



Agenda
Minnetonka Economic Development Authority
Monday, May 1, 2023
Following the 6:30 p.m. regular meeting
Council Chambers

1. Call to Order
2. Roll Call: Schack-Wilburn-Calvert-Schaeppi-Coakley-Kirk-Wiersum
3. Approval of Agenda
4. Approval of Minutes:
 - A. Jan. 9, 2023 EDA meeting minutes
5. Business Items:
 - A. Minnetonka down-payment/closing cost and Pathways to Homeownership assistance programs

Recommendation: Adopt the resolution (4 votes)
6. Adjourn

Minutes
Minnetonka Economic Development Authority
Monday, January 9, 2023

1. Call to Order

Wiersum called the meeting to order at 10:54 p.m.

2. Roll Call

Commissioners Kissy Coakley, Rebecca Schack, Kimberly Wilburn, Deb Calvert, Bradley Schaeppi and President Brad Wiersum were present.

Brian Kirk was excused.

3. Approval of Agenda

Calvert moved, Wilburn seconded a motion to approve the agenda, as presented.

All voted "yes". Motion carried.

4. Approval of Minutes:

A. Dec. 5, 2022 EDA meeting minutes

B. Dec. 19, 2022 EDA meeting minutes

Calvert moved, Schack seconded a motion to approve the minutes, as presented.

All voted "yes". Motion carried.

5. Business Items:

A. Elect Officers for 2023 EDA

Community Development Director Julie Wischnack discussed the officers for 2023De.

Calvert moved, Wilburn seconded a motion to approve the agenda, as presented.

All voted "yes". Motion carried.

6. Adjournment

Wilburn moved, Calvert seconded a motion to adjourn the meeting at 10:58 p.m.

All voted "yes". Motion carried.

Respectfully submitted,

Becky Koosman
City Clerk



**Economic Development Authority
Agenda Item #5A
Meeting of May 1, 2023**

Title: Minnetonka down-payment/closing cost and Pathways to Homeownership assistance programs

Report From: Alisha Gray, EDFP, Economic Development and Housing Manager

Submitted through: Mike Funk, Executive Director
Julie Wischnack, AICP, Community Development Director
Darin Nelson, Assistant Treasurer

Action Requested: Motion Informational Public Hearing
Form of Action: Resolution Ordinance Contract/Agreement Other N/A
Votes needed: 4 votes 5 votes N/A Other

Summary Statement

This item addresses two programming items requiring action by the Economic Development Authority (EDA). The report summarizes the staff recommendation for developing a new Pathways to Homeownership program and modifying the existing down payment assistance program.

Recommended Action

Adopt the resolution approving the programs.

Strategic Profile Relatability

Financial Strength & Operational Excellence Safe & Healthy Community
 Sustainability & Natural Resources Livable & Well-Planned Development
 Infrastructure & Asset Management Community Inclusiveness
 N/A

Statement: This action supports homeownership opportunities in Minnetonka.

Financial Consideration

Is there a financial consideration? No Yes \$300,000 (AHTF)
Financing sources: Budgeted Budget Modification New Revenue Source
 Use of Reserves Other [Enter]

Statement: The proposed source of funding for the Pathways to Homeownership Program is the Affordable Housing Trust Fund. The existing Welcome to Minnetonka program will utilize the existing fund balance of \$636,436 in the HRA Levy Fund for the expanded program.

Background

The EDAC and the City Council expressed interest in developing a new program that would provide an opportunity for first-generational households or households who have not owned a home within the past seven years to purchase a home in Minnetonka. Over the past year, staff met with the EDAC and the City Council to discuss opportunities for a new program.

The EDAC and City Council provided feedback on several iterations of the existing program and newly proposed Pathways to Homeownership Programs.

During the Oct. 3, 2022 council meeting, council members presented concerns about whether the Pathways to Homeownership Program was a catalyst for wealth building due to the loan payment being delayed instead of forgiven over the 30-year term. Similarly, there were several concerns over the loan term length, noting that many people refinance their homes before 30 years. Some felt that without forgiveness built in, refinancing would significantly impact the built equity up to that point. Multiple council members supported that some forgiveness mechanism needed to be in place for the loans to address the desired wealth-building outcome.

