

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: \$515,200 (2023). <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, \$515,200 (September 2023) <https://maar.stats.10kresearch.com/docs/lmu/x/Minnetonka?src=map> . 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.

Minnetonka Pathways to Homeownership Program

Interest Rate: 0% fixed

Amortization Type: Deferred

Loan Amount: The maximum loan amount will be based on the household's income and the purchase price of the property. The purchase price cannot exceed the 12 month rolling median home sale price in Minnetonka, as published in the Minneapolis Area Realtors Annual Housing Market Report (\$515,200 September 2023) <https://maar.stats.10kresearch.com/docs/lmu/x/Minnetonka?src=map>.

- Households with incomes at or below 50% AMI: 25% of the purchase price, not to exceed \$75,000.
- Households with incomes between 51% and 60% AMI: 20% of the purchase price, not to exceed \$70,000.
- Households with incomes between 61% and 80% AMI: 15% of the purchase price, not to exceed \$63,000.
- Households with incomes between 81% and 120% AMI: 10% of the purchase price, not to exceed \$50,000.

This program may not be layered with the Downpayment Assistance Program for First Time Homebuyers from the City of Minnetonka.

Loan term: The loan will be forgiven 5% annually and if the property has not been sold, transferred and has remained the primary residence of the borrower for 20 years the loan is 100% forgiven. If the borrower(s) cease to occupy and/or own the property as a primary residence during the 20-year term the balance owed at that time is due and payable.

Eligible Properties: Single-family owner-occupied properties located within the geographical boundaries of the City of Minnetonka. Townhomes and Condominiums are eligible. Must be at or below the 12-month rolling median home sale price in Minnetonka, as published in the Minneapolis Area Realtors Annual Housing Market Report, \$515,200 (September 2023) <https://maar.stats.10kresearch.com/docs/lmu/x/Minnetonka?src=map> . The property must be homesteaded within 60 days following the purchase. 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, excluding the West Hennepin Affordable Land Trust.

Eligible Borrowers: The homebuyer(s) cannot have owned a home within the past seven (7) years. Must occupy the property as their primary residence. The homebuyer(s) **MUST** attend a Home Stretch workshop through Minnesota Homeownership Center, Framework, Minneapolis Urban League American Dream Program or any other HUD or City approved program and provide evidence prior to closing. All borrowers must be legal residents of the United States. Borrower must show approval for the purchase of the home. The First Mortgage must be at a fixed interest rate.

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

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 a family size of four for households of 1-4. Income limits will be increased based on family size for families more than 4. 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.

The income must be included for anyone listed on the deed, legal spouse of the borrower who will also reside in the property. Multi-generational buyers are allowed, and their income must also be included.

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: Maximum liquid assets of \$25,000 following closing on the home, excluding retirement assets up to \$200,000 or noncash assets (i.e. cars, jewelry, vehicles, etc.). 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: All borrowers must have at least a 620-credit score. NO outstanding liens or judgements. Borrower(s) need to show mortgage approval for the purchase of the home.

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.

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.