

Minnesota Housing First-Generation Homebuyer Program

Minnesota Housing
Homeownership: Empowering New Buyers

HFA Staff Contact

Tenzin Nordon

tenzin.nordon@state.mn.us



First-Generation Homebuyer Loan Program

In spring 2023, the Minnesota Legislature expressed strong interest in creating a new downpayment and closing cost loan program for first-time homebuyers. The legislative housing chairs first intended to appropriate \$150 million to a nonprofit community development corporation, but extensive presentations to the legislature by agency leaders led to \$50 million of the funds coming to the agency. The appropriation allowed Minnesota Housing to develop a first-of-its-kind opportunity to reach a segment of renters whose families had been historically shut out of homeownership.

Funding in hand, Minnesota Housing began developing its First-Generation Homebuyer Loan Program (First-Gen). We defined first-generation homebuyers as including at least one borrower and their parents or legal guardians who had never owned a home or lost their home to foreclosure (See Appendix A for additional detail). Eligible homebuyers could pair a First-Gen loan of \$35,000 with an additional Minnesota Housing downpayment and closing cost loan for up to \$53,000 in total assistance — the largest amount Minnesota Housing has ever offered. Half of the loan is eligible to be forgiven after 10 years and the rest after 20 if the home has remained owner-occupied. And the program required a minimum housing ratio of 28% in order to target funds to borrowers for whom affordability would have been a challenge without the First-Gen loan.

Helping households prepare ahead of the program launch

Because the funding was one-time only, we knew it was of paramount importance that we reach eligible households before the loan program became available. It takes time for households to prepare to become homeowners, and many of the households we needed to reach would not have been able to buy a home but for these funds. They might not have been prepared to take advantage of the opportunity during the limited time the program was open unless they had a few months to prepare. For two months in spring 2024, Minnesota Housing ran get-ready ads in a major daily newspaper and through their online platform and made large ad placements in two African American newspapers. Our staff participated in webinars and radio shows and conducted presentations at dozens of venues to speak directly to industry professionals, community groups and potential homebuyers. (See Appendix B)

We were able to open the program for applications in May 2024, with a joint public media launch of both the agency and the community First-Gen programs in July on the front lawn of a first-gen homebuyer in St. Paul.

Program aimed to address Minnesota's homeownership gap

Having enough money for a downpayment can be particularly challenging for first-generation homebuyers whose families lack the generational wealth created through homeownership. The median sales price for existing single-family homes is four times the median household income in the Twin Cities and not much lower in smaller metro areas in the state, which further pushes homeownership out of reach for low- and moderate-income homebuyers (Joint Center for Housing Studies). Our data shows that first-generation homebuyers in Minnesota have an average income of under 70% of the area median income, so they are especially likely to be priced out of the market. While Minnesota Housing's mortgage loan programs enable thousands of Minnesotans each year to buy a home, existing downpayment and closing cost loan options must be repaid and do not address first-generation homebuyers' affordability needs amid rising home prices, recent interest rate conditions, and a competitive market.

Minnesota has the 13th largest disparity in homeownership rates in the country for Indigenous, Black and households of color and the 4th largest disparity for Black households (Minnesota Housing analysis of American Community Survey data). Given that large homeownership gap and our data showing that 82% of first-generation homebuyers in Minnesota are BIPOC, it was essential for our First-Generation homebuyer program to effectively serve BIPOC borrowers.

Key piece of the puzzle: Marketing

Minnesota Housing executed a multifaceted marketing plan consisting of community and industry-based outreach and trainings as well as traditional advertising tailored to reach Minnesotans that may have not considered themselves ready for homeownership before. We engaged an external marketing firm to create a culturally relevant and multilingual marketing campaign for audiences based on data about first-generation homebuyers. We ran advertising comprised of strategic social media placements (Google Ads, Facebook), ads on four radio stations, ads and sponsored content in community newspapers, and interior bus ads in English, Somali, Spanish and Hmong (Appendix C). Agency staff provided statewide virtual and localized in-person training and resources to our entire lender, realtor and homeownership advisor network. And we collaborated with community organizations and industry groups to promote the program at First-Gen and broader community/cultural events (see Appendix B).

