Dear Friends:

If 2020 was a year of unprecedented social challenge, 2021 was the year we collectively embarked on the long road back to a new normal. We know that things will never be exactly as they were before. Virtual video meetings, once a complicated technical undertaking, are now commonplace. Conference calls via telephone seem to have gone the way of the dinosaur. Even the commute to the office seems unlikely to ever be back up to five days a week for most of us.

While much has changed, some things have not. With specific relevance for our work, the racial homeownership gap in Minnesota remains one of the highest in the country. And with mortgage rates rising, home prices high and inventory low, the likelihood of seeing any significant movement here without intervention is minimal.

The gap in homeownership in the U.S. was deliberately created via tools such as racial deed covenants, redlining in mortgage lending and the building of urban freeways through existing minority neighborhoods. Today, while these tools have largely been set aside, their destructive impacts remain. Most impactful is the wealth gap – homeownership builds generational wealth, and today we see the median Black household’s wealth sitting at just 12.7 percent of the median white household’s wealth ($24,100 vs. $189,100 in 2019 according to the Center for American Progress).

Equitable access to homeownership is critical to our collective social future. And the Minnesota Homeownership Center remains committed to helping bring it about. Toward this end, the Center, Minnesota Realtors® and Twin Cities Habitat for Humanity worked with Minnesota state lawmakers this year to introduce a bill to create a first-generation homebuyer down payment assistance fund. The structure of this proposed fund was crafted with input from a cross section of industry partners.

Targeted and easily accessible assistance for first-generation homebuyers is particularly effective for individuals who do not have access to generational wealth, and ‘but for’ the assistance would not achieve homeownership. Our proposed approach and investment of $170 million would support 5,000 first-generation homebuyers over the next three years, the majority of which would likely be Black, Indigenous and people of color (BIPOC) due to financial demographics. It’s important to note that, if successful, these 5,000 BIPOC households would move Minnesota from the fifth largest gap in the nation to the 11th – so this would be a start, but certainly not a cure-all. Unfortunately, the bill did not make it into law during the 2022 session. It was largely favorably received, however, and we plan to introduce it again in 2023.

Our collective 2021 impact is documented in the following report. Please feel free to reach out to me if you have any questions about our work, and thank you very much for your support and interest.

Julie Gugin, President
Minnesota Homeownership Center
Homebuyer Services

22,008 Households Served

2,295 Classroom
1,379 Homebuyer Advising
1,162 Financial Wellness Advising
17,172 Online

Households Across Minnesota
Participated in Classroom and One-on-One Homebuyer & Financial Wellness Advising

Program Participants from 2012 - 2021
- Classroom
- One-on-one
- Online

Online Education Growth Framework®

Greater Minnesota 1,241 households
Twin Cities Metro 3,065 households

Northwest Region 34 households
Northeast Region 601 households
West Central Region 86 households
Central Region 117 households
Southwest Region 54 households
Southeast Region 349 households

*530 households out of state

1 Number includes Framework Use in Minnesota only.
Profile of Homebuyer Services Participants

91% 1st time homebuyers
42% 1st generation homebuyers

Working with Low Income Families to Achieve Homeownership
Area Median Income

Reaching More Millennials
Participant Age

49% participants are millennials [ages 25-40]

Homebuyers Need Help Improving Credit
Participant Credit

Reaching Diverse Communities to Advance Homeownership
Participant Households of Color

$43,200
Median Participant Household Income

Classroom Education (n=2,145)
Homebuyer Advising (n=1,285)
Financial Wellness Advising (n=1,063)

100%+ 10%
80-100% 7%
50-80% 26%
< 50% 56%

100%+ 13%
82% at or below 80% AMI
50-80% 38%
< 50% 37%

100%+ 9%
75% at or below 80% AMI
50-80% 25%
< 50% 58%

40% 37%
50% 20%
60% 10%
70% 5%
80% 2%
Not Reported 9%

Homebuyer Advising (n=950)
Financial Wellness Advising (n=642)

700+ 50%
640-699 31%
580-639 14%
500-579 4%
< 500 1%

698 Median Credit Score
632 Median Credit Score

54% have Credit Scores Below 640
19%

Black/African American (39%)
Hispanic (9%)
Multiple Race (9%)
Asian (4%)
Am Ind./AK Native (3%)
White (34%)
Unreported (2%)

56%
49%
12%
9%
10%
8%
Minnesota Homeownership Center 2021 Community Impact Report

Classroom Education Stats & Comments

$204,500
Median Purchase Price

<3.5%
Average Interest Rate

“A wonderful launching point for someone who knew very little about the process and felt lost.”