To address these concerns, staff made changes to the program to provide an annual percentage of 5% forgiveness over a shorter loan period, from 30 years to 20 years. The hope with these changes is that they would assist in maximizing wealth building for those participating in the Pathways to Homeownership program, which appeared to be the most considerable concern for the council. The chart below incorporates the new feedback received since the city council meeting on [Oct. 3, 2022](#), and a city council study session on [Feb. 6, 2023](#). The changes are in **blue**.

Down Payment Assistance Programs

Minnetonka down-payment Assistance Program (existing program - modified)	Pathways to Homeownership (new program)
Name: Welcome To Minnetonka	Name: Pathways to Homeownership
Source: HRA Levy (\$940,000 committed to a down payment and rehab loans \$555,000 balance remaining for programs.)	Proposed Source: Indirect ARPA (\$300,000 initial contribution).
Proposed Terms: Maximum Amount: Up to \$50,000 (previously \$15,000 maximum) Terms: <ul style="list-style-type: none"> • 1% interest, 30-year deferred loan (no payments) – due if refinanced or sold prior to 30 years. Forgiven if in the home for 30 years. 	Proposed Terms: Maximum Amount: Up to \$75,000 Terms: <ul style="list-style-type: none"> • 0% interest- repaid if sold or not owner-occupied before 20 years (forgiven at 5% per year) – Maximum 20-year term. The October version did not contain a forgiveness provision.

<ul style="list-style-type: none"> • The borrower must contribute \$3,000 of the total down payment or closing costs. • Assets cannot exceed \$25,000 (does not include non-cash assets or retirement) - asset maximum to the first \$200,000 of retirement savings. 	<ul style="list-style-type: none"> • The borrower must contribute \$1,000 in down- payment or closing costs • Assets cannot exceed \$25,000 (does not include non-cash assets or retirement) – asset maximum to first \$200,000 of retirement savings.
<p>Homebuyer Eligibility:</p> <ul style="list-style-type: none"> • Homebuyers earning up to 120% AMI (\$141,840 for a family of 4) - Assistance is prorated based on need, not maximum eligible • A credit score of 620 or higher • Must occupy the home as the primary residence • Must be a legal resident 	<p>Homebuyer Eligibility: Borrower may not have owned a home within the past seven years.</p> <ul style="list-style-type: none"> • Homebuyers earning up to 120% AMI (\$141,840 for a family of 4) - Assistance is prorated based on need, not maximum eligible • Must be a legal resident • A credit score of 620 or higher • Must occupy the home as the primary residence
<p>Max. Home Price: 12-month median sales price for Minnetonka (2023 is \$460,000) - (previously established by MN Housing First Time Homebuyer Program Limit \$372,600 in 2022)</p>	<p>Max. Home Price: 12-month median sales price for Minnetonka (2023 is \$460,000).</p>
<p>Home Energy Squad: City will pay for Home Energy Squad visit within a year (newly added to assist with energy efficiency and cost savings)</p>	<p>Home Energy Squad: City will pay for the Home Energy Squad visit within a year.</p>
<p>Underwriting Costs:</p> <ul style="list-style-type: none"> • \$1,100 per loan closed • \$5,000 annual fee (for all programs managed by CEE) 	<p>Underwriting Costs:</p> <ul style="list-style-type: none"> • \$1,100 per loan closed • \$5,000 (for all programs managed by CEE) • \$1,500 one-time setup fee for programs managed by CEE (software setup, etc.)

Proposed Down Payment Assistance

The newly proposed Pathways to Homeownership Program expands assistance to first-generation households earning up to 120% AMI based on 2022 income limits for a family of four. The amount of assistance is tiered to provide the most assistance to the lowest income borrower and is adjusted based on the purchase price. The chart below illustrates the highest amount of assistance by purchase price and income level. The amount of assistance adjusts based on the actual purchase price of the property. Both the maximum purchase price and the income limits will be adjusted annually.