Program exceeded its goal of reaching 80% BIPOC households

The First-Gen program achieved outstanding results in serving underserved communities:

- 82% of First-Gen Loans went to BIPOC households (fully representative of the population data)
- 25% of First-Gen Loans went to Black or African American borrowers
- Over 75% of our First-Gen borrowers were under 80% AMI, with 43% of borrowers under 60% AMI
- First-Gen loans went to borrowers in 64% of Minnesota counties (containing 94% of state's population)
- 96% of borrower survey respondents report that without First-Gen they would not have been able to purchase the home that met their needs or would not have been able to purchase a home at all.

Innovative features of the program

One-stop shopping for borrowers: Agency staff designed First-Gen to be easy for homebuyers and lenders to understand and use by aligning eligibility requirements and access with Minnesota Housing's existing program for first-time homebuyers and the (optional) accompanying downpayment and closing cost (DPA) loan options. First-generation homebuyers who wanted to access the First-Gen program worked with a participating lender to qualify for the first mortgage loan, the First-Gen loan and, as needed, one of the program's three other DPA loans.

Smooth and streamlined process for lenders: By tying First-Gen in with our well-established program, we were able to make use of our existing commitment system, training outlets and processes, as well as leverage our statewide network of experienced participating lenders and our brand awareness among real estate agents and homebuyers. Lenders stayed in control of the loan file and approval process the entire time, which allowed them to meet their timelines to close. This smooth process was made possible because Minnesota Housing does not review the file at pre-closing and instead relies upon our commitment system rules engine combined with a post-closing quality control process.

Balanced loan terms: The First-Gen loan term provides a balance between the individual benefit to participants and the ability to help more borrowers over time through fund recycling. The 10-year initial forgiveness period allowed homebuyers to purchase at more affordable interest rates (compared to a shorter forgiveness term that would push rates up due to faster prepayment speeds) and encouraged them to stay in the home longer and build equity. Our analysis demonstrated the greatest wealth effect came from the wealth-building power of homeownership and not from loan forgiveness.

The 20-year forgiveness period reflects that closing the homeownership gap is a marathon, not a sprint. We anticipate many homeowners will stay in their homes for at least 10 years, but fewer will stay for 20 years. By paying back 50% of the loan when they sell, we can use those funds to assist future First-Gen homebuyers.

Efficient sunsetting of the program: Minnesota Housing addressed the challenges of closing out a program with a one-time appropriation by overcommitting using the Agency's own funds. Staff consulted with lenders, who indicated that they wanted a definitive end to the program to spare their borrowers the emotional roller coaster of a waitlist. Starting and stopping the program would have also required a lot of staff time.

Proven track record of success in the marketplace

Demand for the First-Gen program was extremely high, and lenders committed the entire allocation of \$50 million in less than eight months in 2024 — closing 1,431 First-Generation loans in total (See Appendix D). As noted above, a community development corporation offered a similar statewide first-generation homebuyer program with a more appealing forgiveness period of only five years, however, lenders more quickly committed Minnesota Housing's streamlined program. Lenders were able to facilitate timely closings due to the smooth process, and 76% of First-Gen borrowers surveyed reported that it was easy to apply for and receive the First-Gen loan (see Appendix E: Homeowner and Lender Quotes).

Partnerships

Strong partnerships with lenders, real estate agents and homeownership advisors increased the success of the First-Gen program. We tapped our lenders for advice at all stages of the program through our Operations and Lender advisory committees. For example, the Operations Advisory Committee provided insights that helped us provide our broader lender network the info they needed to set up a third mortgage in their loan operations systems. The Lender Advisory Committee helped us devise a close to the program with the least negative impact to borrowers when funds were exhausted.

A step forward in closing the homeownership gap

Two primary objectives of the First-Gen program were to reduce the resource gap and reduce the homeownership gap. The program achieved those objectives while effectively using resources (see Appendix D). While eliminating the homeownership gap will require ongoing investments and continuing engagement in the broader mortgage industry, this program was a strong step in the right direction and will have a positive wealth-building impact on participating households for generations to come.

