



118 Central Avenue North, New Prague, MN 56071
phone: 952-758-4401 fax: 952-758-1149

MEMORANDUM

TO: EDA MEMBERS
CC: JOSHUA M. TETZLAFF, CITY ADMINISTRATOR
FROM: KEN ONDICH – PLANNING / COMMUNITY DEVELOPMENT DIRECTOR
SUBJECT: MINNESOTA HOUSING FINANCE AGENCY (MHFA) 2024 MINNESOTA CITY PARTICIPATION PROGRAM (MCP)
DATE: DECEMBER 6, 2023

As the EDA will recall, last December the EDA passed a motion to participate in the MCP Program (see the attached documents about the program) for the Le Sueur County side of the City (as it was noted that the Scott County CDA already covered the Scott County side of the City through the program).

Our first year participating in the program was a great success with demand outpacing the allotment we were initially provided (we were allotted one loan for \$146,692, but ended up being provided \$470,140 with two loans committed for a 320% utilization rate – far exceeding the 50% utilization rate required to participate again in 2024).

Once again there is not a required local commitment fee to participate in the program so there would be no cost to the EDA to apply to participate in the program once again and all loans are administered by banks so there is no additional work for city staff.

In order to once again join the program, the EDA would need to sign the attached application and agreement forms which must then be submitted between Tuesday January 2nd and Friday January 12th.

The exact amount allotted for the LeSueur County side of the city would not be determined until February 2024.

Staff Recommendation

Staff recommends that the EDA authorize application to the 2024 Minnesota City Participation Program.

Minnesota Housing 2024 Minnesota City Participation Program (MCP) Application

Minnesota Housing must receive your application by email between January 2-15, 2024 at 5:00

Please provide all the information below.

Agency Contact Information

Agency Name: New Prague Economic Development Authority
Contact Person: Kenneth D. Ondich
Mailing Address: 118 Central Ave N Physical Address: 118 Central Ave N
City: New Prague State: MN Zip: 56071 Website: https://www.ci.new-prague.mn.us/
Phone #: 952-758-4401 E-Mail: kondich@ci.new-prague.mn.us

Administrative Information

1. Check agency type: ☐ City ☒ City HRA/CDA/EDA ☐ County HRA/ ☐ Port Authority
☐ Multi-County HRA: Receive single allocation for all counties within your jurisdiction
☐ Consortium of local government units applying jointly by agreement (please submit evidence of agreement with this application, even if you provided one in previous years).
2. List the legal name(s) of all cities and counties where the funds will be utilized. For county and multicounty applications, only list the counties.
City of New Prague (Le Sueur County side of the City only)
3. Check the box below to confirm this statement:
☒ MCPP helps the community meet an identified housing need and the program is economically viable.
4. Does your City (or County) offer a down payment program or other homeownership assistance?
☐ Yes ☒ No
If yes, list program names (For informational purposes only; does not impact your application status):

Signature

Provide authorized signature(s) from the organization submitting this application, including printed or typewritten name, title and phone number. Scan original and email application to mn.housing@state.mn.us (Original not needed).

Signature
Joshua M. Tetzlaff City Administrator / EDA Executive Director
Name (Print)
952-758-4401 Title
jtetzlaff@ci.new-prague.mn.us
Phone number or check here if same as above. ☐ E-mail or check here if same as above. ☐

Program and Contact Information

Minnesota Statute sets Borrower Income Limits and House Purchase Price Limits. Minnesota Housing makes final determinations of the total amount of program funds available and individual allotments (in compliance with a per capita distribution method specified in statute).

Questions about MCP or this application? Contact Greg Krenz at (651)297-3623 or greg.krenz@state.mn.us

**MINNESOTA HOUSING FINANCE AGENCY
MINNESOTA CITY PARTICIPATION PROGRAM**

**PROGRAM APPLICATION
COMMITMENT AGREEMENT**

THIS APPLICATION AND AGREEMENT (this "Agreement") is between The New Prague Economic Development Authority with its office at 118 Central Ave N., New Prague, MN 56701 and Minnesota Housing Finance Agency ("Minnesota Housing"), with its office at 400 Wabasha Street North, Suite 400, St. Paul, MN 55102.

RECITALS:

A. Minnesota Housing, under the provisions of Minn. Stat. §474A.061, Subd. 2a is authorized to issue qualified mortgage bonds, as that term is used in the Internal Revenue Code of 1986, as amended (the "Code"), on behalf of the City, and it will issue bonds for that purpose (the "Bonds").