Purchase Price	10% assistance at 120% AMI	Balance (mortgage)	15% assistance at 80% AMI	Balance (mortgage)	20% assistance at 60% AMI	Balance (mortgage)	25% assistance at 50% AMI	Balance (mortgage)
\$ 200,000	\$ 20,000	\$ 180,000	\$ 30,000	\$ 170,000	\$ 40,000	\$ 160,000	\$ 50,000	\$ 150,000
\$ 250,000	\$ 25,000	\$ 225,000	\$ 37,500	\$ 212,500	\$ 50,000	\$ 200,000	\$ 62,500	\$ 187,500
\$ 275,000	\$ 27,500	\$ 247,500	\$ 41,250	\$ 233,750	\$ 55,000	\$ 220,000	\$ 68,750	\$ 206,250
\$ 300,000	\$ 30,000	\$ 270,000	\$ 45,000	\$ 255,000	\$ 60,000	\$ 240,000	\$ 75,000	\$ 225,000
\$ 325,000	\$ 32,500	\$ 292,500	\$ 48,750	\$ 276,250	\$ 65,000	\$ 260,000		
\$ 345,000	\$ 34,500	\$ 310,500	\$ 51,750	\$ 293,250	\$ 69,000	\$ 276,000		
\$ 350,000	\$ 35,000	\$ 315,000	\$ 52,500	\$ 297,500				
\$ 375,000	\$ 37,500	\$ 337,500	\$ 56,250	\$ 318,750				
\$ 400,000	\$ 40,000	\$ 360,000	\$ 60,000	\$ 340,000				
\$ 418,000	\$ 41,800	\$ 376,200	\$ 62,700	\$ 355,300				
\$ 425,000	\$ 42,500	\$ 382,500	\$ 63,750	\$ 361,250				
\$ 435,000	\$ 43,500	\$ 391,500	\$ 65,250	\$ 369,750				
\$ 450,000	\$ 45,000	\$ 405,000						

Metropolitan council affordable home price:

- 120% AMI: purchase price, less city assistance at 10%, affordable up to \$450,000
 - This scenario provides up to \$45,000 in assistance
- 80% AMI: purchase price, less city assistance at 15%, affordable up to \$418,000
 - This scenario provides up to \$62,700 in assistance
- 60% AMI: purchase price, less city assistance at 20%, affordable up to \$345,000
 - This scenario provides up to \$69,000 in assistance
- 50% AMI: purchase price, less city assistance at 25%, affordable up to \$300,000
 - This scenario provides up to \$75,000 in assistance

Maximum home price (mortgage amount after assistance):

- Is based upon the median home sales price in Minnetonka for a 12-month period and reported monthly in the MN Realtor's Association local market update report.
- In 2022, the rolling 12-month median was roughly \$460,000, with an average sales price of \$518,586.

Affordable Home Price by Income Level:

2022 Home Ownership	
Family Income Level	Affordable Home Price
120% AMI (\$141,840)	\$ 450,000
80% AMI (\$89,400)	\$ 355,600
60% AMI (\$70,380)	\$ 276,000
50% AMI (\$58,650)	\$ 227,100
30% AMI (\$35,200)	\$ 129,100

Wealth Building Example Scenario:

Assumptions

- Household of four earning 80% AMI (~\$89,400 per year)
- Purchase price of the home is \$355,600 (\$2,599 per month) at 5% interest on the first mortgage, with 3.5% down
- \$53,340 in down payment assistance
 - Reduces monthly mortgage payment to \$2,160 per month (15% down)
- Property value increases (approximately) by 2% each year.