“Wish I had taken this class years ago!”

Phenomenal program!

So grateful our Realtor® recommended this class to us!

The knowledgeable presenters fostered a positive atmosphere and conveyed the information in a way that was easy to grasp.

57%
Voluntarily participated

42%
Required by lender to participate

89%
of respondents reported the course helped to build confidence in home buying

93%
of respondents would recommend the homebuyer education course to others

— Homebuyer Education Participants
Foreclosure Advising

734 Households Initiated Services in 2021

- Twin Cities Metro: 497
- Greater Minnesota: 209

41% of homeowners primary reason for default is loss or reduction in income

39,014 households avoided foreclosure since 2008

Foreclosure Trends

- PreForeclosure Notices: 4,858*
- Sheriff Sales: 712*

Demographics

- Median Household Income: $34,100
- Low/Very Low Income (80% or below Area Median Income): 70%
- Average Age: 47

*2020 and 2021 data reflects the impact of COVID-19 mortgage forbearance

*28 households out of state
Loans and Affordability

**Loan Type**
- 96% Prime (= < 8%) interest rate loans
- 4% Subprime (= > 8%) interest rate loans

**Income Spent on Housing**
- 67% households spend > 30% of their income on their monthly mortgage payment

**Median Credit Score**
- 700+ 19%
- 640-699 15%
- 580-639 28%
- 500-579 31%
- < 500 8%
- 67% Have Credit Scores Below 640
- Median Credit Score 607
- n = 245

**Loan Status at Intake**
- Current 17%
- 30-60 Days Late 6%
- 61-90 Days Late 6%
- 91-120 Days Late 9%
- 120+ Days Late 62%

**Default Reason**
- Loss of Income 41%
- Reduction in Income 25%
- Medical Issues 16%
- Money Management Issues 3%
- Death of a Family Member 3%
- Increase in Expense 2%
- Increase in Loan Payment 1%
- Business Venture Failed 1%
- Divorce/Seperation 1%
- Other 8%
Demographics and Outcomes

### Race

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>56%</td>
<td>White</td>
</tr>
<tr>
<td>22%</td>
<td>Black/African American</td>
</tr>
<tr>
<td>5%</td>
<td>Hispanic</td>
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<tr>
<td>5%</td>
<td>Multiple Race</td>
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<tr>
<td>3%</td>
<td>Asian</td>
</tr>
<tr>
<td>2%</td>
<td>American Indian/Alaska Native</td>
</tr>
<tr>
<td>1%</td>
<td>Native Hawaiian/Pacific Islander</td>
</tr>
<tr>
<td>8%</td>
<td>Not Reported</td>
</tr>
</tbody>
</table>

### Household Type

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>35%</td>
<td>Single adult</td>
</tr>
<tr>
<td>19%</td>
<td>Married w/ children</td>
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<tr>
<td>17%</td>
<td>Female-headed single-parent household</td>
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<tr>
<td>11%</td>
<td>Married without children</td>
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<tr>
<td>5%</td>
<td>Male-headed single-parent household</td>
</tr>
<tr>
<td>4%</td>
<td>Two or More Unrelated Adults</td>
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<tr>
<td>4%</td>
<td>Other</td>
</tr>
<tr>
<td>6%</td>
<td>Not reported</td>
</tr>
</tbody>
</table>

### Percent Area Median Income

- 100%+: 8%
- 81-100%: 9%
- 51-80%: 23%
- Low Income: 61%
- 1-50%: 61%
- Very Low Income: 89%

### Outcomes

- **94% Avoided Foreclosure**
  - Remained in Home = 430 households
    - Brought Mortgage Current: 49%
    - Mortgage Modified: 29%
    - Forbearance Agreement: 12%
    - Partial Claim: 4%
    - Bankruptcy: 3%
    - Mortgage Refinanced: 3%
- **Unable to Remain in Home = 36 households**
  - Sold Property: 94%
  - Pre-foreclosure Sale: 6%
Supporting Organizations

