

This Document can be made available
in alternative formats upon request

State of Minnesota HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. **4253**

02/26/2024 Authored by Myers, Witte, Engen, Bakeberg, Skraba and others
The bill was read for the first time and referred to the Committee on Housing Finance and Policy

- 1.1 A bill for an act
- 1.2 relating to housing; establishing a first-time homebuyer down payment assistance
- 1.3 program; appropriating money; proposing coding for new law in Minnesota
- 1.4 Statutes, chapter 462A.
- 1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:
- 1.6 Section 1. **[462A.43] FIRST-TIME HOMEBUYER DOWN PAYMENT ASSISTANCE**
- 1.7 **PROGRAM.**
- 1.8 Subdivision 1. **Establishment.** A first-time homebuyer down payment assistance program
- 1.9 is established. The Housing Finance Agency may partner with community organizations,
- 1.10 including community development financial institutions, credit unions, other financial
- 1.11 institutions, nonprofits, government entities, or federally recognized American Indian Tribes
- 1.12 or Tribally designated housing entities to assist eligible homebuyers.
- 1.13 Subd. 2. **Eligible homebuyer.** For the purposes of this section, "eligible homebuyer"
- 1.14 means a first-time homebuyer as defined by the Housing Finance Agency.
- 1.15 Subd. 3. **Use of money.** Assistance under this section may be provided as a forgivable
- 1.16 loan, a deferred loan, or a combination of both. Eligible homebuyers may use the money
- 1.17 to purchase a one- to four-unit home, including manufactured homes. Assistance is limited
- 1.18 to ten percent of the purchase price of a home or \$20,000 per eligible first-time homebuyer,
- 1.19 whichever is lower. The money may be used for an interest rate buy-down of up to four
- 1.20 points or one percent. The money may not be combined with other homebuyer assistance
- 1.21 administered by the Housing Finance Agency and must be used in conjunction with a
- 1.22 conforming first mortgage loan that: (1) is fully amortizing, with or without interest, and
- 1.23 (2) meets the standard of a qualified mortgage or as otherwise determined by the agency.

2.1 Subd. 4. **Repayment.** Loans would be repayable if the property converts to nonowner
2.2 occupancy, is sold within the loan period, is subjected to an ineligible refinance, is subjected
2.3 to an unauthorized transfer of title, or for other reasons as stated in the loan documents.
2.4 Recapture may be waived in the event of financial or personal hardship at the discretion of
2.5 the Housing Finance Agency.

2.6 Subd. 5. **Administration.** The first-time homebuyer down payment assistance program
2.7 is available statewide and must be administered by the Housing Finance Agency. If the
2.8 agency works with a lending partner, that partner may use a percentage of the money received
2.9 for administrative fees as determined by the agency.

2.10 Sec. 2. **APPROPRIATION; FIRST-TIME HOMEBUYER DOWN PAYMENT**
2.11 **ASSISTANCE PROGRAM.**

2.12 \$..... in fiscal year 2025 is appropriated from the general fund to the commissioner of
2.13 the Housing Finance Agency to operate the first-time homebuyer down payment assistance
2.14 program.