Scenario 1 – Sell home in 12 years with the program	Scenario 2 – Sell home in 12 years without the program
Value of home at 12 years = \$440,800	Value of home at 12 years = \$440,800
Outstanding mortgage in year 12 (assumes monthly mortgage) = \$230,800	Outstanding mortgage in year 12 = \$262,010
Outstanding down payment = \$53,340 – \$32,004= \$21,336 (5% forgiveness each year)	Outstanding down payment = \$0
Total funds due at sale = \$252,166	Total funds due at sale = \$262,010
Proceeds from sale = \$188,664 + total benefit includes monthly payment savings over 12 years of \$63,216 = Total proceeds after sale \$251,850	Proceeds from sale = \$178,790
City funds not recaptured = \$32,004	City funds not recaptured = \$0

Summary and Funding

The funding source for the new Pathways to Homeownership program is \$300,000 in indirect ARPA funding budgeted for use beginning in 2023. Staff proposes utilizing the remaining balance in the HRA Levy fund (Welcome to Minnetonka and Minnetonka Home Enhancement Programs) - \$636,436 - for the expanded down-payment assistance program. Funding for both programs could be replenished through future HRA levies or the Affordable Housing Trust Fund if there is high demand for the programs into 2023.

Attachments:

- Sixth Amendment to the Loan Origination Agreement
- Exhibit A6 – Program Guidelines
- Exhibit B6 – Amended Total Program Budget

Supplemental information:

[City Council Study Session – Feb. 6, 2023](#)

[City Council Study Session – Sept. 19, 2022](#)

[EDAC Minutes – Jul. 14, 2022 \(Pathways Program\)](#)

[City Council Study Session – Jun. 20, 2022 \(2023-2027 EIP\)](#)

[Information on community wealth building](#)

[EDAC Meeting – July 8, 2021 \(2022-2026 EIP\)](#)

- [Minutes](#)

[City Council Study Session – June 21, 2021 \(2022-2026 EIP\)](#)

[City Council Study Session – Aug. 16, 2021 – Preliminary Budget and 2022-2026 EIP](#)

[Economic Development Authority Sept. 13, 2021 – 2022 Preliminary HRA Levy](#)

[Economic Development Advisory Commission – Nov. 4, 2021 – Wealth Building Discussion](#)

- [Minutes](#)

SIXTH AMENDMENT to the LOAN ORIGINATION AGREEMENT
Between
ECONOMIC DEVELOPMENT AUTHORITY IN AND FOR THE CITY OF MINNETONKA
And
CENTER FOR ENERGY AND ENVIRONMENT

(Minnetonka Home Improvement Loan Program, Pathways to Homeownership Program)

The Agreement made the 1st day of January, 2018 by and between the ECONOMIC DEVELOPMENT AUTHORITY IN AND FOR THE CITY OF MINNETONKA, with offices at 14600 Minnetonka Blvd, Minnetonka, MN 55345, (the "Authority"), and CENTER FOR ENERGY AND ENVIRONMENT, with its offices at 212 3rd Avenue North, Suite 560, Minneapolis, Minnesota 55401 ("CEE") is hereby amended.

Effective May 1, 2023 EXHIBIT A6 shall replace EXHIBIT A5 and EXHIBIT B6 shall replace EXHIBIT B5.

Section 5. Term and Termination

5.1 Unless earlier terminated as provided in the following paragraphs, this Agreement shall become effective on May 1, 2023 and continue through December 31, 2026.

All other sections of the contract and fees shall remain as written in the original agreement.

IN WITNESS WHEREOF, the parties hereunder set their hands as of the date written below:

ECONOMIC AND DEVELOPMENT AUTHORITY
IN AND FOR THE CITY OF MINNETONKA

CENTER FOR ENERGY AND ENVIRONMENT

By _____
Executive Director

By _____

Date _____

Date _____

#

By _____

TAX ID 41-1647799

Date _____

EXHIBIT A6

PROGRAM GUIDELINES

This document includes guidelines for the
HOME IMPROVEMENT and DOWN-PAYMENT LOAN PROGRAMS

MINNETONKA LOAN PROGRAM GUIDELINES

The Economic Development Authority in and for the City of Minnetonka (Authority) is making funds available for homeowners to assist with home maintenance and energy improvements, as well as down payment and closing cost assistance for first-time homebuyers. The Minnetonka Home Improvement Loan Program is designed to supplement existing loan programs available from MHFA, CEE, private lenders and other housing resources. This program is not intended to be the sole source of improvement funds available to the City. Center for Energy and Environment shall serve as the administrator for the Minnetonka Loan Programs and will secure the most beneficial financing based on the borrower's needs independent of the funding source.