Appendices

- [Appendix A: Forms](#)
- [Appendix B: Outreach efforts summary](#)
- [Appendix C: Marketing campaign examples](#)
- [Appendix D: Program Results Summary](#)
- [Appendix E: Homeowner and Lender Quotes](#)

Appendix A: Forms

First-Generation Homebuyer Loan Affidavit

 **MINNESOTA
HOUSING**

**First-Generation
Homebuyer Affidavit Cover Sheet**

INSTRUCTIONS

The attached First-Generation Homebuyer Affidavit is required to determine eligibility for the First-Generation Homebuyer Loan or as applicable for the Deferred Payment Loan Plus (DPL+) program and is part of the loan application. Only one borrower must be a first-generation homebuyer, as defined and affirmed on the affidavit.

This cover sheet is not required but is encouraged to help homebuyers execute a valid First-Generation Homebuyer Affidavit. An invalid Affidavit may result in the Borrower being ineligible for funding.

The First-Generation Homebuyer Affidavit is **only valid and acceptable if all** the following have been completed:

Borrower has selected the applicable statement below:

- My Parents or prior legal Guardians either never owned a home, or owned a home but they lost it due to Foreclosure.
- I aged out of foster care; or I emancipated.

Borrower's signature is completed.

Borrower's name is printed.

Date of signature is listed.

County and State Where Signature Occurred is completed.

First-Generation Homebuyer Affidavit is fully executed at or prior to closing.

First-Generation_Homebuyer_Affidavit_Cover_Sheet

1 of 2

03/03/2025



**First-Generation
Homebuyer Affidavit**

This affidavit will be used to determine eligibility for the First-Generation Homebuyer Loan or as applicable for the Deferred Payment Loan Plus (DPL+) program and is part of the loan application. Only one borrower must be a first-generation homebuyer, as defined and affirmed on this affidavit. **Completion of form by a Power of Attorney only allowed with Minnesota Housing approval.**

If any of the facts contained in the First-Generation Homebuyer Affidavit are found by Minnesota Housing to be incorrect, Minnesota Housing may exercise its rights under each Promissory (or Loan) Note and Mortgage to declare the remaining principal balance of the loan immediately due and payable. In addition, under the Minnesota Criminal Code, *a person who obtains funds through sworn false representation may be guilty of perjury and/or theft and may face criminal charges.*

By signing below, I certify (1) I will occupy the property as my primary residence; and (2) all of the following are true based on the definitions below:

I have either never owned a home, or I once owned a home but I lost it due to foreclosure.

I further certify one of the following is also true (check the applicable option):

- My Parents or prior legal Guardians either never owned a home, or owned a home but they lost it due to Foreclosure.
- I aged out of foster care; or I emancipated.

I have read and understand the definitions for this program:

- **Parent:** A lawful father or mother established through birth or a court order showing custody or responsibility. Includes a biological parent, adoptive parent, or a person that a court has determined to be a parent. Foster parents are not considered Parents or Guardians for the purpose of this program.
- **Guardian:** A person appointed by a court to take permanent responsibility for you when you were a child.
- **Ownership:** Being on title to real estate that is your primary residence (in any country) or having a marital interest in a home that is your primary residence. Ownership does not include an ownership interest in a mobile or manufactured home which is not permanently affixed to real estate (e.g. anchored to the ground instead of attached to a foundation).
- **Foreclosure:** A legal process that allows lenders to recover the amount owned on a defaulted home loan by taking ownership of the mortgaged property. Other circumstances such as short sale, deed in lieu, disaster, tax forfeiture or fleeing from war, do not qualify as a foreclosure under this definition.

I declare under penalty of perjury that everything I have stated in this document is true and correct.

Minn. Stat. § 358.116; Minn. Gen. R. Prac. 15.

Borrower's Signature

REQUIRED: County and State Where Signature Occurred

Print Borrower's Name

Date of Signature

First-Generation Homebuyer Loan Eligibility Worksheet



First-Generation Homebuyer Loan Program Eligibility Worksheet

Instructions: Use this worksheet to document your good faith effort to verify a Borrower's eligibility for the First-Generation Homebuyer Loan and to confirm you have properly calculated and considered the Housing Ratio.

