

## Minneapolis OKs pilot loan program

April 4, 2008

**How much:** Up to \$10,000 in 18 eligible neighborhoods, plus up to \$19,000 more in a few neighborhoods.

**What's eligible:** A single-family home or duplex of any value located in an eligible neighborhood and is on a block containing a property that has been foreclosed or is on the city's vacant and boarded property list.

**Key change:** The original proposal covered any single-family house in an eligible neighborhood, without the block qualifier.

**Use of funds:** The money may be used for a down payment, closing costs or to cover the gap between the value of the repaired property and the cost of the purchase and repairs or improvements.

**Who's eligible:** A buyer who will live in the home within 60 days of purchase or completion of repairs, and can qualify for a prime, fixed-rate mortgage or pay cash. Borrowers must complete homeownership counseling before the closing.

**Terms:** Loans accrue no interest charge and will be forgiven gradually over a five-year period. The loan is due on sale, transfer of title, when the primary mortgage is paid or when the owner moves out, unless subordinated to a refinancing loan.

**The vote:** 10-2, with Paul Ostrow and Gary Schiff opposing. Ostrow said subsidizing homeownership sets an unwise precedent; Schiff said the initiative isn't targeted enough to have the intended impact.

**When:** The city intends to have the program ready in May, administered through Greater Metropolitan Housing Corporation, which will work with lenders for eligible borrowers. A six-month evaluation was mandated.

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