

CHAPTER 4900
MINNESOTA HOUSING FINANCE AGENCY
HOUSING LOANS AND GRANTS

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4900.0010 DEFINITIONS.

[For text of subs 1 to 12, see MR]

Subp 12a. **HUD.** “HUD” means the United States Department of Housing and Urban Development

[For text of subs 13 to 16, see MR]

Subp 17 [Repealed, 24 SR 1332]

[For text of subs 18 to 22, see MR]

Subp 23. **Persons and families of low and moderate income.** “Persons and families of low and moderate mcome” means

A With respect to limited-umt mortgage loans pursuant to parts 4900 0310 to 4900.0350, except for development cost loans pursuant to parts 4900 0210 to 4900 0240, planning grants pursuant to parts 4900 0410 and 4900 0420, and American Indian housing loans pursuant to parts 4900 0900 to 4900.1080, which loans and grants are intended for a limited-umt development, or a dwelling unit in a planned umt development or a condominium, those persons and families whose adjusted income does not exceed the amounts set forth in the following tables or such lower amount as shall be required to assure that the interest on obligations of the agency will be exempt from federal income taxation

[For text of subitems (1) and (2), see MR]

B [Repealed, 10 SR 1557]

C With respect to multiunit mortgage loans pursuant to parts 4900 0310 to 4900 0350, development cost loans pursuant to parts 4900.0210 to 4900 0240, planning grants pursuant to parts 4900 0410 and 4900 0420, and American Indian housing loans pursuant to parts 4900 0900 to 4900 1080, which loans or grants are intended for a multiunit development, those persons and families whose adjusted income at initial occupancy does not exceed

(1)(a) 50 percent of area median income as determined by HUD, adjusted for family size, for at least 20 percent of the units in the development, or

(b) 60 percent of area median mcome as determined by HUD, adjusted for family size, for at least 40 percent of the units in the development, and

(2) the greater of area or statewide median mcome for a four-person household, as determined by HUD, and who pay no more than 30 percent of their mcome for housing, for at least 75 percent of the units in the development

In addition to the requirements in subitems (1) and (2), assuming occupancy of at least 1 5 persons per bedroom

(a) the rents for at least 20 percent of the units in the development must be affordable to persons and families whose adjusted income is 50 percent of area median income as determined by HUD and who pay no more than 30 percent of their income for housing, or

(b) the rents for at least 40 percent of the units in the development must be affordable to persons and families whose adjusted income is 60 percent of area median income as determined by HUD and who pay no more than 30 percent of their income for housing.

The members may allow higher rents for units in a structure if the members determine that higher rents are necessary because of prevailing levels of construction costs, unusually high or low family incomes, or similar factors relating to income available for housing or housing costs

D With respect to home improvement grants and rehabilitation loans pursuant to parts 4900 0610 to 4900 0700 and accessibility loans pursuant to parts 4900 0750 to 4900.0780 to be made by the agency, those persons and families whose assets do not exceed \$25,000, and with respect to rehabilitation loans defined in part 4900 0610 as revolving loans and accessibility loans defined in part 4900 0770 as deferred loans, those persons and families whose adjusted income does not exceed \$18,000.

[For text of item E, see M.R.]

F. With respect to parts 4900 2900 to 4900 2907, those persons whose income is at or below 50 percent of the median income adjusted for family size of the standard metropolitan statistical area

Statutory Authority: *MS s 14 05; 462A 03; 462A 06*

History: *24 SR 1332, 25 SR 877*

4900.0370 [Repealed, 24 SR 1332]

4900.0380 [Repealed, 24 SR 1332]

4900.0381 [Repealed, 24 SR 1332]

4900.0510 ELIGIBILITY REQUIREMENTS FOR APPLICATIONS FOR HOME IMPROVEMENT LOANS.

Subpart 1 **Interest in property.** Each applicant must individually or in the aggregate possess at least a one-third interest in a fee, contract for deed, life estate, or a long-term lease of public record in the property to be improved. All persons who, individually or collectively, possess the type of ownership upon which the application is based, or whose income is to be included for the purpose of determining the adjusted income, and spouses of all such persons, except separated spouses who do not live in the property to be improved, except that all spouses will be required to sign documents that convey an interest in real property, must join in the application and must execute the loan documents. However, occupancy of the property by the applicant shall not be required.

