Subd. 2. **STATE AGENCIES' INVOLVEMENT.** The department of education, with the cooperation of the department of public safety, must assist and encourage the observance of automobile safety awareness week by any public school, group, or association requesting assistance.

Subd. 3. **GOVERNOR'S INVOLVEMENT.** The governor shall in any way considered necessary encourage the observances set forth in this section and shall by proclamation call the public's attention to the importance of automobile safety.

Sec. 2. **EFFECTIVE DATE.**

Section 1 is effective the day following final enactment.

Presented to the governor April 10, 1990

Signed by the governor April 12, 1990, 10:54 a.m.

CHAPTER 429—S.F.No. 1848

An act relating to housing; making changes in the home equity conversion loan program, authorizing manufactured home park loan assistance, requiring limits, and regulating securities relating to certain home loans; amending Minnesota Statutes 1988, sections 116J.980, by adding a subdivision; 462A.05, by adding a subdivision; 462A.21, subdivision 9; 475.66, subdivision 3; Minnesota Statutes 1989 Supplement, sections 462A.05, subdivision 34; 462A.057, subdivision 7; 462A.21, subdivisions 8b and 8c; and Laws 1989, chapter 335, article 1, section 27, subdivision 1.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 1988, section 116J.980, is amended by adding a subdivision to read:

Subd. 3. **COORDINATION REQUIRED FOR HOUSING RELATED GRANTS.** The commissioner must coordinate with the commissioner of the Minnesota Housing Finance Agency to ensure that housing related grant applications for the small cities community development block grant program under section 116J.401 are consistent with the agency's most recent housing affordability plan and do not duplicate existing state housing programs.

Sec. 2. Minnesota Statutes 1989 Supplement, section 462A.05, subdivision 34, is amended to read:

Subd. 34. **HOME EQUITY CONVERSION LOANS.** (a) The agency may make ~~or~~, purchase, or make a forward commitment to purchase home equity conversion loans for low- or moderate-income elderly homeowners. Loan recipients must be at least 62 years of age, have substantial equity in their home, and have an income at or below 50 percent of the greater of statewide or area median income. The agency must inform a program participant of available home equity conversion loan counseling services before making a loan.

(b) Repayment of a home equity conversion loan may not be required until at least one of the following conditions occurs:

(1) the sale or conveyance of the mortgaged property;

(2) the mortgaged property is no longer the mortgagor's principal residence;

(3) the death of the mortgagor; or

(4) a violation of an obligation of the mortgagor under the mortgage.

For purposes of this section, an obligation of the mortgagor under the mortgage does not include immediate repayment upon completion of loan disbursements at the end of a specified term.

Sec. 3. Minnesota Statutes 1988, section 462A.05, is amended by adding a subdivision to read:

Subd. 35. **MANUFACTURED HOME PARK LOANS.** The agency may provide financial assistance for the conversion of manufactured home parks to cooperative or nonprofit ownership. Financial assistance may include direct loans, interest rate subsidy loans, loan guarantees, and down payment assistance.

Sec. 4. Minnesota Statutes 1989 Supplement, section 462A.057, subdivision 7, is amended to read:

Subd. 7. **PURCHASE AND REHABILITATION.** An eligible organization may acquire up to five properties in a designated area with the consent of the advisory board for that area. The organization must rehabilitate these properties to the standards established by the agency. The total maximum cost of the acquisition, rehabilitation, closing costs, and back taxes must be no greater than ~~$50,000~~ an amount equal to 90 percent of the home sale price limitation established for the agency's home mortgage programs per individual property. The ~~$50,000~~ maximum may be exceeded if the excess costs ~~over $50,000~~ are attributed to rehabilitation or improvements to make the property handicapped accessible.

Sec. 5. Minnesota Statutes 1989 Supplement, section 462A.21, subdivision 8b, is amended to read:

Subd. 8b. **FAMILY RENTAL HOUSING.** It may establish a family rental housing assistance program to provide loans or direct rental subsidies for housing for families with incomes of up to 60 percent of area median income. Priority must be given to those developments with resident families with the lowest income. The development may be financed by the agency or other public or private lenders. Direct rental subsidies must be administered by the agency for the benefit of eligible families. Financial assistance provided under this subdivision to recipients of aid to families with dependent children must be in the form of vendor payments whenever possible. Loans and direct rental subsidies under this subdivision may be made only with specific appropriations by the legislature. <u>The limitations on eligible mortgagors contained in section 462A.03, subdivision 13, do not apply to loans for the rehabilitation of existing housing under this subdivision.</u>

Sec. 6. Minnesota Statutes 1989 Supplement, section 462A.21, subdivision 8c, is amended to read:

Subd. 8c. **RENTAL HOUSING FOR INDIVIDUALS.** It may establish a rental housing assistance program for persons of low income or with a mental illness to provide loans or direct rental subsidies for housing for individuals with incomes of up to 30 percent of area median income. Priority must be given to developments with the lowest income residents. Housing for the mentally ill must be operated in coordination with social service providers who provide services to tenants. The developments may be financed by the agency or other public or private entities. Direct rental subsidies must be administered by the agency for the benefit of eligible tenants. Financial assistance provided under this subdivision must be in the form of vendor payments whenever possible. Loans and direct rental subsidies under this subdivision may be made only with specific appropriations by the legislature. <u>The limitations on eligible mortgagors contained in section 462A.03, subdivision 13, do not apply to loans for the rehabilitation of existing housing under this subdivision.</u>

Sec. 7. Minnesota Statutes 1988, section 462A.21, subdivision 9, is amended to read:

Subd. 9. It may make loans to encourage innovations in the development or rehabilitation of single or multifamily residential housing pursuant to section 462A.05, subdivision 18. ~~Loans pursuant to this subdivision shall only be made with money appropriated directly by the legislature specifically for this purpose.~~

Sec. 8. Minnesota Statutes 1988, section 475.66, subdivision 3, is amended to read:

Subd. 3. Subject to the provisions of any resolutions or other instruments securing obligations payable from a debt service fund, any balance in the fund may be invested

(a) in governmental bonds, notes, bills, mortgages, and other securities, which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress,

New language is indicated by <u>underline</u>, deletions by ~~strikeout~~.

