

4900.0540 ELIGIBILITY REQUIREMENTS FOR IMPROVEMENT LOANS.

Subpart 1. **Restrictions on loans.** Improvements made with rental rehabilitation loan proceeds shall be in compliance with subparts 2 to 4.

Subp. 2. **State energy conservation standards.** The structure must be brought into compliance with the standards established in Minnesota Statutes, section 216C.27, subdivision 3, state energy conservation standards.

Subp. 3. **Structures less than 15 years old.** For structures less than 15 years old, only improvements necessary to bring the structure into compliance with the state energy conservation standards are eligible.

Subp. 4. **Structures more than 15 years old.** For structures more than 15 years old, permanent general improvements as described in subpart 5 are eligible if the structure has been or will be brought into compliance with the state energy conservation standards.

Subp. 5. **Permanent general improvements.** Each improvement must be a permanent general improvement. Permanent general improvements shall include additions, alterations, renovations, or repairs upon or in connection with existing structures which materially preserve or improve the basic livability, safety, or utility of the property. However, conversions of structures, or portions thereof, from nonresidential use to residential use are not eligible. Permanent general improvements shall not include materials, fixtures, or landscaping of a type or quality exceeding that customarily used in the locality for properties of the same general type as the property to be improved.

Subp. 6. **Other codes and standards.** Each improvement must be made in compliance with all applicable health, fire prevention, building, and housing codes and standards, but no application for a rental rehabilitation loan for property occupied by the owner shall be denied solely because the improvements will not bring the property into full compliance with all codes and standards, except that the property must be brought into compliance with state energy conservation standards as specified in subpart 2.

Subp. 7. **Public improvements.** Rental rehabilitation loan proceeds shall not be used for the payment, wholly or in part, of assessments for public improvements; provided, however, that the proceeds may be used for improvements which will bring an individual sewage disposal system located on the property, including septic systems, into compliance with local, state, or federal environmental and sanitary standards.

Subp. 8. **Warranty.** All contracts covering all or any portion of an improvement must contain an agency-approved warranty of construction and materials.

Statutory Authority: *MS s 462A.06*

History: *L 1987 c 312 art 1 s 10 subd 1; 17 SR 1279*

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