

MINNESOTA STATUTES 1974

5325

HOUSING FINANCE AGENCY LAW OF 1971 462A.02

CHAPTER 462A

HOUSING FINANCE AGENCY LAW OF 1971

Sec.		Sec.	
462A.01	Citation	462A.13	Bonds and notes; purchase and cancellation by agency
462A.02	Policy	462A.14	Bonds and notes; nonliability of state
462A.03	Definitions	462A.15	State pledge against impairment of contracts
462A.04	Housing finance agency	462A.16	Default in payments; appointment of trustee
462A.05	Specific powers of the agency	462A.17	Powers and duties of trustee
462A.06	General powers of the agency	462A.18	Moneys of agency
462A.07	Additional powers and duties of the agency	462A.19	Exemption from taxes
462A.08	Bonds and notes; purposes, terms, approval	462A.20	Housing development fund; creation, sources
462A.09	Bonds and notes; resolutions authorizing, additional terms, sale	462A.21	Housing development fund; advances, use repayment
462A.10	Bonds and notes; optional resolution and contract provisions	462A.22	Bond fund
462A.11	Pledges	462A.24	Construction
462A.12	Bonds and notes; nonliability of individuals		

462A.01 CITATION. Sections 462A.01 to 462A.24 shall be known as and may be cited as the "Minnesota housing finance agency law of 1971."

[1971 c 702 s 1]

462A.02 POLICY. Subdivision 1. It is hereby found and declared that as a result of public actions involving highways, public facilities and urban renewal activities, and as a result of the spread of deteriorated housing and blight to formerly sound urban and rural neighborhoods, and as a result of the inability of private enterprise and investment to produce without public assistance a sufficient supply of decent, safe and sanitary residential dwellings at prices and rentals which persons and families of low and moderate income can afford, there exists within the state of Minnesota a serious shortage of decent, safe and sanitary housing at prices or rentals within the means of persons and families of low and moderate income.

Subd. 2. It is further declared that this shortage of housing for low and moderate income families is inimical to the safety, health, morals and welfare of the residents of the state and to the sound growth and development of its communities. An adequate supply of housing of a variety of housing types serving persons and families of all income levels and properly planned and related to public transportation, public facilities, public utilities and sources of employment and service is essential to the orderly growth and prosperity of the state and its communities. Present patterns of providing housing unduly limit the housing options for many people in the state's urban centers, smaller communities and non-metropolitan areas.

Subd. 3. It is further declared that continuing present patterns of providing housing in the state will limit the ability of the private building industry and the investment industry to produce, without assistance, the needed construction of sanitary, decent and safe residential dwellings at prices or rentals which persons and families of low and moderate income can afford, will result in a failure to provide sufficient long term mortgage financing for housing for low and moderate income families, and will not assure that additional housing will be provided in sufficient quantity in the areas of need and demand.

Subd. 4. It is further declared that housing assistance programs provided by the federal government are inadequate both in the amount of housing given assistance and the number of dollars available for assistance and that it will not be possible to meet the housing needs of low and moderate income families in Minnesota without state action to supplement federal programs. The legislature also finds that the provision of additional federal resources to assist in the reduction of housing costs for low and moderate income families is dependent upon the state of Minnesota providing administrative capability and a state housing finance program to add to and more effectively utilize federal funds. It is further declared that the provision of an adequate supply of housing for low and moderate income families has been greatly restricted by the rapidly increasing costs of financing housing and that providing an adequate supply of housing to meet the needs of low and moderate income families will not be possible until and unless the

MINNESOTA STATUTES 1974

cost of mortgage financing for housing for low and moderate income families is reduced by state action.

Subd. 5. It is further declared that in establishing a Minnesota housing finance agency, the legislature is acting in all respects for the benefit of the people of the state of Minnesota to serve a public purpose in improving and otherwise promoting their health, welfare and prosperity and that the Minnesota housing finance agency, as created and established, is empowered to act on the behalf of the people of the state of Minnesota in serving this public purpose for the benefit of the general public.

Subd. 6. It is further declared that it is a valid public purpose to construct housing for low and moderate income families who would otherwise be unable to obtain adequate housing at prices or rentals they could afford, to encourage such construction in the areas of need and demand with a reasonable balance between non-metropolitan and metropolitan areas of the state, and to assist in the elimination of substandard housing conditions and to prevent the recurrence of such conditions by housing persons of varied economic means and a wide range of incomes in the same developments and neighborhoods properly planned and related to public facilities and sources of employment and services and to provide the necessary powers to accomplish these public purposes.

Subd. 7. It is further declared that housing assistance programs provided by the federal government frequently require cooperation by or coordination with an agency of state government and that the availability of particular housing assistance programs of the federal government may depend upon the existence of an agency in state government with the authority and capacity to coordinate and administer such federal housing assistance programs.