(b) in shares of an investment company (1) registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and (2) whose only investments are in (i) securities described in the preceding clause, (ii) general obligation tax-exempt securities rated A or better by a national bond rating service, and (iii) repurchase agreements or reverse repurchase agreements fully collateralized by those securities, if the repurchase agreements or reverse repurchase agreements are entered into only with those primary reporting dealers that report to the Federal Reserve Bank of New York and with the 100 largest United States commercial banks,

(c) in any security which is (1) a general obligation of the state of Minnesota or any of its municipalities or in general obligations of other state and local governments with taxing powers which are rated A or better by a national bond rating service, or (2) a general obligation of the Minnesota housing finance agency, or (3) a general obligation of a housing finance agency of any state if it includes a moral obligation of the state, provided that investments under clauses (2) and (3) must be in obligations that are rated ~~the highest or next highest rating given by Standard & Poor's Corporation or Moody's Investors Service, Inc., and investments under clause (3) may be made only (i) prior to August 1, 1991, and (ii) for a period of no more than three years from the date of purchase and further provided that investments under clauses (2) and (3) be determined to be expedient to reduce the amount of arbitrage rebate otherwise payable to the United States under section 148 of the Internal Revenue Code of 1986,~~ A or better by a national bond rating service,

(d) in bankers acceptances of United States banks eligible for purchase by the Federal Reserve System,

(e) in commercial paper issued by United States corporations or their Canadian subsidiaries that is of the highest quality and matures in 270 days or less, or

(f) in guaranteed investment contracts issued or guaranteed by United States commercial banks or domestic branches of foreign banks or United States insurance companies or their Canadian or United States subsidiaries; provided that the investment contracts rank on a parity with the senior unsecured debt obligations of the issuer or guarantor and, (1) in the case of long-term investment contracts, either (i) the long-term senior unsecured debt of the issuer or guarantor is rated, or obligations backed by letters of credit of the issuer or guarantor if forming the primary basis of a rating of such obligations would be rated, in the highest or next highest rating category of Standard & Poor's Corporation, Moody's Investors Service, Inc., or a similar nationally recognized rating agency, or (ii) if the issuer is a bank with headquarters in Minnesota, the long-term senior unsecured debt of the issuer is rated, or obligations backed by letters of credit of the issuer if forming the primary basis of a rating of such obligations would be rated in one of the three highest rating categories of Standard & Poor's Corporation, Moody's Investors Service, Inc., or similar nationally recognized rating agency, or (2) in the case of short-term investment contracts, the short-term unsecured debt of the issuer or guarantor is rated, or obligations backed by letters of credit of the issuer or guarantor if forming the primary basis or a rating of such obligations would be rated, in the highest two rating categories of Standard and Poor's Corporation, Moody's Investors Service, Inc., or similar nationally recognized rating agency.

The fund may also be used to purchase any obligation, whether general or special, of an issue which is payable from the fund, at such price, which may include a premium, as shall be agreed to by the holder, or may be used to redeem any obligation of such an issue prior to maturity in accordance with its terms. The securities representing any such investment may be sold or hypothecated by the municipality at any time, but the money so received remains a part of the fund until used for the purpose for which the fund was created.

Sec. 9. Laws 1989, chapter 335, article 1, section 27, subdivision 1, is amended to read:

Subdivision 1. Total Appropriation	12,583,000	12,584,000

Approved Complement - 134

Spending limit on cost of general administration of agency programs:

1990	1991
$7,130,000	$7,560,000

This appropriation is for transfer to the housing development fund for the programs specified.

$225,000 the first year and $225,000 the second year are for housing programs for the elderly under Minnesota Statutes, section 462A.05, subdivision 24.

$2,115,000 the first year and $2,115,000 the second year are for home ownership assistance under Minnesota Statutes, section 462A.21, subdivision 8.

$1,887,000 the first year and $1,887,000 the second year are for tribal Indian housing programs under Minnesota Statutes, section 462A.07, subdivision 14, of which $125,000 the first year and $125,000 the second year are for a demonstration program to make off-reservation loans in combination with bond proceeds from or other mortgage financing approved by the agency.

$233,000 the first year and $233,000 the second year are for urban Indian housing programs under Minnesota Statutes, section 462A.07, subdivision 15, to be distributed by the agency without regard to any allocation formula.

$4,842,000 the first year and $4,842,000 the second year are for housing rehabilitation and accessibility loans under Minnesota Statutes, section 462A.05, subdivisions 14a and 15a.

$569,000 the first year and $569,000 the second year are for temporary housing programs under Minnesota Statutes, sections 462A.05, subdivision 20; and 462A.21.

Notwithstanding any law to the contrary, in the event that the housing finance agency assumes servicing responsibility for its home improvement loans, energy loans, and rehabilitation loans, the agency may apply for an increase in its complement and administrative cost ceiling through the regular legislative advisory commission process.

Presented to the governor April 10, 1990

Signed by the governor April 12, 1990, 10:55 a.m.

CHAPTER 430—S.F.No. 1927

An act relating to education; changing state board of vocational technical education powers; amending Minnesota Statutes 1988, section 136C.04, subdivision 12.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA: