



City of Osakis, Minnesota
Affordable Tier II MN Housing Finance Agency
Program Policy and Application

PROGRAM OVERVIEW:

The purpose of this policy is to establish guidelines for the administration of the City of Osakis MN, Affordable Tier II MN Housing Finance Agency (MHFA). The program is intended to assist in the development and purchase of new housing within the City of Osakis and increase the availability of affordable housing for households whose incomes fall within limits established by the U.S. Department of Housing and Urban Development (HUD).

This policy establishes eligibility requirements, program rules, and administrative procedures for applicants seeking assistance through this program.

PROGRAM FUNDING:

The Affordable Tier II MN Housing Finance Agency Forgivable Loan Program is funded through an affordable housing development grant from MN Housing Tier II grant program to the City of Osakis. The housing program grant totals \$150,000 to be used for affordable homes.

The City of Osakis shall administer the program and distribute funds in accordance with the terms of the grant agreement and applicable program guidelines.

The program will be considered complete once all approved loans are closed and the City has requested reimbursement from the grant funds.

TIMELINE OF GRANT:

The city will begin to collect applications for the program in spring 2026.

Applications may be reviewed and applicants selected throughout 2026 and 2027, subject to the availability of funds.

All loans must be closed before the end of the grant period, which is April 2028.

ELIGIBLE ACTIVITIES:

Program funds may be used for affordable housing development and financing activities, including, but not limited to:

- a. Construction of new residential housing units
- b. Acquisition of housing for homeownership
- c. Demolition or removal of existing structures
- d. Permanent financing

GOALS FOR THE PROGRAM:

The goals for the Affordable Tier II MN Housing Finance Agency (MHFA) are as follows:

Provide financial assistance for the demolition and replacement of existing homes not suitable for rehabilitation.

Eliminate blighting influences that affect property values in the area.

Make land available for affordable new housing opportunities.

Attract and retain single-family homeowners to the City of Osakis.

ELIGIBILITY FOR PROGRAM FUNDS:

The following eligibility requirements are established for the MN Affordable Tier II Program:

1. Property must be located within the boundaries of the City of Osakis Development District.
2. To qualify for assistance, the borrower household must have a household income that does not exceed 115 percent of the State Median Income, as determined by HUD. See Exhibit A below:
3. The EDA will give priority consideration to households with incomes at or below 80 percent of the State Median Income, as determined by HUD. See Exhibit B below.
4. Income verification documentation will be required as part of the application review process.

EXHIBIT A: 115 PERCENT OF THE STATE MEDIAN INCOME:

The following chart shows household income limits to be eligible for assistance:

Maximum	115%
<u>Family Size</u>	<u>Household Income</u>
<u>Qualify* 1 & 2</u>	<u>Allowed to</u>
3 or More	\$118,900
	\$136,700

**Income figures are adjusted annually*

Source: www.huduser.org - effective through April 2027

EXHIBIT B: 80 PERCENT OF THE STATE MEDIAN INCOME:

Maximum	80%
<u>Family Size</u>	<u>Household Income</u>
<u>Qualify*</u>	<u>Allowed to</u>
1	\$59,300
2	\$67,800
3	\$76,250
4	\$84,700
5	\$91,500
6	\$98,300

**Additional family size and amounts are available*

**Income figures are adjusted annually*

Source: www.huduser.org – effective through April 1, 2027

TERMS OF THE PROGRAM:

Eligible households may receive a forgivable loan of up to \$50,000.

The City reserves the right to approve loans in amounts less than the maximum based on project costs, funding availability, and targeting priority households.

The City will use the following process to determine the amount of the grant: Applicants with income at or below the income amount will receive grant funds.

State Median Income Limit	Grant Amount
80%	\$50,000
90%	\$40,000
100%	\$30,000
115%	\$25,000

LOAN TERMS AND FORGIVENESS:

Loans issued through this program shall be structured as forgivable loans. Loan forgiveness shall occur at a rate of one-seventh (1/7) of the original principal amount per year.

After seven (7) years, the loan shall be considered fully forgiven, provided the borrower remains in compliance with all program requirements.

During the forgiveness period:

- The property must remain the borrower’s primary residence.
- If the property is sold, transferred, or no longer used as the borrower’s primary residence before the forgiveness period ends, the remaining unforgiven loan balance may become immediately due and payable.

ELIGIBLE APPLICANTS:

Eligible applicants include households who:

- Construct a new residential home within the City of Osakis using construction-to-permanent financing; or
- Purchase a newly constructed home within the City of Osakis.
- Demolition or removal of existing structures and construction of a new residential home

The EDA may coordinate with housing development partners to assist in the development of housing within the community. Partner organizations may include, but are not limited to:

- Habitat for Humanity of Douglas County
- West Central Minnesota Community Land Trust
- Douglas County Housing and Redevelopment Authority

Participation through these partner organizations is not required to qualify for assistance under this program.

Anyone interested in applying for the City of Osakis Affordable Tier II MN Housing Finance Agency should complete the application. The application shall be submitted to:

Angela Jacobson
City of Osakis
14 Nokomis Street E
PO Box 486
Osakis MN 56360
Phone: 320-859-1200
Fax: 320-859-3978

1 bid is only REQUIRED to be submitted on the acquisition of building a new home over \$50,000

APPLICATION PROCESS:

Applicants must submit a completed application to the City of Osakis along with required supporting documentation.

The city will review applications to verify:

- Income eligibility
- Financing arrangements for construction or purchase
- Project eligibility
- Compliance with program requirements

Applications will generally be reviewed on a rolling basis while funds remain available.

