

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.

Subp. 2. **Person or family of low or moderate income.** Each applicant must be a person or family, including nonrelated individual adults, of low or moderate income.

Subp. 3. **Credit risk.** Each applicant must be a reasonable credit risk with the ability to pay the loan obligation, as determined by the agency or by the lending institution, if any, servicing the loan on behalf of the agency.

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.

Subp. 7. **Time limit.** All improvements must be reasonably capable of being completed, except for causes beyond the applicant's reasonable control, such as fire, strike, and shortage of materials, within nine months of the date of the first disbursement of funds pursuant to the home improvement loan.

Subp. 8. **Conventional financing not available.** At the time of application, conventional financing must not be available from private lenders upon equivalent terms and conditions.

Subp. 9. **Agreement with renters.** Each applicant who is an owner of residential housing occupied in whole or in part by renters, shall enter into such agreement as the agency shall require to ensure that for the term of the loan persons and families of low and

moderate income will occupy at least one of the units in the case of a two unit residence, two of the units in the case of a three unit residence, three of the units in the case of a four unit residence, and four of the units in the case of a five or six unit residence.

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

History: *8 SR 475; 24 SR 1332*

Published Electronically: *June 11, 2008*