[For text of subps 2 and 3, see M.R.]

Subp 4. **Structure.** The structure to be improved must be at least 90 days old, except when loan proceeds will be used to make a newly constructed property accessible to a resident with a disability if authorized by law. The structure to be improved must not be in violation of applicable zoning ordinances or other applicable land use guides

Subp 5 **Property.** The property must be used primarily for residential purposes and must not contain more than six dwelling units. Trailers shall not be eligible for home improvement loans

Subp 6. **Use of proceeds.** Home improvement loan proceeds must be used to finance only improvements upon or in connection with existing structures, except when loan proceeds will be used to make a newly constructed property accessible to a resident with a disability if authorized by law

[For text of subps 7 to 9, see MR]

Statutory Authority: *MS s 14 05, 462A 06*

History: *24 SR 1332*

4900.0550 [Repealed, 24 SR 1332]

4900.0560 [Repealed, 24 SR 1332]

4900.0570 [Repealed, 24 SR 1332]

4900.0580 [Repealed, 24 SR 1332]

4900.0581 [Repealed, 24 SR 1332]

4900.0582 [Repealed, 24 SR 1332]

4900.0583 [Repealed, 24 SR 1332]

4900.0584 [Repealed, 24 SR 1332]

4900.0592 ELIGIBLE PROPERTIES.

The property to be improved by a home energy loan is restricted as follows

A. The property to be improved may not contain more than two dwelling units

[For text of item B, see MR]

C The property must be used primarily for residential purposes

[For text of item D, see MR]

Statutory Authority: *MS s 14 05, 462A 06*

History: *24 SR 1332*

4900.0620 RESERVATION OF FUNDS.

Subpart 1. **Request.** For a period of at least 30 days after the agency gives notice that the funds for making rehabilitation grants or loans are available, the agency shall receive requests for reservation of funds from prospective administering entities. Requests for reservation of funds for rehabilitation grants or loans may be made by prospective administering entities to the agency, and shall contain

[For text of items A and B, see MR]

C the specific funding amount requested for a period of not more than 24 months and the administrative allowance, if any, required by the administering entity to defray the expenses of administering the program,

D. other funding sources available to the administering entity for administration and home improvement, and

E a description of the targeting plan, if any, whereby the administering entity will establish priorities for awarding grant and loan funds based on an assessment of need within its jurisdiction, in the event that the number of applications exceeds the number of grants and loans which can be awarded. The targeting plan, if any, shall be subject to approval by the agency and may not have the effect of excluding any otherwise eligible applicant from making an application and being considered eligible for a grant or loan.

Subp. 2 **Allocation of the funds.** The agency shall allocate the funds available at any time among the several regions, based upon data assembled by the agency and accurately reflecting housing needs and related factors

Statutory Authority: *MS s 14 05, 462A 06*

History: *24 SR 1332*

4900.0630 ELIGIBLE RECIPIENTS OF REHABILITATION GRANTS AND LOANS.

[For text of subps 1 and 2, see MR]

Subp 3 **Person of low and moderate income.** Each recipient must be a person or family of low or moderate mcome “Low or moderate mcome” is defined as income not to exceed the greater of state or area median mcome

Subp 4 **Deferred loan assets.** “Assets” for purposes of deferred loans described in parts 4900 0610 to 4900 0700 is the sum of the following, after deducting any outstanding indebtedness:

[For text of items A and B, see MR]

C market value of all interests in real estate, exclusive of the structure to be improved and a parcel of real property of not more than two contiguous platted lots or 160 continuous acres on which such structure is located,

D cash value of life msurance policies, and

E all other property, exclusive of household furnishings, clothing, and one automobile, and real estate, equipment, supplies, and inventory used in a business.

