



## ***Minneapolis Advantage Loan Program*** **Frequently Asked Questions**

### **What is the *Minneapolis Advantage* Loan program?**

The *Minneapolis Advantage* loan program is a downpayment and closing cost assistance program to help rebuild the housing market in key neighborhoods that have experienced higher than normal levels of mortgage foreclosures. The program was developed in response to the City's "Five Point Strategy" which is designed to address the rising levels of foreclosures in various neighborhoods throughout the city. (See [www.ci.minneapolis.mn.us/foreclosure/docs/5PSSummary.pdf](http://www.ci.minneapolis.mn.us/foreclosure/docs/5PSSummary.pdf) for more information about the Five Point Strategy.)

*Minneapolis Advantage* offers a \$10,000 zero-percent interest loan that is forgivable over five years to anyone buying a home in which they will live in these key neighborhoods. The City of Minneapolis is also seeking partnerships to match available funding, so more assistance may be available to homebuyers purchasing homes in eligible neighborhoods.

### **Do I have to attend a class to participate?**

All buyers must attend a Home Stretch homebuyer educational workshop. You can call 651-659-9336 or visit [www.hocmn.org](http://www.hocmn.org) to be referred to a class location near you.

### **Who can qualify for the *Minneapolis Advantage* loan?**

Anyone who is buying in a neighborhood that has been approved by the City is eligible under this program and who qualifies for and is receiving a traditional (prime or A-rated) fixed-rate first mortgage loan or is purchasing using cash.

### **What is the interest rate?**

The *Minneapolis Advantage* loan is offered at zero percent interest, it has no monthly payments, and it is forgiven over a five year period of time assuming you continue to occupy the home as your permanent and primary place of residence.

### **Do I have to be below a certain income to qualify?**

There is no income limit for this program.

**Do I have to purchase in a target area to get the loan?**

There are presently 18 eligible neighborhoods in the *Minneapolis Advantage* program. Those neighborhoods are:

Webber-Camden  
Folwell  
Jordan  
Willard-Hay  
Ventura Village  
Phillips West  
East Phillips  
Central  
Beltrami

Cleveland  
McKinley  
Hawthorne  
Near North  
Whittier  
Midtown Phillips  
Powderhorn Park  
Holland

(Additional conditions apply – see “**Can I buy a house anywhere I want**” below.)

**Do I have to be a first-time homebuyer?**

No, you do not have to be a first-time homebuyer.

**What can I pay for with the assistance money?**

The grant assistance money can be applied toward closing costs, down payment, and home repair costs. All the funds must be used for these costs. The borrower may not walk away from the closing with any of this money.

**How much assistance can I receive?**

The maximum amount of assistance is \$10,000.

**Do I have to repay the assistance?**

The assistance is forgiven over five years. On the anniversary of each year, 20% of the assistance is automatically forgiven so that on the fifth anniversary, all the assistance is forgiven. If you sell any time before the fifth anniversary the percentage of assistance that has not been forgiven must be repaid.

If you are completing home repairs as a part of your purchase of this house, and the value of the property is lower than the purchase price with the cost of the repairs, then any amount of the *Minneapolis Advantage* funds that were used for repair costs which are in excess of the value of the property after it has been repaired will be automatically given as a grant instead of as a loan.

**Can I buy a house anywhere I want?**

You can purchase any single family dwelling or a duplex within a neighborhood that has been identified by the City (see the *Minneapolis Advantage* [eligible neighborhood map](#)) and on a block with a foreclosed building or building on the City’s 249 vacant and boarded list. To view the list of boarded and vacant homes, please visit the website at <http://www.ci.minneapolis.mn.us/Inspections/docs/ch249online.pdf>. To view address lists of foreclosed homes, see <http://www.ci.minneapolis.mn.us/foreclosure/>.

**Can I rent the home out?**

The program requires the house to be owner-occupied. If you buy a duplex, you must occupy one of the two units, but the other unit may be rented out.

**What if I want to buy a townhome or condominium?**

No, the program may not be used to buy a condominium or a townhome.

**Can I use mortgage funds to rehabilitate the house?**

Yes, the program funds can be applied toward the cost of repairs you are completing as part of your purchase transaction.

**Do I have to live in the house for a specific number of years before I can sell it?**

No, there is no specific number of years you must live in the home before you sell it. However, if you sell the home before the fifth anniversary, the percentage of the loan that has not been forgiven must be repaid.

**How do I apply for this a *Minneapolis Advantage* loan?**

The lender you use for your primary mortgage must contact Greater Metropolitan Housing Corporation at 612-378-7985 to apply for the loan on your behalf. Loans will be given on a first come-first served basis.