

## **S.F. No. 3897 – First-generation homebuyer down payment assistance program**

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**Subd. 1.** Appropriates \$170,000,000 in fiscal year 2023 from the general fund to MHFA to be granted to Midwest Minnesota Community Development Corporation (MMCDC) as needed and in tranches for administrative efficiency for purposes of the program.

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

**Subd. 3.** 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.** 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.

**Subd. 5.** 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.** Provides that the program may be audited by the legislative auditor.

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

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

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