- Archie D. & Bertha H. Walker Foundation
- Associated Bank
- Bank of the West
- Bell Mortgage
- Bremer Bank
- Edina Realty
- Greater Minnesota Housing Fund
- Hennepin County
- Housing Partnership Network
- HRK Foundation
- Huntington Foundation
- McKnight Foundation
- Minneapolis Community Planning and Economic Development
- Minnesota Housing Finance Agency
- Old National Bank Foundation
- Redpath and Company
- St. Paul Housing and Redevelopment Authority
- Target Foundation
- U.S. Bank
- U.S. Department of Housing & Urban Development
- Wells Fargo Foundation
- Fatima Moore, City of Minneapolis
- Patty Pannkuk, Wells Fargo
- Keenan Raverty, Bell Bank Mortgage
- Kayla Schuchman, City of St. Paul
- Virginia Solis Zuiker, University of Minnesota - Twin Cities
- Matt Spellman, Minnesota Association of REALTORS®
- Julie Steinhager, Huntington
- Jen Thompson, U.S. Bank
- Stephen Wreh-Wilson, Twin Cities Habitat for Humanity

Board

**Chair:** Robyn Bipes-Timm, Twin Cities Habitat for Humanity
**Vice Chair:** Rose Teng, U.S. Bank
**Treasurer:** David Lindstrom, Midwest One
**Secretary:** Brian Crosby, Associated Bank

- Jim Erchul, Dayton’s Bluff Neighborhood Housing Services
- Mike Happe, SFM Mutual Insurance
- Nancy Healy, Bremer Bank
- Roxanne Kimball, City of Minneapolis
- Rebecca Martin, Greater Minnesota Housing Fund
- Darcy McDonald, Wings Financial Mortgage
- Fatima Moore, City of Minneapolis
- Patty Pannkuk, Wells Fargo
- Keenan Raverty, Bell Bank Mortgage
- Kayla Schuchman, City of St. Paul
- Virginia Solis Zuiker, University of Minnesota - Twin Cities
- Matt Spellman, Minnesota Association of REALTORS®
- Julie Steinhager, Huntington
- Jen Thompson, U.S. Bank
- Stephen Wreh-Wilson, Twin Cities Habitat for Humanity

Leadership

Bill Gray, Stakeholder Relations Director
Julie Gugin, President
Karen Pederson, Associate Director
Kim Smith-Moore, Homeownership Programs Senior Director
Steph Stull, Member Support Director
Brooke Walker, Strategic Initiatives Director
Network

African Development Center
African Economic Development Solutions
Anoka County Community Action Program
Arrowhead Economic Opportunity Agency
CAPI USA
Catholic Charities of St. Cloud
Community Action Duluth
Community Action Partnership of Hennepin County
Comunidades Latinas Unidas En Servicio (CLUES)
Dakota County Community Development Agency
Headwaters Regional Development Commission
KOOTASCA Community Action, Inc.
Lakes and Prairies Community Action Partnership
Lao Assistance Center of Minnesota
LSS Financial Counseling
MNI SOTA Fund (formerly Bii Gii Winn)
Model Cities Community Development Corporation
Neighborhood Development Alliance
NeighborWorks Home Partners
Northside Residents Redevelopment Council
One Roof Community Housing
PRG, Inc.
Project for Pride in Living, Inc. (PPL)
Scott County Community Development Agency
Southeastern Minnesota Multi-County HRA
Southwest Minnesota Housing Partnership
Strickland Associates
Three Rivers Community Action
Twin Cities Habitat for Humanity
Urban League Twin Cities
Washington County CDA
West Central Minnesota Communities Action
White Earth Investment Initiative - MMCDC
Wright County Community Action, Inc

2021 Financials

Net Assets

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
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<tbody>
<tr>
<td>2021</td>
<td>$15,512,148</td>
</tr>
<tr>
<td>2020</td>
<td>$16,584,916</td>
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</table>

Income Total: $4,587,917

Expense Total: $4,101,254

- 51.1% Grants / Contracts
- 33.2% Contributions
- 15.7% Other
- 87.3% Program Services
- 11.8% Management / General
- 1.0% Fundraising

Helping Minnesotans achieve sustainable homeownership for more than 25 years.

www.hocmn.org