[For text of subps 5 to 7, see MR]

Statutory Authority: *MS s 14 05, 462A 06*

History: *24 SR 1332*

4900.0640 AMOUNT OF GRANT OR LOAN.

[For text of subpart 1, see MR]

Subp. 2 **Amount of loan.** The amount of the rehabilitation loan shall not exceed the lesser of the amount allowed under statute, the actual cost of the work performed, or that portion of the cost of rehabilitation that the agency determines cannot otherwise be paid by the person or family without spending an unreasonable portion of the income of the person or family thereon

Statutory Authority: *MS s 14 05, 462A 06*

History: *24 SR 1332*

4900.0650 RESPONSIBILITIES OF ADMINISTERING ENTITY.

The administering entity shall have the following responsibilities

The administering entity shall have full responsibility for program implementation including public information, reviewing and screemng applicants, choosing recipients, and certifying that the rehabilitation work is satisfactorily completed.

The administering entity shall make on-site inspections of the properties to be improved before such apphcation is approved and after work has been completed

The administering entity shall not charge an applicant or recipient any application, processing, or other fee

The administering entity is responsible for all administrative costs, mcludng, but not limited to, salaries and office rental, automobile and telephone expenses, and the costs of counseling or technical assistance The agency may allocate part of its total fundmg to defray a portion of the administrative allowance

Statutory Authority: *MS s 14 05, 462A 06*

History: *24 SR 1332*

4900.0710 [Repealed, 24 SR 1332]

4900.0720 [Repealed, 24 SR 1332]

4900.0730 [Repealed, 24 SR 1332]

4900.0740 [Repealed, 24 SR 1332]

4900.0770 DISTRIBUTION OF ACCESSIBILITY DEFERRED LOANS.

[For text of subps 1 and 2, see MR]

Subp 3 **Limit on aid.** In no case shall the accessibility deferred loan for accessibility improvements, technical assistance, and related repairs inclusively exceed the lesser of the amount allowed under statute, the actual cost of work performed, or that portion of the cost of rehabilitation that the agency determines cannot otherwise be paid by the person or family without spending an unreasonable portion of the income of the person or family thereon.

Subp 4 **Ten-year limitation.** No property shall be eligible for an accessibility deferred loan if it has been improved through such assistance within the ten-year period next preceding the date on which the application for such assistance is made, except in extraordinary circumstances relating to damage to the property as a result of events beyond the control of the recipient, or a significant change in the handicapped person's physical condition which requires additional accessibility improvements to enable the handicapped person to function in the property.

Statutory Authority: *MS s 14 05, 462A 06*

History: *24 SR 1332*

4900.0780 REPAYMENT.

The recipient of a deferred loan shall enter into an agreement with the agency for repayment of the loan. The recipient shall repay the entire amount of the deferred loan only in the event the property upon which the improvement is located is sold, transferred, or otherwise conveyed, or ceases to be the recipient's principal place of residence, within ten years after the date upon which the application for an accessibility deferred loan was approved. The agreement for the repayment of the loan shall be secured by a lien for the benefit of the agency on the property improved.

Statutory Authority: *MS s 14 05, 462A 06*

History: *24 SR 1332*

4900.1110 [Repealed, 24 SR 1332]

4900.1120 [Repealed, 24 SR 1332]

4900.1130 [Repealed, 24 SR 1332]

4900.1140 [Repealed, 24 SR 1332]

4900.1150 [Repealed, 24 SR 1332]

4900.1160 [Repealed, 24 SR 1332]

4900.1170 [Repealed, 24 SR 1332]

4900.1180 [Repealed, 24 SR 1332]

4900.1315 DEFINITIONS.

[For text of subps 1 and 2, see MR]

Subp 2a **At-risk homebuyer.** "At-risk homebuyer" means an individual or family who is homeless, receiving public assistance, or would otherwise be unable to afford homeownership through sources other than the program pursuant to criteria or standards established by an eligible organization and accepted by the agency.