Borrower First Name MI Last Name Co-Borrower First Name MI Last Name

Property Address Property City State Date Worksheet Prepared

| Borrower Eligibility | | Housing Ratio Calculation | |
|---|---|--|---|
| Definition: First-Generation Homebuyer is defined as: <ul style="list-style-type: none">One (1) Borrower and their Parents or prior Legal Guardians have never owned a home (in any country) or previously owned a home but lost it due to foreclosure.See First-Generation Homebuyer Affidavit and Start Up Program Manual for definition details. | | The Borrowers front-end ratio must be no less than 28% when factoring in all sources of loan funds. Use chart below to calculate the front-end ratio. Borrowers can't manipulate income (quit job, etc.) to become eligible. <ul style="list-style-type: none">Calculate with all DPA fundsDo not include non-occupant co-signer income | |
| Check each box | Requirements (The First-Generation Borrower must meet each requirement to be eligible for the program) | \$ | Principal & Interest* (including monthly payment loan, if applicable) |
| <input type="checkbox"/> | Fully executed First-Generation Homebuyer Affidavit documenting at least 1 borrower meets the first-generation homebuyer definition. Valid only if County and State field is complete , one box is checked, and all other fields are complete. | \$ | Homeowners Insurance |
| <input type="checkbox"/> | A front-end ratio (housing ratio) minimum of 28% | \$ | Mortgage Insurance |
| <input type="checkbox"/> | Loan transaction does not include the First-Generation Homebuyers Community Down Payment Assistance Fund. | \$ | Property Tax |
| Check one: | | \$ | Association Fee |
| <input type="checkbox"/> Lender's review of loan file a.) did not identify the borrower as a current or previous owner of real estate, or b.) documents the borrower lost the home(s) through foreclosure. | | \$ | Total: Monthly Housing Expense |
| <input type="checkbox"/> Lender review of loan file identified borrower owned/owns real estate, and the lender documented borrower residence history in each year of ownership. Lender submitted documentation to Minnesota Housing for 2 nd level review, and Minnesota Housing agreed documentation indicates borrower did not reside in the property(ies) they owned. (Include email in file) | | \$ | Borrower Monthly Qualifying Income |
| | | \$ | Front-End Ratio |

Refer to the [Start Up Program Manual](#) and the [First-Generation Homebuyer Affidavit](#) for guidelines and First-Generation Homebuyer definition details. Contact the [Partner Solutions Team](#) for clarification to these guidelines.

Reminder to borrowers: *Under the Minnesota Criminal Code, a person who obtains funds through sworn false representation may be guilty of perjury and/or theft and may face criminal charges.*

Name of Preparer Title of Preparer Date

Minnesota Housing realizes an estimate of front-end ratio may change in underwriting. As long as the underwriter makes a good faith effort to identify costs at point of origination and factor in all downpayment loans and grants, we allow reasonable changes to the front-end ratio if the ratio documented on this worksheet is different than the final ratio calculated during underwriting. The underwriter must provide an explanation if the variance between ratios is large, or the Borrower's eligibility is a concern.

Appendix B: Outreach efforts summary

From April 2024 – July 2024 Minnesota Housing staff presented the First-Gen program at approximately 47 events that included but were not limited to lending partners and community partners.

Events, podcasts, and trainings where Minnesota Housing staff presented on the First-Gen program:

| | | |
|--|--|---|
| Pre-Launch: <i>St. Paul Area Assoc. of Realtors Fairway</i> <i>HOC Advisor's Conference</i> <i>Minnesota Mortgage Association (MMA) Presentation</i> <i>Continuing Ed. classes (multiple)</i> <i>ReMax Realtor Meeting</i> <i>Dept. of Empl. & Econ. Dev. Immigrant & Refugee Affairs</i> <i>Huntington Bank</i> <i>Recorded information sessions</i> | <i>Guaranteed Rate Realtor Appreciation Event</i> <i>MN Realtor Association</i> <i>Hosted First-Gen specific webinars (some targeted to Lenders and others for other community and industry partners)</i> <i>Alerus Realtor Event</i> <i>Summit Mortgage</i> <i>Bell Bank Mortgage (multiple)</i> <i>Beth Peterson Randall Podcast</i> <i>Black History Month Panel and Presentation in St. Cloud, MN</i> <i>Lakeville Event</i> | <i>Apple Valley Credit Union Event</i> <i>Woodbury Remax Event</i> <i>Financial Opportunity Center</i> <i>Roseville Event</i> <i>St. Paul LO & Real Estate Agents</i> Post-Launch: <i>Podcast with Tiffany Phillips and Seanne Thompson</i> <i>Fairway/Wits Realty</i> <i>Results Mortgage and RE Agents</i> <i>Edina Realty DEI Event</i> <i>Homeowners Association</i> |
|--|--|---|

We staffed booths at more than 25 community-based events alongside volunteers from our lender partners and real estate agents. This enabled us to personally connect with thousands of prospective homebuyers every year – providing them with information, resources and empowering them to reach their housing goals. We also attend industry events to equip housing professionals with info on our programs.