Minnetonka Home Improvement Loan

Interest Rate: 3% fixed

Amortization Type: Amortizing. (Monthly Payments Required)

Loan Amount: Minimum of \$2,500 and Maximum of \$15,000.

Total Project Cost: The borrower must have sufficient funds necessary to cover the cost of the entire project (as outlined in the bid(s). Additional funds may come from personal savings, gifts, or other loan funds.

Loan term: Generally, one year per \$1,000 borrowed. This will be somewhat flexible depending on the size of the loan and the borrower's ability to repay the loan. The minimum term is 1 year; the maximum term will be 10 years.

Eligible Properties: Single family owner-occupied properties located within the geographical boundaries of the City of Minnetonka. Townhomes and Condominiums are eligible, subject to Association Bylaws. Property must have an Estimated Property Tax Value at or below the current annually adjusted Minnesota Housing Limit: \$352,300 (2021). <http://www.mnhousing.gov/sites/homebuyers/startup>. The property must be homesteaded or in the process of being homesteaded. Properties may be held in a Contract for Deed. Also includes properties in the West Hennepin Affordable Housing Land Trust.

Ineligible Properties: Dwellings with more than one unit, cooperatives, manufactured homes, time shares and properties used for commercial purposes. Properties that are held within a trust.

Eligible Borrowers: All borrowers must be legal residents of the United States, as evidenced by a social security number, including: U.S. Citizens, Permanent Resident Aliens, Non-Permanent Resident Aliens. TAX IDENTIFICATION NUMBERS (ITIN) ARE NOT ACCEPTABLE.

Ineligible Borrowers: Including but not limited to: - Foreign Nationals, Non-Occupant Co-Borrowers, and businesses.

Ownership/Occupancy: Owner- occupied only.

Loan - to - Value Ratio: The ratio of all loans secured by the property, including the new loan, should not exceed 110% of the property value. Half of the improvement value may be added to the initial property value.

Income Limit: The total gross annual household income cannot exceed 120% of the area median income based on household size. The income limits shall be determined by the U.S. Department of Housing and Urban Development (HUD) and is adjusted annually. Income shall be the projected gross income for the upcoming 12 months or the average of the prior two years tax returns if self-employed.

Asset Limit: Borrower may not own a second property. The maximum assets of the borrower, excluding the residential property to be improved and retirement accounts such as a 401k or IRA shall not exceed \$25,000. Assets will generally be defined as: cash on hand, checking and savings. Borrower will be required to fill out a Declaration of Assets form and provide recent bank statements.

Debt - to - Income Ratio: Applicant must have the ability to repay the loan. An applicant who has a debt-to-income ratio in excess of 50% will be ineligible to receive financing.

Credit Requirements: 1) All mortgage payments must be current and reflect no 30 day late payments history in the past 12 month period (without reasonable explanation) 2) All real estate taxes must be current. 3) No outstanding judgements or collections (excluding medical). 4) Bankruptcy must have been discharged for at least 18 months prior to loan closing. 5) The redemption period on prior foreclosures must have occurred at least 18 months prior to the loan application date. 6) Generally, no more than two 60-day late payments on credit report. Any 60 day late requires a documented explanation and reasonable explanation; medical, unemployment, divorce. 7) No defaulted government loans.

Multiple Loans per Property: More than one loan per property is allowed, however, the outstanding balance(s) cannot exceed \$15,000.

Eligible Use of Funds: Loans may be used to finance most interior/exterior, major mechanical and high efficiency energy improvements. Garages, decks, porches, retaining walls and fences can be repaired or replaced. Contractors must be properly licensed and permits must be obtained when required.