[For text of subps 3 to 9, see MR]

Statutory Authority: *MS s 14 05, 462A 06*

History: *24 SR 1332*

4900.1331 HOMEOWNERSHIP ASSISTANCE FUND.

Subpart 1 **Purpose of program.** The homeownership assistance fund is established to assist persons and families of low and moderate income as specified in part 4900 1345, subpart 2, in the purchase of affordable housing according to parts 4900 1300 to 4900 1390. Toward this end, the agency may provide assistance directly to home buyers, may use funds to provide additional security for eligible loans, may provide administrative fees to entities assisting at-risk home buyers in achieving homeownership through the homeownership assistance fund, and may provide additional security for bonds issued by the agency.

[For text of subp 2, see M.R.]

Subp 3 **Fund recapture.** The agency must provide for a reasonable likelihood of recapturing the homeownership assistance money for later use except fees as provided for under part 4900 1375, subpart 11. Homeownership assistance fund money under part 4900 1375, subparts 2 to 9, must be secured by a lien on the property being purchased with an appropriate repayment provision.

Subp 4 **Default.** A homeownership assistance fund loan under part 4900.1375, subparts 2 to 11, is in default if the recipient defaults in the timely observance and performance of a condition or covenant of the first mortgage loan or of the homeownership assistance fund loan, or sells, assigns, rents, or transfers the property, whether by deed, contract for deed, or otherwise. A transfer of the property to a surviving joint tenant, if any, by reason of the death of the recipient does not constitute a default.

In the event of default, the homeownership assistance fund loan is immediately due and payable in its entirety, at the option of the agency, and is subject to interest from the date of default until the date of payment at the same rate of interest as the first mortgage loan on the property.

Statutory Authority: *MS s 14.05, 462A 06*

History: *24 SR 1332*

4900.1345 RECIPIENTS HOMEOWNERSHIP ASSISTANCE FUND.

Subp. 2 **Income limits.** The total unadjusted household income of recipients of homeownership assistance fund money must not exceed 115 percent of state or area median income as determined from time to time by the United States Department of Housing and Urban Development.

Statutory Authority: *MS s 14 05, 462A.06*

History: *24 SR 1332*

4900.1375 USE OF HOMEOWNERSHIP ASSISTANCE FUND.

[For text of subps 1 to 7, see MR]

Subp 8 **Emergency mortgage assistance.** The agency may provide interest-free emergency mortgage assistance loans or mortgage reinstatement loans for recipients who own and occupy an eligible property and who have been unable to make mortgage payments due to unemployment, medical reasons, death of a mortgagor, or other valid, substantiated reasons, are at least 60 days behind in monthly payments on a first or second residential mortgage, and have reasonable prospects for maintaining a first or second mortgage after receiving such a loan. Recipients must be ineligible for mortgage assistance from any federal government program. Loans may provide for installment of principal, interest, real estate taxes, hazard or flood insurance, mortgage insurance premiums, and homeowners association dues.

[For text of subps 9 and 10, see MR]

Subp. 11. **Administrative fees.** The agency may provide administrative fees to entities assisting homebuyers as part of a larger program to help at-risk homebuyers achieve homeownership in conjunction with other types of homeownership assistance.

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fund assistance, as listed in this part The fee must not exceed \$50,000 per year per administrative entity

Statutory Authority: *MS s 14 05, 462A.06*

History: *24 SR 1332*

4900.1600 [Repealed, 24 SR 1332]

4900.1610 [Repealed, 24 SR 1332]

4900.1620 [Repealed, 24 SR 1332]

4900.1630 [Repealed, 24 SR 1332]

4900.1640 [Repealed, 24 SR 1332]

4900.1650 [Repealed, 24 SR 1332]

4900.2200 [Repealed, 24 SR 1332]

4900.2210 [Repealed, 24 SR 1332]

4900.2220 [Repealed, 24 SR 1332]

4900.2230 [Repealed, 24 SR 1332]

4900.2240 [Repealed, 24 SR 1332]

4900.2250 [Repealed, 24 SR 1332]

4900.2260 [Repealed, 24 SR 1332]

4900.2270 [Repealed, 24 SR 1332]

4900.2300 [Repealed, 24 SR 1332]

4900.2310 [Repealed, 24 SR 1332]

4900.2320 [Repealed, 24 SR 1332]

4900.2330 [Repealed, 24 SR 1332]

4900.2340 [Repealed, 24 SR 1332]

4900.3210 DEFINITIONS.

[For text of subps 1 to 5, see M R]

Subp 6 [Repealed, 24 SR 1332]

[For text of subps 7 to 9, see M.R.]

