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OFFICIAL MEDIA STATEMENT

City of Crystal announces downpayment assistance program for
properties financed with FHA's "203K" purchase-rehab program

Crystal now offers downpayment and closing costs assistance for the purchase and rehabilitation of vacant houses by buyers using a Federal Housing Administration loan program called "203K". Interested parties should contact their lender about the 203K loan program and the HousingResource Center - Northwest at (612) 588-3033 about the city assistance.

For buyers using a 203K loan, the city will provide downpayment and closing costs assistance for 3% of the total purchase and rehabilitation costs (maximum assistance \$5,000). The city assistance would be in the form of a deferred, no-interest second mortgage that would be forgiven after five years. If during that time the recipient ceases to own and occupy the property, then the city assistance would be repaid in full.

To be eligible, the property must be currently vacant and need at least \$15,000 in repairs. The buyer cannot own any other residential property and their household income may not exceed \$83,900 (if a one or two person household) or \$96,489 (if a household of three or more people).

Funding for the program will come from available tax increment generated by two housing redevelopment districts created in the 1990s. The state has approved the city's use of these funds to help preserve the city's existing housing stock.

"Crystal has not been hit as hard by foreclosures as some other cities, but we do have a number of vacant properties that are in need of significant repairs", said City Manager Anne Norris. "The FHA's 203K program can be a good fit for people wanting buy a vacant house, fix it up, and make it their home. This will in turn help protect our neighborhoods and quality of life."

FHA 203K loans are administered by private lenders, so interested buyers would need to find a lender offering that program. The city's downpayment assistance will be administered by the HousingResource Center - Northwest, (612) 588-3033, <http://www.housingresourcecenter.org/>. Their office is located at 2148 44th Avenue North in Minneapolis. The HousingResource Center provides a wide range of information and technical assistance related to home improvement construction and financing. The HousingResource Center is operated by the non-profit Greater Metropolitan Housing Corporation in cooperation with the business community, financial institutions, and state and local government agencies. Its services are free of charge to homeowners in Crystal and several adjacent communities.

The City of Crystal is a fully-developed, first tier suburban community just west of Minneapolis in Hennepin County. The City became a Home Rule Charter City in 1960 and currently has a population of nearly 23,000 residents. Crystal is characterized by an extensive park system, healthy residential neighborhoods and commercial areas that provide for the needs of a diverse population. Residents enjoy convenient shopping at Target and the Crystal Shopping Center as well as the amenities at the Crystal Cove Aquatic Center and Bassett Creek Park.