Community and industry events Minnesota Housing staff attended in 2024:

| | | |
|--|---|---|
| Pre-Launch: <i>Duluth Women's Expo</i> <i>North Suburban Home Improvement Show</i> <i>Blackout Black History Month</i> <i>Springboard for The Arts</i> <i>Spring Hmong Arts & Craft Fair</i> <i>Brainerd Home Show and Expo</i> <i>VITA tax preparation sites</i> <i>MN Mortgage Assoc. Conference</i> <i>St. Paul Area Association of Realtors</i> <i>Fairway Realtor Connection Event</i> <i>SPAAR Resource Fair</i> | Post-Launch: <i>Songkran (Thai New Year Celebration)</i> <i>Juneteenth - Brooklyn Park, MN</i> <i>Twin Cities World Refugee Day</i> <i>Movies with Mo</i> <i>Taste of Minnesota</i> <i>Big Brothers Big Sisters (multiple)</i> <i>Rondo Days</i> <i>Columbian Independence Day</i> <i>TU Salud Health Fair</i> <i>Rondo Block Party</i> <i>Latin Days</i> <i>MN Urban League Family Days</i> | <i>Fiesta Latina</i> <i>Selby Jazz Fest</i> <i>Penn Fest</i> <i>St. Cloud Pride</i> <i>Homeownership Fair</i> <i>Quorum's National Coming Out Day</i> <i>Habitat For Humanity: Resource Fair</i> <i>MN CLT Coalition Conference</i> <i>NAHREP Business Rally</i> <i>Edina Realty DEI</i> <i>Realtors Unite 2024</i> <i>National Association of Real Estate Brokers (NAREB)</i> <i>ReMax CE Conference/Vendor Fair</i> |
|--|---|---|

Appendix C: Marketing campaign examples

Highlights:

- Geographic targeting focused our social media and Google ad buys
 - We provided the external marketing firm with 65 ZIP codes where an estimated 75% of the potential First Gen homebuyers live.
- We pivoted mid-stream to focus placements after evaluating the response metrics, ultimately resulting in above average engagements.
- We created First-Gen marketing toolkit for our lenders, consisting of postcards, customizable flyers and social media sharable content – all available in English, Somali, Spanish and Hmong.

Examples:

Owning your own home may be within reach.

Limited funding is available for eligible first time buyers through the First-Generation Homebuyer Loan Program!

TAKE THE FIRST STEP

m1
MINNESOTA HOUSING



Minnesota Housing is not a creditor and does not originate loans.

First-Generation Homebuyer Loan Program

NOW OPEN!



What is Minnesota Housing's First-Generation Program?

- Deferred loan eligible for forgiveness
- Can be used for downpayment and closing costs
- Must be combined with a Minnesota Housing Start Up first mortgage
- Available statewide

Get started!

- Take a class
- Speak with an advisor
- Find a lender

Sandra Dezell (Customizable content)
 Edina Realty Mortgage - NMLS 501950
 612.598.9174
 sandradezell@edinarealtymortgage.com
 edinarealtymortgage.com/mortgageconsultant/sandradezell

Unlock your homebuying power.

Discover what's possible through the First-Generation Homebuyer Loan Program.

GET STARTED NOW

m1
MINNESOTA HOUSING



Minnesota Housing is not a creditor and does not originate loans.

Let's get you in the door in 2024!

LEARN MORE

mnhousing.gov/first-gen
 651.296.8215 | 800.657.3769
 mnhousing.solution@state.mn.us

In connection with Single Family Division loan programs, Minnesota Housing does not make or arrange loans. It is neither an originator nor creditor and is not affiliated with any Lender. The terms of any mortgage finance transactions conducted in connection with these programs, including important information such as loan fees, the annual percentage rate (APR), repayment conditions, disclosures, and any other materials which are required to be provided to the consumer are the responsibility of the Lender.