Subp. 10. [Repealed, 24 SR 1332]

[For text of subps 11 and 12, see M R]

Subp. 13 [Repealed, 24 SR 1332]

Subp 14 [Repealed, 24 SR 1332]

[For text of subp 15, see M R]

Subp. 16. [Repealed, 24 SR 1332]

Statutory Authority: *MS s 14 05; 462A 06*

History: *24 SR 1332*

4900.3220 ELIGIBLE PROGRAMS.

[For text of subpart 1, see MR]

Subp 2. **Borrower income limits.** In addition to the borrower income limits in Minnesota Statutes, section 474A.061, subdivision 2a, paragraph (b), clause (2), the program's borrower income limits must not exceed the maximum allowed for mortgage bonds under federal tax law, including section 143(e) of the Internal Revenue Code of 1986

If Minnesota Statutes provide for agency income limits and those limits are lowered during the origination period, cities may use the income limits in effect at the time the bonds were issued for the duration of the origination period. If the agency's income limits are raised during the origination period, cities may use the higher income limits for the duration of the origination period.

Subp 3 **House price limits.** In addition to the house price limits in Minnesota Statutes, section 474A.061, subdivision 2a, paragraph (b), clause (3), the program's house price limits must not exceed the maximum allowed for mortgage bonds under federal tax law, including section 143(e) of the Internal Revenue Code of 1986

If Minnesota Statutes provides for agency house price limits, house price limits may exceed the agency house price limits only if a subsidy is used to reduce the effective purchase price of the property to the above levels.

If Minnesota Statutes provides for agency house price limits and those limits are lowered during the origination period, cities may use the house price limits in effect at the time the bonds were issued for the duration of the origination period. If the agency's house price limits are raised during the origination period, cities may use the higher house price limits for the duration of the origination period.

Subp 4. **Limits on new construction.** New construction is limited by Minnesota Statutes, section 462A.073, and any related rules

Subp 5 [Repealed, 24 SR 1332]

Subp 6 [Repealed, 24 SR 1332]

Subp. 7 [Repealed, 24 SR 1332]

Subp 8 [Repealed, 24 SR 1332]

Statutory Authority: *MS s 14.05, 462A.06*

History: *24 SR 1332*

4900.3230 APPLICATION FOR MORTGAGE REVENUE BOND AUTHORITY.

Subpart 1 **General.** Cities may apply to the agency for mortgage revenue bond authority from the housing pool as provided in subparts 2 and 3

Subp 2 **Application period.** In the event that bonding authority is available in the housing pool on the dates prescribed, cities may submit applications to the agency for single-family mortgage revenue bond authority for eligible programs

Subp 3. **Application requirements.** Cities that wish to apply for single-family mortgage revenue bond authority must submit

A an application on a form developed by the agency that establishes that the program meets the requirements of part 4900.3220, subparts 2 to 4, and Minnesota Statutes, section 474A.061, subdivision 2a,

B an application deposit by check payable to the Department of Finance equal to one percent of the requested allocation from the housing pool, and

C an application fee as described in Minnesota Statutes, section 474A.03, subdivision 4.

Statutory Authority: *MS s 14.05, 462A.06*

History: *24 SR 1332*

4900.3250 APPLICANT SELECTION.

Subpart 1 **Agency developed list.** Within a reasonable period after the application periods specified in Minnesota Statutes, section 474A 061, subdivision 2a, but in no circumstances later than 30 days after the end of an application period, the agency shall develop a list specifying the amounts allotted to each application according to Minnesota Statutes, section 474A 061, subdivision 2a, paragraph (b), clause (4)

Subp 2 **Notification.** The agency shall forward a copy of the list to the commissioner of finance. A copy of the list forwarded to the commissioner of finance shall be sent to each applicant.