B. The City applying to participate is a Minnesota city, county, city or county housing and redevelopment authority, economic development authority, port authority or a consortium of local government units, as defined by Minnesota Statutes §474A.061, Subd. 2a(c).

C. Minnesota Housing has implemented Minnesota Housing Finance Agency Minnesota City Participation Program (the "Program") and will use the proceeds from the issuance of the Bonds to fund the Program.

D. The City has requested and received a set-aside of funds from the Program.

E. The City wishes to obtain a commitment by Minnesota Housing to direct Minnesota Housing's designated Master Servicer (the "Master Servicer") to purchase mortgage notes ("Mortgages") that will be originated by a lender or lenders that meet Minnesota Housing requirements for participation in programs funded by qualified mortgage bonds (collectively, the "Lender").

F. Mortgages that the Master Servicer purchases pursuant to the commitment requested by the City must only be for residences located within a geographic area to be established and designated by the City.

G. Minnesota Housing is willing to issue a commitment agreeing to purchase Mortgage-Backed Securities backed by Mortgages that are (i) originated by the Lender; (ii) purchased by the Master Servicer; (iii) in accordance with the terms and conditions of this Agreement, the Program, and the Start Up Procedural Manual to be supplied by Minnesota Housing (the "Procedural Manual"), the provisions of which are hereby incorporated by reference into this Agreement as if set forth in full herein; and (iv) made to borrowers with adjusted incomes not exceeding the greater of 80 percent of statewide or area median income as calculated by Minnesota Housing.

NOW, THEREFORE, in consideration of the covenants contained in this Agreement, Minnesota Housing and the City agree as follows:

1. **City Requirements.** All Mortgages submitted to Minnesota Housing for purchase under the Program must comply with all of the requirements of the Program, the Start Up Procedural Manual and this Agreement.

2. **Commitment and Commitment Amount.** The City, which applied in January 2024 for a commitment, hereby requests that Minnesota Housing cause its Master Servicer to purchase Mortgages that have been originated by the Lender and meet the requirements of, and are made in accordance with the provisions of, this Agreement, the Program, and the Procedural Manual. Minnesota Housing, by accepting this Agreement, commits to the purchase of those Mortgages in the aggregate principal amount (the "Commitment Amount") to be determined and allocated

by Minnesota Housing in accordance with Minnesota Statutes §474A.061, Subd. 2a(d), and provided to the City.

The Master Servicer will only purchase Mortgages pursuant to this Agreement securing property that, and borrowers who, satisfy the requirements and provisions of this Agreement, the Program, and the Procedural Manual. The City acknowledges that the commitment is effective upon the approval thereof by Minnesota Housing and the delivery of a copy of this Agreement by Minnesota Housing to the City.

3. **Lender Qualifications.** Lenders must meet Minnesota Housing requirements for participation in programs funded by qualified mortgage bonds.

4. **Commitment Term.** The term of this Agreement and the City's participation in the Program (the "Commitment Term") will commence on January 16, 2024 and shall continue through November 30, 2024. This Agreement, and the City's participation in the Program, will automatically terminate, without the need for any action by either party hereto, at the end of the Commitment Term.

5. **Set-Aside Term.** The Commitment Amount will be set-aside and held by Minnesota Housing for the sole use by the City for a period of time to be established by Minnesota Housing, in its sole option and discretion, provided, however, that time period will not be less than six months (the "Set-Aside Term") commencing on a date to be selected and specified by Minnesota Housing. Minnesota Housing will notify the City in writing of the date on which the Set-Aside Term commences.

Any portion of the Commitment Amount not reserved for the purchase of qualifying Mortgages as of the end of the Set-Aside Term shall be canceled and returned to Minnesota Housing for redistribution under the Program. In addition, any portion of the Commitment Amount reserved for Mortgages that are not delivered to the Master Servicer for purchase within the time period delineated in the Procedural Manual for that purchase, will be canceled and Minnesota Housing will redistribute that amount under the Program. Minnesota Housing may make any funds available to the Program at the end of the Commitment Term for mortgage loans that are eligible to be financed with proceeds of the Bonds.

6. **Commitment Fees.** There is no commitment fee payable by the City for the commitment by Minnesota Housing to the purchase by the Master Servicer of qualifying Mortgages.

7. **Purchase Price.** The purchase price of each Mortgage to be purchased by the Master Servicer pursuant to this Agreement will be as set forth in the requirements of the Procedural Manual and posted on Minnesota Housing's website.

8. **Mortgage Terms.** The terms and conditions for all Mortgages, including but not limited to the interest rate, will be set from time to time by Minnesota Housing, at its sole option and discretion, and communicated to the Lender in accordance with the procedures set forth in the Procedural Manual.

