

SENATE
STATE OF MINNESOTA
NINETY-FOURTH SESSION

S.F. No. 1610

(SENATE AUTHORS: OUMOU VERBETEN, Clark, Boldon, Mohamed and Champion)		
DATE	D-PG	OFFICIAL STATUS
02/20/2025	440	Introduction and first reading Referred to Housing and Homelessness Prevention
02/24/2025	493	Author added Champion See SF2298

1.1

A bill for an act

1.2

relating to housing; modifying the community-based first-generation homebuyers

1.3

assistance program; appropriating money; amending Laws 2023, chapter 37, article

1.4

1, section 2, subdivision 20; article 2, section 9.

1.5

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6

Section 1. Laws 2023, chapter 37, article 1, section 2, subdivision 20, is amended to read:

1.7

Subd. 20. **Community-Based First-Generation**

1.8

Homebuyers Down Payment Assistance100,000,000-0-

1.9

This appropriation is for a grant to Midwest

1.10

Minnesota Community Development

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Corporation (MMCDC) to act as the

1.12

administrator of the community-based

1.13

first-generation homebuyers down payment

1.14

assistance program. The funds shall be

1.15

available to MMCDC for a three-year period

1.16

commencing with issuance of the funds to

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MMCDC. At the expiration of that period, any

1.18

unused funds shall be remitted to the agency.

1.19

~~Any funds recaptured by MMCDC after the~~

1.20

~~expiration of that period shall be remitted to~~

1.21

~~the agency.~~ Funds remitted to the agency

1.22

under this paragraph are appropriated to the

1.23

agency for administration of the

2.1 first-generation homebuyers down payment
2.2 assistance fund.

2.3 Sec. 2. Laws 2023, chapter 37, article 2, section 9, is amended to read:

2.4 Sec. 9. **COMMUNITY-BASED FIRST-GENERATION HOMEBUYERS**
2.5 **ASSISTANCE PROGRAM.**

2.6 Subdivision 1. **Establishment.** A community-based first-generation homebuyers down
2.7 payment assistance program is established as a ~~pilot project~~ program under the administration
2.8 of the Midwest Minnesota Community Development Corporation (MMCDC), a community
2.9 development financial institution (CDFI) as defined under the Riegle Community
2.10 Development and Regulatory Improvement Act of 1994, to provide targeted assistance to
2.11 eligible ~~households~~ homebuyers.

2.12 Subd. 2. **Eligible ~~household~~ homebuyer.** For purposes of this section, "~~eligible~~
2.13 ~~household~~" "eligible homebuyer" means ~~a household~~ an adult person:

2.14 (1) whose income is at or below 100 percent of the ~~area~~ statewide median income at the
2.15 time of ~~purchase~~ application; and

2.16 ~~(2) that includes at least one adult member;~~

2.17 ~~(i) (2)~~ who is preapproved for a first mortgage loan; and

2.18 ~~(ii) (3)(i)~~ who either never owned a home or who owned a home but lost it due to
2.19 foreclosure; and

2.20 ~~(iii) (ii)~~ whose parent or prior legal guardian either never owned a home or owned a
2.21 home but lost it due to foreclosure.

2.22 ~~At least one adult household member meeting the criteria under clause (2)~~ The eligible
2.23 homebuyer must complete an approved homebuyer education course prior to signing a
2.24 purchase agreement and, following the purchase of the home, must occupy it as their primary
2.25 residence.

2.26 Subd. 3. **Use of funds.** Assistance under this section is limited to ten percent of the
2.27 purchase price of a one or two unit home, not to exceed \$32,000. Beginning in fiscal year
2.28 2027, the maximum amount of assistance may be increased to up to ten percent of the
2.29 median home sales price as reported in the previous year's Minnesota Realtors Annual
2.30 Report on the Minnesota Housing Market. Funds are reserved at the issuance of preapproval.
2.31 Reservation of funds is not contingent on having an executed purchase agreement. The

assistance must be provided in the form of a no-interest loan that is forgiven over five years, forgivable at a rate of 20 percent per year on the day after the anniversary date of the note, with the final 20 percent forgiven on the down payment assistance loan maturity date. There is no monthly pro rata or partial year credit. The loan has no monthly payment and does not accrue interest. The prorated balance due is repayable if the property converts to nonowner occupancy, is sold, is subjected to an ineligible refinance, is subjected to an unauthorized transfer of title, or is subjected to a completed foreclosure action within the five-year loan term. Recapture can be waived in the event of financial or personal hardship. MMCDC may retain recaptured funds for assisting eligible homebuyers as provided in this section. Funds may be used for closing costs, down payment, or principal reduction. The eligible household may select any first mortgage lender or broker of their choice, provided that the funds are used in conjunction with a conforming first mortgage loan that is fully amortizing and meets the standards of a qualified mortgage or meets the minimum standards for exemption under Code of Federal Regulations, title 12, section 1026.43. Funds may be used in conjunction with other programs the eligible household may qualify for and the loan placed in any priority position.

Subd. 4. **Administration.** The community-based first-generation homebuyers down payment assistance program is available statewide and shall be administered by MMCDC, the designated central CDFI. MMCDC may originate and service funds and authorize other CDFIs, Tribal entities, and nonprofit organizations administering down payment assistance to reserve, originate, fund, and service funds for eligible ~~households~~ homebuyers. Administrative costs must not exceed ~~\$3,200 per loan~~ ten percent of the fiscal year appropriation.

Subd. 5. **Report to legislature.** By January 15 each year, the fund administrator, MMCDC, must report to the chairs and ranking minority members of the legislative committees with jurisdiction over housing finance and policy the following information:

(1) the number and amount of loans closed;

(2) the median loan amount;

(3) the number and amount of loans issued by race or ethnic categories;

(4) the median home purchase price;

(5) the interest rates and types of mortgages;

~~(6) the credit scores of both applicants and households served;~~

~~(7)~~ (6) the total amount returned to the fund; and

4.1 ~~(8)~~ (7) the number and amount of loans issued by county.

4.2 Sec. 3. **APPROPRIATION; COMMUNITY-BASED FIRST-GENERATION**
4.3 **HOMEBUYERS ASSISTANCE PROGRAM.**

4.4 \$25,000,000 in fiscal year 2026 and \$50,000,000 in fiscal year 2027 are appropriated
4.5 from the general fund to the commissioner of the Minnesota Housing Finance Agency for
4.6 a grant to Midwest Minnesota Community Development Corporation (MMCDC), through
4.7 its wholly owned subsidiary CDC Investments, Inc., for the community-based first-generation
4.8 homebuyers assistance program. At the end of each biennium, MMCDC must remit any
4.9 unused funds to the Minnesota Housing Finance Agency. Funds remitted to the agency
4.10 under this section are appropriated to the agency for administration of the workforce and
4.11 affordable homeownership development program under Minnesota Statutes, section 462A.38.