assistance amount to \$29,000. Buyers are encouraged to check with the neighborhood organization in the neighborhood where the home is located for possible other available financing.

Exhibit A

**Minneapolis Advantage Program
 Eligible Neighborhoods
 2009**

Neighborhood	FHLB Funded \$1,500,000	Locally Funded \$500,000
Corcoran		X
Bottineau		X
Regina		X
Victory		X
Bryant	X	X
Sheridan	X	X
Lind-Bohanon	X	X
Ventura Village	X	X
Whittier	X	X
Audubon Park	X	X
Holland	X	X
Phillips West	X	X
Cleveland	X	X
Mckinley	X	X
Harrison	X	X
Powderhorn Park	X	X
Webber-Camden	X	X
Midtown Phillips	X	X
Folwell	X	X
Near North	X	X
Central	X	X
Willard-Hay	X	X
Jordan	X	X
Hawthorne	X	X
East Phillips	X	X
Beltrami	X	