

4900.0530 ELIGIBLE APPLICATIONS.

Subpart 1. **Property interest.** Each applicant for a rental rehabilitation loan must individually or in the aggregate possess at least a one-third interest in a fee, or a contract for deed, or a life estate in the property to be improved. However, occupancy of the property by the applicant shall not be required.

Subp. 2. **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 pursuant to part 4900.0080.

Subp. 3. **Eligible improvements.** To be eligible, the structure must be in need of repairs in order to bring it into compliance with Minnesota Statutes, section 216C.27, subdivision 3, state energy conservation standards. For structures less than 15 years old, only improvements necessary to bring the structure into compliance with the state energy conservation standards are eligible. Further explanation of this requirement is in part 4900.0540.

Subp. 4. **Compliance with zoning ordinances.** The structure to be improved must not be in violation of applicable zoning ordinances or other applicable land use guides.

Subp. 5. **Use of property restricted.** The property must be used primarily for residential purposes and must consist primarily of comprehensive living units including kitchen and bathroom facilities. Mobile homes and trailers shall not be eligible for rental rehabilitation loans.

Subp. 6. **Restriction on loan use.** Rental rehabilitation loan proceeds must be used to finance only improvements upon or in connection with existing structures.

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

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

Subp. 9. **Required occupancy.** The structure to be improved must be occupied at the time of loan closing primarily by persons and families of low and moderate income. Structures containing six rental units or fewer must be occupied by persons and families of low and moderate income in at least one of the units in the case of a one-unit or two-unit rental structure, two of the units in the case of a three-unit rental structure, three of the units in the case of a four-unit rental structure, four of the units in the case of a five-unit or six-unit rental structure, and at least 75 percent of the rental units in the case of rental structures containing more than six units.

Statutory Authority: *MS s 462A.06*

History: *L 1987 c 312 art 1 s 10 subd 1*

Published Electronically: *June 11, 2008*