

The mission of Minnesota Housing is to meet Minnesotans needs for decent, safe, affordable homes and stronger communities. We offer mortgage programs that provide affordable interest rate loans to eligible homebuyers.

The Homeownership Opportunity Program (HOP) provides short term financing for the acquisition and rehabilitation of vacant properties that are not in mortgageable condition, or properties that are in imminent danger of foreclosure and/or in a Foreclosure Impacted Area.

To qualify, borrowers must:

- Intent to owner occupy the property
- Have an income below 115% of the Twin Cities Metro median income which is currently \$96,500
- Be pre-approved for a standard first mortgage with a loan amount sufficient to pay off the HOP loan when the work is completed

Property Requirements:

- Not in industry standard mortgageable condition
- A single family detached, zero lot line townhome, O/O duplex, manufactured home on permanent foundation, and be:
 - vacant as the result of foreclosure, or
 - in imminent danger of foreclosure with a negotiated short sale, or
 - in a foreclosure impacted area

Advantages for Cities:

- Increases Homeownership
- Increases the number of owner occupants reducing the number of investors
- Reduces the number of unmortgageable vacant buildings, often the most difficult to sell homes
- Increase investment/stability in the City

Lender Benefits:

- Allows lenders to finance homes that didn't meet condition standards
- Don't need to do a "Rehab Type" loan
- Can serve customers with lower incomes

Interested?

Visit the Minnesota Housing website at www.mnhousing.gov or call 651.296.8215 or 800.710.8871 to find a participating lender in your neighborhood. We can help you get the financing you need!



Required Rehabilitation

- Permanent and meet minimum code
- Must make the home mortgagable
- Mitigate lead paint, if necessary
- Improvements to meet customer needs
- Encourage energy improvements

Lead Paint Requirements

- Follows Minnesota Housing's Lead Paint Guidebook found at www.mnhousing.gov
- Select "Lending Partners", "Program Guidelines Manuals & Forms", "Rehabilitation Loan Program", "Program Forms", "Information Resources"

HOP Process

1. Borrower

- Finds and signs a purchase agreement, contingent on the HOP loan funding
- Applies to participating first mortgage lender for a maximum mortgage prequalification
- Applies to HOP lender with prequalification

2. Rehab Advisor

- Visits the property and writes a scope of work

3. Borrower and Advisor

- Facilitate bids
- If the project is within the buyer's affordability, an after rehab appraisal is ordered by the first mortgage lender

4. First mortgage lender

- Qualifies buyer for the actual mortgage amount
- If the interest rate is not locked, the commitment must be based on 100bps above current market

5. HOP Lender

- With the first mortgage commitment, closes the loan (pass through fees can be financed in the HOP loan)
- The seller is paid and construction funds are escrowed at the title company
- Assigns the mortgage to Minnesota Housing
- Ships the documents according to the HOP Transmittal Form

6. Minnesota Housing

- Buys the loan on HDS

7. Contractor

- Requests payout from the HOP lender

8. Rehab Advisor

- Verifies the work has been completed and signed off and approves payout

9. HOP lender

- Notifies the first mortgage lender and servicer of completion and provides a payoff figure

10. First mortgage lender

- Closes permanent loan and pays off Minnesota Housing's HOP loan

HOP Loan General Conditions

- Priced weekly above first mortgage rates
- Loan must be taken out in 120 days to avoid penalty
- ½% fee will be charged to extend the loan from 120 to 180 days
- No extension beyond 180 days

HOP Fees

- ½% origination fee to the HOP lender
- Inspection and Rehab Advisor fees passed through to the borrower
- Appraisal fee
- Title Insurance
- Other fees required by lender