

Subject First-generation homebuyer down payment assistance program

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Overview

This bill establishes a pilot program to be operated by the Midwest Minnesota Community Development Corporation (MMCDC) to help first-generation homebuyers to purchase a home by funding closing costs, down payments, and principal reduction. This bill makes a onetime appropriation of \$170,000,000 in fiscal year 2023 from the general fund to the Minnesota Housing Finance Agency (MHFA) for a grant to MMCDC to operate the program.

Summary

Section	Description
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1	First-generation homebuyers down payment assistance fund.
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Subd. 1. Appropriation. Appropriates \$170,000,000 in fiscal year 2023 from the general fund to MHFA to be granted to MMCDC as needed and in tranches if necessary.

Subd. 2. Establishment. Establishes a first-generation homebuyer down payment assistance fund to be administered by MMCDC.

Subd. 3. Eligible homebuyer. Defines an eligible homebuyer as a first-time homebuyer who makes area median income or less, who is preapproved for a first mortgage loan, and whose parent or prior legal guardian does not own a home. Requires an eligible homebuyer to complete a homebuyer education course, to occupy the home purchased with funds from this program, and to contribute a minimum of \$1,000 to the down payment or closing costs.

Subd. 4. Use of funds. Limits assistance to \$30,000 and ten percent of the purchase price of a home. Forgives 20 percent of the loan each year on the anniversary of the loan but requires repayment if the homebuyer sells the property, transfers title, stops occupying the property, or has the home foreclosed on.

Section	Description
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Subd. 5. Administration. Provides that MMCDC administers the program. Allows MMCDC to partner with community development financial institutions (CDFIs), nonprofits, or Tribal entities. Limits administrative expenses to \$3,000 per loan and requires funds returned for early resale to be expended on down payment assistance.

Subd. 6. Legislative auditor. Provides that the program may be audited by the legislative auditor and requires MMCDC and any participating CDFIs to comply with any audit.

Subd. 7. Creditor immunity for reliance on borrower self-attestations. Provides immunity to creditors who rely in good faith on a borrower's self-attestation of eligibility for assistance under this program.

Subd. 8. Report to legislature. Requires MMCDC to report annually to the legislature on the program.

Subd. 9. Sunset. Sunsets the program on July 1, 2025.



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