



First Homes

Rochester Area Foundation

First Homes is a non-profit subsidiary of the Rochester Area Foundation with the goal of assisting individuals and families in the purchase of homes



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FIRST HOMES

Community Land Trust (CLT) at a glance

Benefits—Community Land Trust (CLT)

1. First-time home buyers, or buyers that have not owned in the last 3 years, may receive a \$5,000 deferred loan at 0% interest from MN Housing to pay for closing and down payment costs.
2. If needed, buyers can receive up to \$15,000 to reduce their 1st mortgage as a 0% interest deferred loan. This loan is determined by the lender and based on need.
3. Buyer provides a minimum of 1% of their own funds, includes earnest, down payment and closing costs. Not required to be 1st time buyers, however may have to pay their closing costs.
4. CLT provides between \$30,000-\$40,000 subsidy reducing the 1st mortgage for buyers. Buyer does not pay PMI because the CLT subsidy meets the 20% LTV in the property.
5. Because of the CLT subsidy the buyer's mortgage (monthly payment) is reduced to their affordability. Foreclosure less likely.
6. First Homes pays for a voluntary post purchase training after closing which includes an inspector spending up to 2 hours in the home to educate homeowners how to take care of their homes and being a good neighbor .
7. First Homes provides a low interest loan program for homeowners in need of costly home repairs (roof, furnace) through MN Housing Community Fix-up Funds.

Requirements —Community Land Trust (CLT)

1. Buyers need to meet income guidelines based on 80% of the SMI or Rochester AMI based on funding sources.
2. Homeowners sign a contractual lease agreement with First Homes and pay a monthly lease fee. Lease agreement is recorded at the county of home sale.
3. Lease payment: 1-3 years \$10/month; 4-5 years \$30/month; 6+ years \$50/month. Lease schedule starts new on each sale.
4. Community Land Trust Mortgages must be Conventional or Cash. FHA; VA & RD—Do not accept CLT mortgages.
5. Buyers accessing MN Housing are required to take Home Stretch Classes (9 hours) to learn the basics of homeownership.
6. If and when the homeowner sells they pay for a fee simple appraisal (home & lot) to evaluate the property value. 50% of increased value stays with the home for the next buyer. Decreased value may be shared in partnership with the CLT and homeowner based decreased % and subsidy amount.
7. Specific banks / lenders / closing agencies can process the MN Housing CASA CLT mortgages and closing documents. Additional lenders and closers are welcome to become trained.

Deferred loans are due and payable: a) when the owner-occupied home is sold, transferred or conveyed by the homebuyer; b) when the eligible homebuyer ceases to live in the home or c) on the maturity date of note/mortgage.