9. **Area Limitation.** Minnesota Housing, pursuant to this Agreement, is required to purchase only those Mortgages that are for residences located within a geographic area to be established and designated by the City.

10. **Servicing.** The servicing of Mortgages shall be the sole responsibility of the Master Servicer or one or more other entities that Minnesota Housing may designate in its sole discretion.

11. **Contract Documents.** The purchase by the Master Servicer of each Mortgage pursuant to Minnesota Housing's commitment is a contract consisting of this Agreement and the provisions and requirements contained in the Procedural Manual, with all amendments and supplements thereto in effect as of the date of Minnesota Housing's acceptance of this Agreement.

12. **Paragraph Captions and Program Headings.** The captions and headings of the paragraphs of this Agreement are for convenience only and will not be used to interpret or define the provisions thereof.

13. **Applicable Law.** This Agreement is made and entered into in the State of Minnesota, and all questions relating to the validity, construction, performance and enforcement hereof will be governed by the laws of the State of Minnesota.

14. **Agreement Conditional Upon Minnesota Housing Approval.** This Agreement will be a binding obligation of Minnesota Housing upon its execution by Minnesota Housing and delivery of a copy of the same to the City; provided, however, Minnesota Housing may, in its sole option and discretion, any time on or after January 16, 2024 revoke such obligation and terminate this Agreement if the City has not fully executed and returned a fully executed original hereof to Minnesota Housing. That revocation and termination will be accomplished and evidenced by Minnesota Housing notifying the City thereof by way of a "Certified Letter - Return Receipt Requested" addressed and delivered to the City. Upon revocation and termination this Agreement will be null and void and of no force or effect.

15. **Issuance of Bonds.** The City hereby authorizes Minnesota Housing to issue, on behalf of the City, qualified mortgage bonds, as that term is used in the Code, in an amount equal to the Commitment Amount, and Minnesota Housing agrees to issue those bonds if and when federal law authorizes and Minnesota Housing deems it is economically feasible to do so.

(THE REMAINING PORTION OF THIS PAGE IS INTENTIONALLY LEFT BLANK)

IN WITNESS WHEREOF, the City has executed this Agreement this ____ day of
(Day)

_____,
(Month) (Year)

**The New Prague Economic Development
Authority**

By: _____
(Signature of Authorized Officer)

(Name of Authorized Officer)

By: _____
(Signature of Authorized Officer)

(Name of Authorized Officer)

Minnesota Housing APPROVAL

Minnesota Housing hereby accepts the above Program Application-Commitment Agreement and approves and grants participation in the program.

MINNESOTA HOUSING FINANCE AGENCY

By: _____
Kayla Schuchman

Its: Assistant Commissioner, Single-Family Division

Signed this ____ day of _____, 2024.

2024 Minnesota City Participation Program (MCP) Background and Summary Information

Minnesota Housing manages the Minnesota City Participation Program (MCP), which uses the Tax Exempt Bond Housing Pool Allocation authorized by the Office of Minnesota Management and Budget (MMB) to enable communities throughout the state to efficiently provide first-time homebuyer loans in their community without the administrative burden of running their own bond program. The first-time homebuyers access the program through their local lenders and have access to downpayment and closing cost assistance if needed.

Self-issuance of bonds may not be economically feasible for some communities, given economies of scale necessary for successful self-issuance. Under the MCP Program, Minnesota Housing can sell bonds on behalf of local governments to assist them in meeting local housing goals pursuant to Minnesota Statutes [Section 474A.061, subdivision 2a](#).

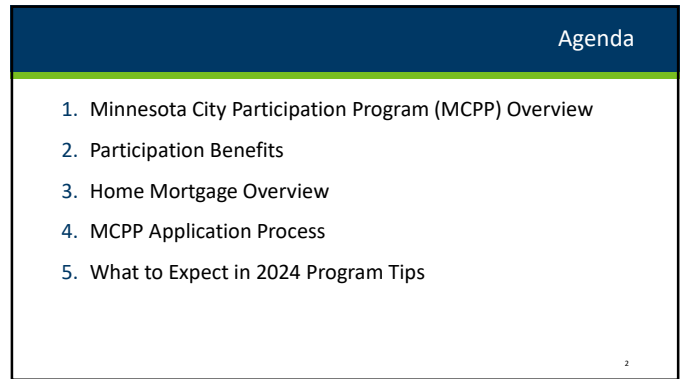
Minnesota's statute 474A.061, Manufacturing, Housing and Public Facilities Pools (aka the "Housing Pool"), allows Minnesota Housing to access additional bonding authority through an application process administered by Minnesota Housing from January 2 through January 15 annually. Historically, Minnesota Housing competed for the 31% of the available "Housing Pool" with other self-issuers such as the Dakota County CDA, the Southeast Multi-County HRA, Washington County, and the City of St. Cloud.

