

Disaster Recovery Loan Program - Frequently Asked Questions

What is the Disaster Recovery Loan Program?

The Minnesota Housing Disaster Recovery Loan Program (DRLP) offers loans to eligible homeowners or owners of rental properties whose home sustained damage because of a natural disaster. A Disaster Recovery Loan is a last resort when private insurance and federal assistance are not adequate to return a damaged home to its pre-disaster condition.

Use of Disaster Recovery Loans is limited to rehabilitation or replacement of owner-occupied property or rental properties located within the counties named in the Presidential Disaster Declaration.

Where is funding available?

Limited funding is currently available for homes affected by the severe storms and flooding in June through July 2024, located in the following counties:

County Name	County Name	County Name	County Name
Blue Earth	Itasca	Murray	Steele
Cook	Jackson	Nicollet	Waseca
Cottonwood	Lake	Nobles	Watonwan
Faribault	Le Sueur	Rice	
Freeborn	Martin	Rock	
Goodhue	Mower	St. Louis	

How much assistance will the program provide?

Up to \$30,000 per property. Actual loan amount will be determined by an assessment survey.

Who is eligible to receive a Disaster Recovery Loan?

- Homeowners living in their home as their primary residence; and
- Owners of a rental property (1-4 units).

What property types are eligible?

The property must be a residential dwelling. A residential dwelling is limited to:

- Single family detached home
- Duplex, triplex, four-plex
- Twin home
- Townhome
- Condominium
- Planned Unit Development (PUD)
- Manufactured Home on a permanent foundation

What is the eligible use of a loan?

The loan must be used to return or replace a home to its pre-disaster or comparable condition.

What are the loan terms?

- Zero interest
- Deferred payment means no monthly payments during the term of the loan
- Eligible to be forgiven at the term of the loan
- Secured with a mortgage or lien on the property's title; and
- A ten-year term
- For rental properties, the borrower must agree to charge rents which are equal to or below the amount determined as affordable to the local work force during the term of the loan

What is required for the loan to be forgiven?

At the end of the loan term, the loans are eligible for forgiveness. Forgiveness will only occur if certain conditions are met.

- For homeowners: borrowers continue to live in the home as their primary residence. Borrowers that re-finance, sell, or transfer ownership during the term of the loan will not be eligible for loan forgiveness and instead be required to re-pay the full loan amount in a balloon payment at time of re-finance, sale or transfer.
- For rental properties: If the rental property owner sells the rental property during the term of the loan, the full loan amount will be due in full unless the property is sold with an agreement the new owner will comply with rent affordability for the remaining period.

What happens if the loan is not forgiven?

Loans that do not meet the requirements for forgiveness must have the loan principal repaid in full (a balloon payment).

What is the process for obtaining a loan?

Homeowner must:

1. Contact insurance company and submit a claim
2. Apply for federal assistance:
 - Visit a [Disaster Recovery Center](#). Staff provide 1:1 support to complete federal applications.
 - OR
 - Submit an application for federal programs by phone or online through:
 - [Federal Emergency Management Agency \(FEMA\)](#) or call the FEMA Helpline 1.800.621.3362
 - [Small Business Administration \(SBA\)](#) or 1.800.659.2955
3. Contact a participating Disaster Recovery Loan Program lender (see below)

Is there a deadline to apply for funding?

Yes. The deadline is February 28, 2025.

Where should homeowners apply?

To find out more and apply for the program, homeowners should contact the participating Disaster Recovery Loan Program lender in their community listed below:

Cook, Itasca, Lake and St. Louis Counties:

[Arrowhead Economic Opportunity Agency](#)

2900 E Beltline, Suite 9, Hibbing, MN 55746

Contact: Beth Davies at beth.davies@aeoa.org or 218.735.6819

Cottonwood, Blue Earth, Faribault, Jackson, Le Sueur, Martin, Nicollet, Waseca and Watonwan Counties:

[Minnesota Valley Action Council, Inc.](#)

706 N Victory Drive, Mankato, MN 56001

Contact: Judd Schultz at jschultz@mnavac.org or 507.345.2401

Freeborn, Goodhue, Mower, Rice and Steele Counties:

[SEMCAAC](#)

204 S Elm Street, PO Box 549, Rushford, MN 55971

Contact: Cindy Vitse at Cindy.Vitse@semcac.org or 507 864-7741

Murray, Nobles and Rock Counties:

[Southwestern Minnesota Opportunity Council, Inc.](#)

1106 Third Avenue, Worthington, MN 56187

Contact: Karie Bursell at kbursell@smoc.us or 507.376.4195

Questions?

DRLP.MHFA@state.mn.us

651.296.8215 | 800.710.8871

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.