2024.05.22

m1
MINNESOTA HOUSING

MINNESOTA HOUSING

S = sahanjournal

EDUCATION ENVIRONMENT HEALTH IMMIGRATION POLITICS

You can count on Sahan because we can count on you. Support our spring

Sponsored Content

Take advantage of a First-Generation Homebuyer Loan

This Minnesota Housing program may bring homeownership within reach



Sponsored content by Minnesota Housing
 May 6, 2024 Updated May 8, 2024



Credit: iStock

If you've never owned a home—and your parents never owned a home, either—it's time to make that dream of homeownership come true.

Imagine your first night in your very own house. Maybe tomorrow you'll paint the kitchen bright yellow. You can belt out a song without bothering any neighbors. Start a garden. Adopt that black lab you've always wanted. Invite your elderly parents to live with you because you finally have the space.

The dream looks different for everyone, but one thing remains the same: living and thriving in a safe, stable home you can afford in a community of your choice. Our First-Generation

Bus advertisement example:



If you and your parents have
NEVER OWNED A HOME...



Homeownership can build generational wealth. And we have programs that may bring homeownership within reach of thousands of families across the state.

NOW OPEN
First-Generation Homebuyer Loans

What is it?

- Deferred loan eligible for forgiveness
- Can be used for downpayment and closing costs
- Must be combined with a Minnesota Housing Start Up first mortgage
- Available statewide

Who is it for?

You may be a first-generation homebuyer if you and your parents or legal guardians:

- Have never owned a home
- OR
- Owned a home but lost it due to foreclosure



See if you're eligible!

mnhousing.gov/first-gen



Not a first-generation homebuyer? We also have programs for first-time and repeat homebuyers, plus downpayment and closing cost loans and refinancing options.

See more at mnhousing.gov



In connection with Single Family Division loan programs, Minnesota Housing does not make grants or loans. It is neither an originator nor a servicer and is not affiliated with any lender. The terms of any mortgage finance transactions conducted in connection with these programs, including pertinent information such as loan fees, the annual percentage rate (APR), repayment conditions, disclosures, and any other materials which are required to be provided to the consumer are the responsibility of the lender. Deferred Payment Loan is eligible for forgiveness after 20 years if borrower meets all of the terms of the loan. Loan balance must be repaid immediately if the property is sold, the title is transferred or home is not primary residence for the duration of the loan period.



Minnesota Housing

November 30 at 9:39 AM

Owning your own home may be within reach. Click the link to learn more about the program and how you may be eligible for a loan to help pay for closing costs or a downpayment. Limited funds remain, so don't wait! Take the first step towards homeownership today!
<https://mnhousing.gov/homeownership/firstgen.html> #homebuyer #mnhousing
#FirstGenerationHomebuyer #MinnesotaHousing #Minnesota

Don't miss out on the First-Generation Homebuyer Loan Program!

Funding is limited.
Get started today!



Minnesota Housing

November 14 at 9:30 AM

The First-Generation Homebuyer Loan Program is a downpayment and closing cost loan for first-generation homebuyers—but funds won't last long! Act now by clicking the link to learn more and take the first step towards homeownership today!
[#homebuyer #mnhousing #FirstGenerationHomebuyer #MinnesotaHousing #Minnesota](https://mnhousing.gov/homeownership/firstgen.html)



MNHOUSING.GOV

First-Generation Homebuyer Loan Program

Minnesota Housing's First-Generation Homebuyer Loan Program is a downpayment and closing cost loan for first-generation homebuyers. The program...

[Learn more](#)

Appendix D: Program Results Summary



First-Generation Homebuyer Loan Program Highlights

Minnesota Housing committed the full \$50 million in state appropriated funds to First-Gen borrowers in approximately 8 months. All unused state appropriated funds from cancelled loans after the program closed will be transferred to the state appropriated Homeownership Assistance Fund to be used for additional downpayment and closing cost assistance that targets First-Generation homebuyers.¹

¹ In March 2025 Minnesota Housing added targeting criteria enabling First-Gen homebuyers to be eligible for our Deferred Payment Loan Plus, which offers up to \$18,000 in DPA.