In accordance with that statute, cities (or counties or multi-county organizations) apply to Minnesota Housing annually for such authority. Funding allocations are allocated to participating cities on a per capita basis, with each applicant allocated a minimum of \$100,000.

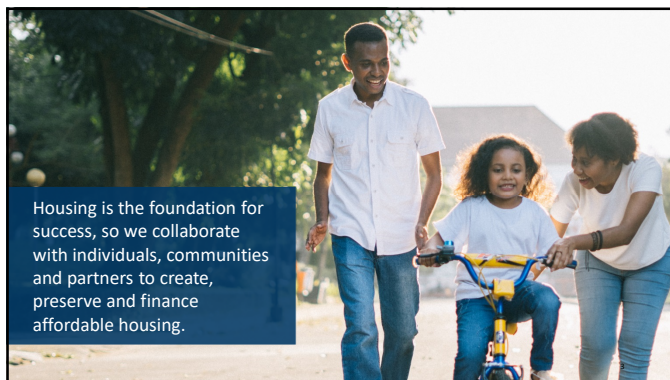
Participants will not be responsible for paying the application deposit or processing fee this year. This is subject to change; however, Minnesota Housing will provide notification in advance of future program years if there is a deposit or processing fee. There will be a minimum usage requirement of 50% of the allocation in order to participate the following year.



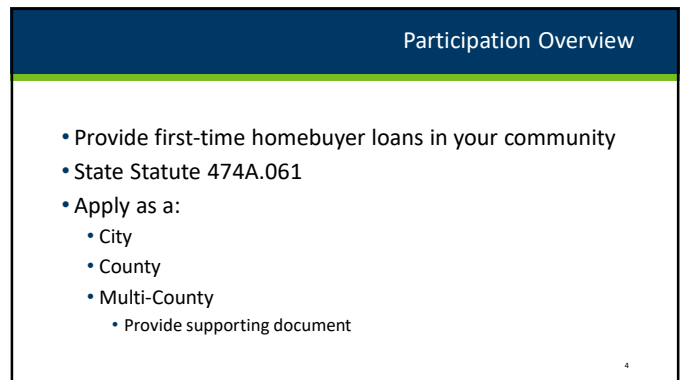
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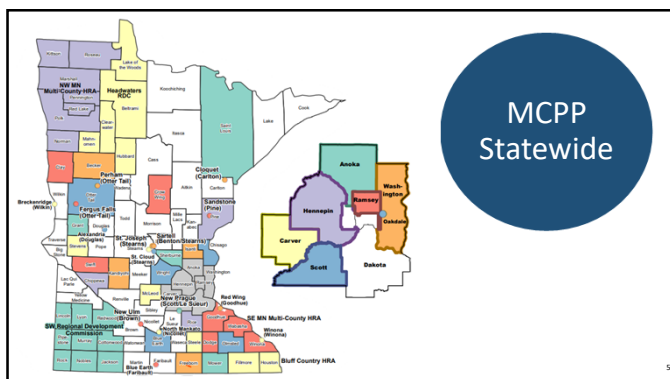
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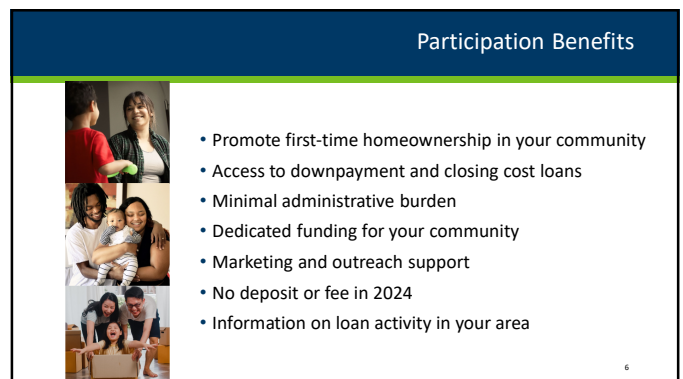
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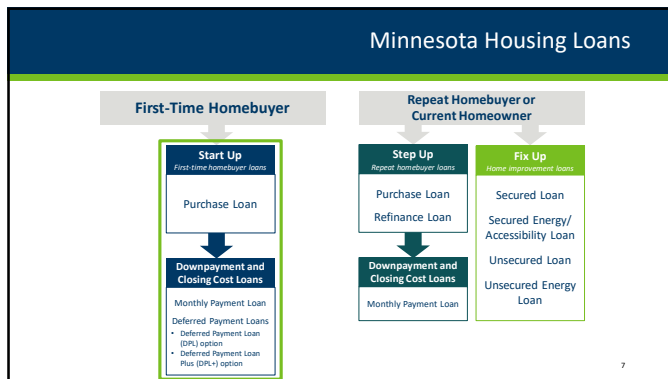
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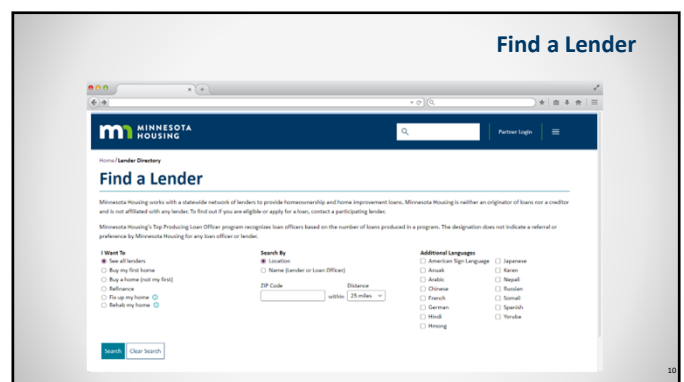
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Start Up Loan Eligibility

Minnesota Housing sets Eligibility Requirements:

- Borrower Income Limits – on website
- House Price Limits
 - \$515,200 in 11-County Metro
 - \$472,030 in Balance of State
- Credit Requirements per loan product guidelines
 - Minimum credit score (640)
 - Maximum Debt-to-income
 - Downpayment and closing cost loan eligibility
- Homebuyer education

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Start Up Income Limits

Household Size	11-County Metro Area	Dodge & Olmsted Counties	All Other Counties
1-2	\$124,200	\$118,000	\$111,700
3+	\$142,800	\$135,700	\$128,400

Note: MCPL Loans need to be at or below 80% AMI

*Effective for loans locked on or after July 3, 2023. See previous income limits listed below for loans locked prior to July 3.

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MCPD Eligibility Requirements

- Start Up Program
- Property located in applicant's jurisdiction
- Borrower's income is at or below 80% of the area median income (AMI)



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MCPD Application Process

Minnesota Housing

- Emails participants application and agreement - DocuSign

Participant

- Emails completed application and agreement back (or DocuSign) to Minnesota Housing between Jan 2-12

Minnesota Housing

- Allocates the resources to participants and takes item to board
- Emails allocations and outreach templates to participants

Participant

- Use outreach templates to spread word in community

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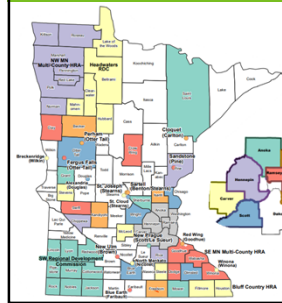
MCPD Application Process

- Application and Agreement Due between: **January 2 - January 12, 2024**
- Provide authorized signature
 - DocuSign available for Agreement
- Email electronic copy to: mn.housing@state.mn.us
- Get Board approval **prior** to sending application



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MCPD Allocation Amount



- Total Allocation – provided by Minnesota Management and Budget (MMB)
- Minnesota Housing allocates
 - Based on population
 - Announced in February

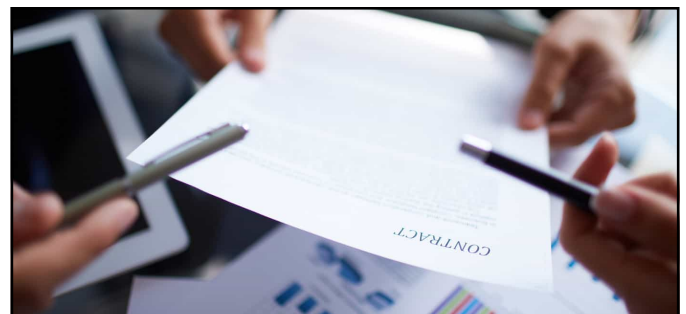
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Time for review

MCPD Application

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MCPD Agreement

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For More Information

Contact:
Greg Krenz
Greg.Krenz@state.mn.us
651.297.3623
www.mnhousing.gov

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