SELECTION CRITERIA:

Applications may be evaluated based on the following factors:

- Household income eligibility
- Project readiness and feasibility
- Availability of program funds
- Compliance with program guidelines

Priority may be given to applicants with household incomes at or below 80 percent of the State Housing Median Income.

FUNDING AVAILABILITY:

Program funding is limited, and assistance will generally be provided on a first-qualified, first-served basis, subject to program priorities and available funding.

The City reserves the right to:

- Deny applications that do not meet program requirements
- Modify program procedures as necessary to comply with grant requirements
- Modify funding amounts based on the selection criteria.
- Close the program when all funds have been committed

PROGRAM ADMINISTRATION

The City of Osakis and the Osakis Economic Development Authority are responsible for administering the Affordable Tier II Housing Finance Agency Forgivable Loan Program.

Administrative responsibilities include:

- Collecting and reviewing applications
- Determining eligibility
- Approving loan awards
- Coordinating loan closings
- Requesting reimbursement from grant funds
- Ensuring compliance with grant and program requirements

ACKNOWLEDGE FUNDING REQUIREMENTS:

- Must be owner/occupied single family home to qualify for grant.
- Funding must be approved before starting the project.
- Project needs to be completed within ONE YEAR of approval date by the EDA

Please attach: Application will not be accepted or reviewed without all the appropriate documentation.

1. Most recent Federal Tax Return (Form 1040).
2. Copy of the most recent tax returns for any dependent over 18 living in the household
3. 1 bid from licensed contractors if over \$50,000 (we encourage bids and supplies be obtained from local contractors and suppliers).

After project is completed, the following will need to be done:

1. Turn in a paid invoice
2. Sign loan papers:
 - Borrower's Affidavit
 - Promissory Note
 - Forgivable Loan Agreement
 - Mortgage Deed



City of Osakis, Minnesota
Affordable Tier II MN Housing Finance Agency

Application

Name of Applicant: _____
First Middle Initial Last

Name of Co-Applicant: _____
First Middle Initial Last

Home Address: _____
Street P.O. Box City State
Zip

Telephone Number: _____
Home Other (Work/Cell)

Names of all Persons in the household and birth dates:

Name	Birth Date
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

The annual gross income from all persons over age 18 in the household is: \$ _____

Check the box next to all the sources of income of household members: (All income must be listed, including Wages, Self-Employment, Pensions, Social Security, Rental Income, AFDC,

- Social Security
- MFIP
- Child Support
- Pension General Assistance
- Rental Income
- Self-Employment
- Farm Income
- Other: _____
- Payment from Contract -for- Deed
- Interest from Savings
- Wages

Child Support, Alimony, SSI, or General Assistance)

Housing Information

(please check the appropriate box):

- Have you applied for mortgage financing?
- I have a lender for my mortgage.
- Approved amount: _____
- I am partnering with _____ to build the home.
- I am ready to start my construction project, date: _____
- Describe other forms of Ownership: _____

Bank Reference

Bank Name: _____ Lender Name: _____

Address: _____
Street City State Zip

Contact Number: _____

Parcel Number of home location: _____

Legal

Description: _____

I am applying for (please check the appropriate box):

- Acquisition** - Where new homes are purchased, the city will provide, a forgivable loan of up to \$50,000 towards the acquisition of a new home within the City of Osakis. (Project must be over \$50,000, 1 bid is required)
- Construction** – Where new homes are constructed on a new property, the city will provide a forgivable loan of up to \$50,000 toward the final closing documents of the new home within the City of Osakis. (Project must be over \$50,000, 1 bid is required)
- Demolition** – Where the demolition eliminates blighting influences that affect area property values.

Credit History

Please answer all questions. If the answer to any of the questions is “yes”, please attach a written explanation.

- 1. Are there any outstanding financial judgments or liens against you? Yes No
- 2. Have you declared bankruptcy within the last 36 months? Yes No
- 3. Have you lost any property through foreclosure or given title of deed to anyone to avoid foreclosure? Yes No
- 4. Are you a co-signer on any note or loan? Yes No

Estimate Total of Bid #1: _____

ACKNOWLEDGE FUNDING REQUIREMENTS:

I/We certify that all statements on this application are true and correct to the best of my/our knowledge. I/We understand that any intentional misstatement will be grounds for disqualification. I/We also agree to provide the City of Osakis with any additional information necessary for approval of the application and will in a timely manner provide such additional information.

The applicant acknowledges that by making an application to the City of Osakis it does not guarantee approval by the city. The dollars available for this program is determined on the number of prior applicants approved by the city and the Affordable Tier II MN Housing Finance Agency grant program. As with all incentive programs, the incentive *is not a right, it is a privilege granted by the City.*

- Must be owner/occupied single family home to qualify and receive a grant.
- Funding must be approved before starting project.
- If funds are approved for a project, the amount will remain the same if the project cost or scope changes.
- All projects must be a minimum of \$50,000.
- Project needs to be completed within ONE YEAR of approval date by the EDA

Applicant Signature

Date

Co-Applicant Signature

Date

Tennessee Warning (PRIVATE INFORMATION)

Under the Minnesota Government Data Practices Act (Minn. Stat. § 13.548), your name, address, telephone number, and e-mail are private data. You may choose not to provide some or all of this private data, but it may limit your ability to participate in this program. For example, your contact information is needed to provide information to you such as approval, etc. By signing above, you are consenting to allow registration information to be shared with Osakis Economic Development, City Clerk/Treasurer, and other registered program participants to administer this activity. This consent expires upon completion of this activity.