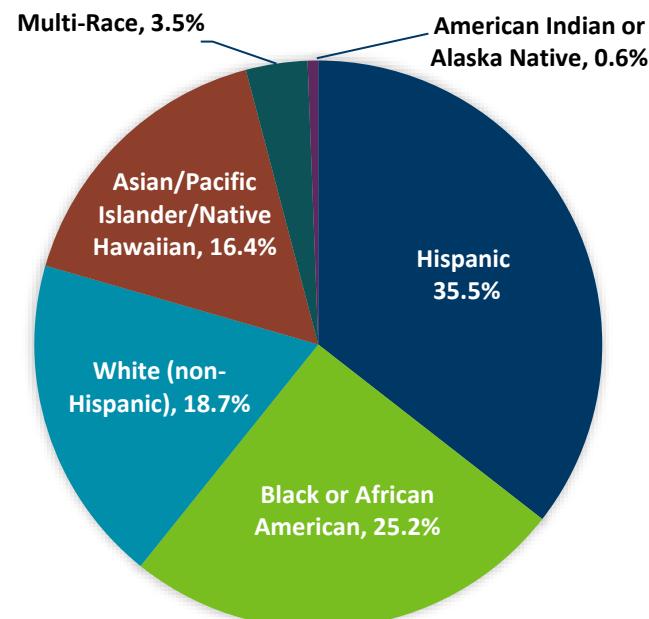
| | MN | Metro | Greater MN |
|-------------------------------|------------------|-----------|------------|
| Total Loans Closed (#) | 1,431 | *80% | 20% |
| Median Household Income | \$77,670 | \$80,650 | \$63,125 |
| Median Purchase Price | \$290,000 | \$305,000 | \$230,000 |

**Estimated 75% to 85% of potential first-generation homebuyers in Minnesota live in the Metro area.*

| Mortgage Type | | | |
|---------------|-----|------|------|
| Conventional | FHA | VA | USDA |
| 76% | 23% | 0.3% | 0% |

New Homebuyer Demographics

82% of loans went to BIPOC homebuyers

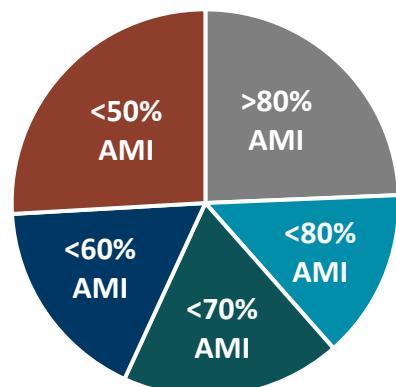


| | |
|--|---------------------|
| Total Loans Closed (\$) | \$49,278,979 |
| Administrative Fees | \$0 |
| Average Loan Amount | \$34,440 |
| % of Counties Served | 64%** |
| Median Buyer Credit Score | 717 |
| Average Household Size | 3.5 |
| Average Borrower Age | 38 |
| % with a 2 nd Minnesota Housing DPA Loan | 79% |
| Average 2 nd Minnesota Housing DPA Amount | \$16,570 |

***Contain 94% of the state's population*

First-Gen Program Participation by AMI

76% of loans went to borrowers under 80% AMI



Appendix E: Homeowner and Lender Quotes



What did Homeowners say about the First-Generation Homebuyer Loan Program?

First-Generation Homebuyer Survey Preliminary Results (Survey closes end of May 2025):

| Survey Results | Percentage of Respondents |
|---|---------------------------|
| Without the First-Generation Down Payment Assistance loan, I would not have been able to afford to buy any home. | 73% |
| Without the First-Generation Down Payment Assistance loan, I may have considered a different or less expensive home, but the Down Payment Assistance allowed me to buy the home I wanted. | 23% |
| During the homebuying process it was either easy or very easy to learn about, apply for, and receive the First-Generation Loan Program. | 76% |
| Overall experience in buying this home either somewhat or greatly increased my trust in mortgage lenders and banks. | 83% |

Homebuyer Testimonials



Meet Rolando, who used our First-Generation Homebuyer Loan Program to buy a home in Minneapolis in September 2024.

“It’s life-changing,” says Rolando, whose family always rented. His decision to take advantage of this opportunity isn’t just for him, he says, but for the kids he’ll have eventually and for other people who look like him.

“Now that I have a house, it makes me want to work that much harder to maintain it, but also to encourage other people to do the same—like, you can be a homeowner. Your dreams are viable and there’s support out here for you.”