Subp 3 **Designation of issuance.** Upon the establishment of the list in subpart 1, the city must designate within 15 days of the date of the list whether it plans to issue mortgage revenue bonds on its own behalf or through a joint powers agreement, or whether it plans to ask the agency to issue mortgage revenue bonds on its behalf

Statutory Authority: *MS s 14 05, 462A 06*

History: *24 SR 1332*

4900.3270 AGENCY ISSUANCE ON BEHALF OF CITIES.

Subpart 1 [Repealed, 24 SR 1332]

[For text of subps 2 to 4, see M R]

Statutory Authority: *MS s 14 05, 462A 06*

History: *24 SR 1332*

4900.3290 [Repealed, 24 SR 1332]

4900.3300 SCOPE.

Parts 4900 3300 to 4900 3320 govern the financing of new housing under the agency's mortgage revenue bond programs to finance the purchase of single-family housing as required by Minnesota Statutes, section 462A 073

Statutory Authority: *MS s 14 05, 462A 06*

History: *24 SR 1332*

4900.3310 DEFINITIONS.

Subpart 1 **Scope.** For the purposes of parts 4900 3300 to 4900.3320, the following terms have the meanings given them. Except as defined otherwise in this part, terms defined in Minnesota Statutes, section 462A 073, subdivision 1, have the meanings given them in Minnesota Statutes, section 462A 073.

[For text of subps 2 and 3, see M R]

Subp. 4 [Repealed, 24 SR 1332]

Subp 5 [Repealed, 24 SR 1332]

[For text of subp 6, see M R]

Subp. 7. [Repealed, 24 SR 1332]

Subp 8. [Repealed, 24 SR 1332]

[For text of subp 9, see M R]

Subp 10. [Repealed, 24 SR 1332]

[For text of subp 11, see M R.]

Subp 12 [Repealed, 24 SR 1332]

Statutory Authority: *MS s 14 05, 462A 06*

History: *24 SR 1332*

4900.3320 LIMITATIONS ON NEW CONSTRUCTION; METROPOLITAN AREA.

Minnesota Statutes, section 462A.073, limits new construction in the seven-county Twin Cities metropolitan area. The statute allows new housing that is part of a housing affordability initiative that meets one or more of the criteria in items A to F.

A The program is accepted or designated under the United States Department of Housing and Urban Development (HUD) Affordable Housing Program or any successor program sponsored by HUD to encourage affordable new housing.

B The program provides that financial resources other than those necessary to complete the mortgage revenue bond sale are applied to reduce the cost of the housing or improve the terms of the mortgage loans provided through the sale. A contribution greater than or equal to five percent of the purchase price of each newly constructed home to be financed with mortgage revenue bond proceeds must be provided to meet this criterion. The contribution may be provided either in whole or in part from federal, state, or local government resources or programs, private foundations, or the Federal Housing Finance Board.

C The program provides that the applicable local government authority in the jurisdiction in which the new housing is to be constructed takes affirmative steps to relax regulation to result in greater housing affordability. The steps must demonstrably reduce the cost of the housing by at least five percent.

D The program supports the efforts of housing groups that support self-help or owner built housing initiatives in which at least 15 percent of the labor or materials or both needed to complete the new housing is acquired or donated through the efforts of such groups.

E The program provides that the new housing is constructed by a nonprofit entity as defined in part 4900.0010, subpart 21, that has as a primary purpose the provision or development of affordable housing to low- and moderate-income homebuyers.

F The new housing is located on a parcel purchased by the city or conveyed to the city under Minnesota Statutes, section 282.01, subdivision 1.

Statutory Authority: *MS s 14 05, 462A 06*

History: *24 SR 1332*

4900.3330 [Repealed, 24 SR 1332]

4900.3340 [Repealed, 24 SR 1332]

4900.3350 [Repealed, 24 SR 1332]

4900.3360 [Repealed, 24 SR 1332]