

Subd. 3. COVERAGE EXCLUDED. (a) There shall be no coverage for liability created under this section under homeowner's insurance as defined under section 65A.27 unless:

- (1) specifically covered in a policy; or
 - (2) covered by a rider attached to a policy.
- (b) This subdivision expires on December 31, 2001.

Presented to the governor April 14, 2000

Signed by the governor April 18, 2000, 10:35 a.m.

CHAPTER 424—H.F.No. 3901

An act relating to housing; housing finance agency; providing financing mechanisms for the agency; authorizing agency to make grants or loans under the community rehabilitation fund account to for-profit organizations; amending Minnesota Statutes 1998, section 462A.206, subdivision 4; Minnesota Statutes 1999 Supplement, section 462A.206, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 462A.

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

Section 1. [462A.105] INTEREST RATE EXCHANGES.

The agency may enter into an agreement with a third party for an exchange of interest rates under this section. With respect to bonds or notes outstanding or proposed to be issued bearing interest at a variable rate, the agency may agree to pay sums equal to interest at a fixed rate or at a different variable rate determined in accordance with a formula set out in the agreement on an amount not exceeding the outstanding principal amount of the bonds or notes at the time of payment, in exchange for an agreement by the third party to pay sums equal to interest on a like amount at a variable rate determined according to a formula set out in the agreement. With respect to bonds or notes outstanding or proposed to be issued bearing interest at a fixed rate or rates, the agency may agree to pay sums equal to interest at a variable rate determined according to a formula set out in the agreement on an amount not exceeding the outstanding principal amount of the bonds or notes at the time of payment in exchange for an agreement by the third party to pay sums equal to interest on a like amount at a fixed rate or rates set out in the agreement. Subject to any applicable covenants of the agency, payments required to be made by the agency under the swap agreement, including termination payments, may be made from amounts pledged or available to pay debt service on the bonds or notes with respect to which the swap agreement was made or from any other available source of the agency. The agency may issue bonds or notes to provide for any payment, including a termination payment, due or to become due under a swap agreement.

New language is indicated by underline, deletions by ~~strikeout~~.

Sec. 2. Minnesota Statutes 1999 Supplement, section 462A.206, subdivision 2, is amended to read:

Subd. 2. **AUTHORIZATION.** The agency may make grants or loans to cities ~~or~~, nonprofit, or for-profit organizations for the purposes of construction, acquisition, rehabilitation, demolition, permanent financing, refinancing, construction financing, gap financing of single housing for homeownership, or full cycle home ownership services, as defined in section 462A.209, subdivision 2. Gap financing is financing for the difference between the cost of the improvement of the blighted property, including acquisition, demolition, rehabilitation, and construction, and the market value of the property upon sale. The agency shall take into account the amount of money that the city ~~or~~, nonprofit, or for-profit organization leverages from other sources in awarding grants and loans. The agency shall also consider the extent to which the grant or loan recipient will coordinate use of the funds with its other housing-related efforts or other housing-related efforts in the recipient's geographic area. In determining whether to award a grant or loan, the agency shall seek to maximize the recycling of state resources wherever appropriate. The city ~~or~~, nonprofit, or for-profit organization must indicate in its application how the proposed project is consistent with the consolidated housing plan. Not less than ten days before submitting its application to the agency, a nonprofit or for-profit organization must notify the city in which the project will be located of its intent to apply for funds. The city may submit to the agency its written comments on the nonprofit or for-profit organization's application and the agency shall consider the city's comments in reviewing the application. Cities ~~and~~, nonprofit, and for-profit organizations may use the grants and loans to establish revolving loan funds and to provide grants and loans to eligible mortgagors. The city ~~or~~, nonprofit, or for-profit organization may determine the terms and conditions of the grants and loans. An agency loan may only be used by a city ~~or~~, nonprofit, or for-profit organization to make loans.

Sec. 3. Minnesota Statutes 1998, section 462A.206, subdivision 4, is amended to read:

Subd. 4. **DESIGNATED AREAS.** For the purposes of focusing resources, a city ~~or~~, a nonprofit, or a for-profit organization located in a metropolitan statistical area must designate neighborhoods within which the grants or loans may be used, and a city ~~or~~, nonprofit, or for-profit organization located outside of a metropolitan statistical area must designate a geographic area within which the grants or loans may be used.

Presented to the governor April 17, 2000

Signed by the governor April 20, 2000, 10:25 a.m.

New language is indicated by underline, deletions by ~~strikeout~~.