Quotes from First-Generation Homebuyers

| | | |
|---|--|---|
| <p><i>"It's a very good program that has changed the lives of people who want to become [owners] of their own by staying away from renting. Renting doesn't build equity but having your own places is good. All you need to do is being able to pay your mortgage & not miss it. Have your own space & have a peace of mind not been controlled by someone."</i></p> | <p><i>"I have more trust with the lenders now. In the beginning I was very skeptical and worried that I was going to be put into a situation that I could not sustain over a long period of time but my lender really worked with me and made sure that I got a mortgage that I know I can afford and make sure that I applied for all of the grants and or loans that I qualified for."</i></p> | <p><i>"First generation home buyer funds help me a lot by making more money to down payment and cover closing cost. I got 51500 in total from first home buyer fund and Minnesota housing. I'm very happy because I have 4 kids, and I was looking to buy home almost three years but can't afford to buy a kind of home I want."</i></p> |
| <p><i>"I didn't feel judged for one of the first times in my life."</i></p> | <p><i>"This program made the impossible possible"</i></p> | <p><i>"Buying a home was but a dream before I came into this program. That's how expensive it was. Program is great."</i></p> |
| <p><i>"The first generation loan allowed me to buy a home in an unforgiving market. Without it I would still be waiting for prices to come down"</i></p> | <p><i>"I greatly appreciated the mortgage lender that assisted me throughout the process; gaining a large amount of my trust and respect."</i></p> | <p><i>"The first generation home buyer loan is excellent. It is the source from which we got a home at this time. A very big thanks to Minnesota Housing."</i></p> |
| <p><i>"I was able to rely on my lender for information on how this loan program would help me afford my current home. They were clear from the start what the rules were for the loan and how it would help me lower my monthly mortgage with the help of the loan."</i></p> | <p><i>"The excitement was like – something to call my home, to be able to have a state in the community, have a voice for the future, a voice for my family...My original mortgage would have been around \$1,300, and \$1,100 is doable. It's a blessing."</i></p> | <p><i>"The skepticism that I originally felt over my family and finances was remediated when we qualified. Before we got the downpayment assistance I thought we'd be itinerant poor forever, paying more every year at the whims of an algorithm"</i></p> |
| <p><i>"Lenders and Agents made my homebuying experience amazing! Without all the help and your program, I wouldn't be a homebuyer! It's so appreciated! Thank you!"</i></p> | <p><i>"I'm very happy and excited for the help I received to buy my first house with First-Generation Homebuyer Loan Program, thank you very much"</i></p> | <p><i>"It was phenomenal. Thank you."</i></p> |

What did Lenders say about the First-Generation Homebuyer Loan Program?

We had strong lender participation in our First-Gen program, with over 120 lenders and over 650 individual loan officers closing at least one First-Gen loan.

| | |
|--|---|
| <p><i>"I wanted to tell you what an amazing job you guys did with the First Gen program-compared to others who have tried. We actually got people into homes that may not have gotten there for a very long time, especially in this crazy market of high-cost homes and high interest rates."</i></p> | <p><i>"I have been involved with MHFA [Minnesota Housing] loans since 1988 and have seen many programs over the years, but this one really made a difference in our current market and in many communities that never thought they could achieve home ownership."</i></p> |
| <p><i>"I truly hope [that] you guys get to do this again. Right now, we have a loan-fully approved with us waiting on [a different first-gen program's] funds and it has been 2.5 months and now the seller is talking about walking and the rate may also expire...Very frustrating."</i></p> | <p><i>"Easy to use as it was business as usual for the most part. There were a few more requirements such as have your parents ever owned but generally it was the same process as we are used to."</i></p> |
| <p><i>"The experience with using MN Housing's first generation program was "seamless". I/we were able to serve a lot of families with the funds and continue to use alternative sources. The other options are NOT seamless and do pose challenges for our clients. The MN housing program allowed me to serve a number of Somali families in the St Cloud market. This has opened up a whole other market for me that I would not have been aware of without this program."</i></p> | <p><i>"Getting people \$35,000 AND the \$16,000 or \$18,000, was a game changer for some clients. \$51,000 when you combine both programs, drastically reduces the payment which makes it much more affordable. It can be the difference between qualifying and not qualifying. Debt to income ratios are all so high these days. People have debt due to the economy and with a big house payment, it is making a lot of people ineligible due to debt to income ratios. Layering the assistance helps."</i></p> |