- Roofing
- Siding
- Exterior Painting (Contractors are responsible for following the EPA Lead-Based Paint, Renovation, Repair and Painting requirements effective April 22, 2010 and are required to provide a copy of certification with the contract)
- Driveways/Sidewalks/Steps
- Solar
- Windows & Doors (Energy Star)
- Insulation

- Heating Systems (Natural Gas or propane furnace AFUE ≥ 95 / Oil furnace, gas, propane or hot water boiler AFUE ≥ 85)
- Central or Mini-Split Air Conditioning (SEER ≥ 15)
- Water Heater (Energy Star)
- Rain barrels
- Interior remodeling
- Questionable improvements to be presented to the city for approval

Ineligible Use of Funds: Payment for work initiated prior to the loan being approved and closed, unless due to emergency. Recreation or luxury projects (pools, lawn sprinkler systems, playground equipment, saunas, whirlpools, etc.), furniture, non-permanent appliances (unless part of a kitchen remodel), and funds for working capital, debt service, homeowner labor or refinancing existing debts are NOT allowed.

Bids: One bid is required from a qualified, licensed contractor. However the city reserves the right to request additional bids at its discretion. Only 1 bid/material list is required for sweat equity projects.

Sweat Equity / Homeowner Labor: Work may be performed by property owners on a “sweat equity” basis. Loan funds may be used only for the purchase of materials. Loan funds cannot be used to rent tools/ equipment or compensate for labor. The property owner will complete a Homeowner Labor Agreement and a city inspector will determine the ability to complete the project.

Post Installation Inspection: Permits must be obtained and signed off by a City inspector where required; when not required, a post installation inspection will be performed by a city inspector to ensure the work has been completed before any funds will be released.

Loan Security: All loans will be secured with a mortgage in favor of the Economic Development Authority in and for the City of Minnetonka. Borrower will pay all applicable title and filing fees, which may be financed in the loan amount.

Borrower Fees: Borrower will be responsible for a 1% origination fee (which may be financed), mortgage filing and service fees, document preparation, flood certificate and credit report.

Underwriting Decision: Applicants must have acceptable credit history. CEE will approve or deny loans based on a credit report, income verification and other criteria as deemed necessary through CEE’s underwriting guidelines. CEE’s decision shall be final. Appeals can be made to the Authority.

Work Completion: All work must be completed within 120 days of the loan closing. However, when warranted, CEE may authorize exceptions on a case-by-case basis.

Minnetonka Down-Payment and Closing Cost Assistance Deferred Loan

Interest Rate: 1% fixed

Amortization Type: Deferred

Loan Amount: Maximum homebuyer deferred loan amount of \$50,000. The homebuyer(s) must contribute at least 25% of the total down-payment and/or closing costs of the borrower own funds. Borrower funds do not include seller credits.

Total Project Cost: It is the borrower's responsibility to obtain the amount of funds necessary to purchase the property in accordance with the first mortgage guidelines.

Loan term: Deferred for a period of 30 years or when the borrower sells, transfers title or if the home is no longer the primary residence of the original borrower the entire balance is due and payable. The loan may also become due and payable upon refinance. The loan principal and interest is 100% forgiven if the property has not been sold, transferred and has remained the primary residence of the borrower.

Eligible Properties: Single-family owner-occupied properties located within the geographical boundaries of the City of Minnetonka. Townhomes and Condominiums are eligible. The maximum homebuyer deferred loan amount will be based on the household's income and the purchase price of the home up to the 12-month rolling median home sale price in Minnetonka, as published in the Minneapolis Area Realtors Annual Housing Market Report each month, \$460,000 (April 2023). The property must be homesteaded or in the process of being homesteaded. Properties within the West Hennepin Affordable Land Trust.

Ineligible Properties: Dwellings with more than one unit, cooperatives, manufactured homes, time shares. Properties held within a trust.

Eligible Borrowers: The homebuyer(s) **MUST** attend a Home Stretch workshop or any other HUD approved program and provide evidence prior to closing. All borrowers must be legal residents of the United States, as evidenced by a social security number, Including U.S. Citizens, Permanent Resident Aliens, and Non-Permanent Resident Aliens. TAX IDENTIFICATION NUMBERS (ITIN) ARE NOT ACCEPTABLE.

Ineligible Borrowers: Including but not limited to: - Foreign Nationals, and Non-Occupant Co-Borrowers.

Ownership/Occupancy: Must occupy the home as the primary residence.

Loan to Value Ratio N/A

Income Limit: The total gross annual household income cannot exceed 120% of the area median income based on household size. The income limits shall be determined by the U.S. Department of Housing and Urban Development (HUD), and is adjusted annually. Income shall be the projected gross income for the upcoming 12 months or the average of the prior two years tax returns if self-employed.

Documentation Requirements:

- Copy of purchase agreement
- Commitment letter/approval for first mortgage
- Copy of Title Commitment
- Copy of Initial Loan Estimate for first mortgage
- Value of home (property tax or appraisal)
- Certification of Home Stretch Homebuyers course completed

Asset Limit: Borrower may not own a second property. The maximum assets of the borrower, excluding the residential property to be improved shall not exceed \$25,000 and retirement accounts such as a 401k or IRA shall not exceed \$200,000. Assets will generally be defined as: cash on hand, checking and savings. Borrower will be required to fill out a Declaration of Assets form and provide recent bank statements.

Credit Requirements: Borrower needs to show mortgage approval for the purchase of the home. The purchase mortgage must be a fixed interest rate.

Loan Security: All loans will be secured with a mortgage in favor of the Minnetonka Economic Development Authority. Borrower will pay all applicable title and filing fees, which may be financed in the loan amount.

Borrower Fees: Borrower will be responsible for mortgage filing and service fees, flood certificate, credit report fees and any other applicable closing fees.

Underwriting Decision: Applicants must have acceptable credit history. CEE will approve or deny loans based on a credit report, income verification and other criteria as deemed necessary through CEE's underwriting guidelines. CEE's decision shall be final. Appeals can be made to the Authority.

Disbursement Process: Loan funds will be made payable and delivered to the title/closing agent. The down-payment and closing cost assistance deferred loan will be signed at closing of the purchase mortgage.

General Program Conditions for the Revolving and the Down-Payment & Closing Cost Assistance Loan Programs

Application Processing: Loans will be distributed on a first come first serve basis as borrowers qualify. **Applicants must provide a completed application package including the following in order to be considered for funding.**

- Completed and signed application form
- Proof of income and assets
- Proof of Identity (driver's license, passport, etc.)

- Bids or estimates for proposed projects (if applicable)
- Other miscellaneous documents that may be required.

Contractors/Permits: Contractors must be properly licensed. Permits must be obtained when required by city ordinance.

Program Costs: Loan set up and loan origination fees will be paid out of the Program Budget. Loan program marketing efforts will be billed directly to the Authority and is a separate expense should the city choose to commission CEE for marketing support. Borrowers will pay all mortgage filing fees and related closing costs.

Total Project Cost: It is the borrower's responsibility to obtain the amount of funds necessary to finance the entire cost of the work. In the event the final cost exceeds the original loan amount, the borrower must obtain the additional funds and show verification of the additional funds in order to be approved for the loan.

Disbursement Process for the Revolving Loan Program: Payment to the contractor (or owner in sweat equity situations) will be made upon completion of work. An inspection will be performed by a City Inspector and/or CEE to verify the completion of the work. The following items must be received prior to final disbursement of funds for the Revolving Loan Program:

- Final invoice or proposal from contractor (or materials list from supplier);
- Final inspection verification by a City Inspector;
- Completion certificate(s) signed by borrower and contractor;
- Lien waiver for entire cost of work;
- Evidence of city permit (if required)

Disbursement Process for the Down-Payment and Closing Cost Assistance Deferred Loan Program: Payment will be made to the title company and sent with the loan closing package to the place of closing.

EXHIBIT B6

TOTAL PROGRAM BUDGET \$500,000

MINNETONKA LOAN PROGRAM BUDGET

A. Loan Program Budget Allocation (includes Loan Set Up Fee and Loan Origination Fee and Annual Administration Fee):

\$100,000 – Commercial Code Compliance Program

\$100,000 – Down-payment and Closing Cost Assistance and Minnetonka Home Improvement

\$300,000 – Pathways to Homeownership Program

Budget Notes:

1. CEE shall submit monthly invoices for origination fees and the principal loan amounts of closed loans for that period.
2. Services performed by CEE will initially be funded from the Total Program Budget as stated above and paid in accordance with the following schedule.

(1) Loan Origination Fee Home Improvement Loan:	\$750.00 per loan closed
(2) Loan Origination Fee Down-Payment and Closing Cost Assistance Deferred Loan and Pathways to Homeownership Program:	\$1,100 per loan closed
(3) Commercial Code Compliance Program	\$950 per loan closed
(3) Annual Administration Fee	\$5,000
(4) One Time Set Up Fee (Commercial Code Compliance)	\$750

3. Loan Servicing
The Authority will contract directly with a servicing company.
4. Marketing
Marketing efforts will be supported by CEE, upon request, and marketing costs are not included in the administrative budget. Hourly rates are inclusive of all overhead expenses and will be charged only for hours directly related to the labor of all program marketing. CEE will also be reimbursed by the Authority for any non-labor, out-of-pocket expenses relating to these services on a dollar-for-dollar basis.

EDA Resolution No. 2023-

Resolution approving amendments to various loan programs and creating additional loan programs for residents of the City of Minnetonka

Be it resolved by the Board of Commissioners (the "Board") of the Economic Development Authority in and for the City of Minnetonka, Minnesota (the "Authority") as follows:

Section 1. Background.

- 1.01. The Authority was created pursuant to Minnesota Statutes, Sections 469.090 through 469.1082, as amended, and was authorized to transact business and exercise its powers by a resolution adopted by the City Council of the City of Minnetonka, Minnesota (the "City").
- 1.02. The Authority and the City have undertaken a program to promote economic development and job opportunities, promote the development and redevelopment of land which is underutilized within the City, and facilitate the development of affordable housing.
- 1.03. The Authority and the Center for Energy and Environment ("CEE") have entered into a Loan Origination Agreement, dated as of January 1, 2018, as subsequently amended (the "Loan Origination Agreement"), with respect to the Authority's various loan programs to help residents of and businesses within the City.
- 1.04. Under the Loan Origination Agreement, the Authority has created the Down-Payment Assistance and Closing Cost Assistance Deferred Loan Program for homebuyers. The Authority has proposed to revise the existing guidelines for this program and provide up to \$50,000 in down-payment assistance and also use up to \$636,436 of the existing fund balance for the program and a contribution of \$100,000 in 2023 based on the special benefit tax levy that the Board approved on December 5, 2022. Revised guidelines for this program have been presented to the Board.

Section 2. Modifications to Existing Programs.

- 2.01. The revised guidelines for the Down-Payment Assistance and Closing Cost Assistance Deferred Loan Program, the Pathways to Homeownership Down-Payment Assistance and Closing Cost Assistance Deferred Loan Program are hereby approved.
- 2.02. The sources of funding for the Down-Payment Assistance and Closing Cost Assistance Deferred Loan Program, the Pathways to Homeownership Down-Payment Assistance and Closing Cost Assistance Deferred Loan Program described herein are hereby approved.
- 2.03. The staff of the Authority are authorized to continue and/or commence, as applicable, providing loans to qualified homebuyers and businesses under the Down-Payment Assistance and Closing Cost Assistance Deferred Loan

Program, the Pathways to Homeownership Down-Payment Assistance and Closing Cost Assistance Deferred Loan Program.

Section 3. Effective Date.

3.01. This resolution shall be effective as of approval.

Adopted by the Board of Commissioners of the Economic Development Authority in and for the City of Minnetonka, Minnesota, on May 1, 2023.

Brad Wiersum, President

Attest:

Becky Koosman, Secretary

Action on this resolution:

Motion for adoption:

Seconded by:

Voted in favor of:

Voted against:

Abstained:

Absent:

Resolution adopted.

I hereby certify that the foregoing is a true and correct copy of a resolution adopted by the Board of Commissioners of the Economic Development Authority in and for the City of Minnetonka, Minnesota, at a meeting held on May 1, 2023.

Becky Koosman, Secretary