Subd. 8. It is further found and declared that many residential dwellings occupied by persons and families of low and moderate income do not conform to building, housing maintenance, fire, health or other state, county and city codes and standards applicable to housing; that many have a market value substantially below the market value that they would have if rehabilitated; that many are substantially less desirable to live in than they would be if rehabilitated; that many are substantially defective or are inadequate for the number of persons occupying them; that many are uninsurable because of fire risks; that many owners of such dwellings cannot afford to make the needed repairs and improvements without expending more than a reasonable portion of their income for housing, and some are unable to afford any additional amount for housing; and that existing private and public means of enterprise and investment cannot provide financing or assistance on terms and conditions within the means of many such owners. These conditions are adverse to the safety, health, and welfare of the citizens of the state, and contrary to the public policy of preventing and eliminating blight in urban and rural areas. The rehabilitation of such housing is more economical and less disruptive than replacement and the relocation of the occupants. It is therefore a valid public purpose for the state to preserve and promote the safety, health, and welfare of its citizens by exercise of the powers granted to the Minnesota housing finance agency in this chapter.

[1971 c 702 s 2; 1973 c 515 s 1; 1974 c 441 s 1-3]

462A.03 DEFINITIONS. Subdivision 1. For the purpose of sections 462A.01 to 462A.24 the terms defined in this section have the meanings ascribed to them.

Subd. 2. "Development costs" means the costs approved by the agency as appropriate expenditures which may be incurred by sponsors of land development for residential housing or of residential housing, within this state, prior to commitment and initial advance of the proceeds of an eligible construction loan, or eligible mortgage, and for which temporary loans from the housing development fund may be made by the agency subject to the provisions of section 462A.05, subdivision 5, including but not limited to:

(a) Payments for options to purchase properties on the proposed residential housing site, deposits on contracts of purchase, or, with prior approval of the agency, payments for the purchase of such properties;

(b) Legal and organized expenses, including payments of attorneys' fees, project manager and clerical staff salaries, office rent and other incidental expenses;

(c) Payment of fees for preliminary feasibility studies, advances for planning, engineering and architectural work;

MINNESOTA STATUTES 1974

5327

HOUSING FINANCE AGENCY LAW OF 1971 462A.03

(d) Expenses for tenant surveys and market analyses; and

(e) Necessary application and other fees.

Subd. 3. "Federally insured construction loan" means a construction loan for residential housing which is insured by the United States or an instrumentality thereof, or by a commitment by the United States or an instrumentality thereof to insure such a loan or to make mortgage insurance available for a residential housing project upon the completion thereof in accordance with federal law and regulations.

Subd. 4. "Federally insured mortgage" means a mortgage loan for residential housing which is insured or guaranteed by the United States or an instrumentality thereof, or by a commitment by the United States or an instrumentality thereof to insure such a mortgage.

Subd. 5. "Federally insured security" means an evidence of indebtedness insured or guaranteed as to repayment of principal and interest by the United States or an instrumentality thereof.

Subd. 6. "Agency" means the Minnesota housing finance agency created by sections 462A.01 to 462A.24.

Subd. 7. "Residential housing" means a specific work or improvement within this state undertaken primarily to provide dwelling accommodations for persons and families of low and moderate income and for others when determined to be necessary in furtherance of the policy stated in section 462A.02, subdivision 6, including land development and the acquisition, construction or rehabilitation of buildings and improvements thereto, for residential housing, and such other nonhousing facilities as may be incidental or appurtenant thereto.

Subd. 8. "Land development" means the process of acquiring land for residential housing construction, and of making, installing, or constructing nonresidential housing improvements, including waterlines and water supply installations, sewer lines and sewage disposal installations, steam, gas and electric lines and installations, roads, streets, curbs, gutters, sidewalks, whether on or off the site, which the agency deems necessary or desirable to prepare such land for residential housing construction within this state.

Subd. 9. "Housing development fund" means the fund established by section 462A.20. "Bond fund" means any fund or funds established by the agency for the disposition of the proceeds of its bonds or notes issued as authorized in sections 462A.08 to 462A.17 and any debt service reserve fund established for the security of bonds or notes pursuant to section 462A.22.

Subd. 10. "Persons and families of low and moderate income" means persons and families, irrespective of race, creed, national origin or sex, determined by the agency to require such assistance as is made available by sections 462A.01 to 462A.24 on account of personal or family income not sufficient to afford adequate housing. In making such determination the agency shall take into account the following: (a) The amount of the total income of such persons and families available for housing needs, (b) the size of the family, (c) the cost and condition of housing facilities available, (d) the eligibility of such persons and families to compete successfully in the normal housing market and to pay the amounts at which private enterprise is providing sanitary, decent and safe housing. In the case of federally subsidized mortgages with respect to which income limits have been established by any agency of the federal government having jurisdiction thereover for the purpose of defining eligibility of low and moderate income families, the limits so established shall govern under the provision of sections 462A.01 to 462A.24. In all other cases income limits for the purpose of defining low or moderate income persons shall be established by the agency in its rules.

Subd. 11. "Eligible loan" means any mortgage loan, construction loan, rehabilitation loan, or other loan, whether or not federally insured, granted by the agency to an eligible mortgagor.

Subd. 12. "Eligible security" means any security payable from or evidencing an interest in mortgages securing loans to finance residential housing.

Subd. 13. "Eligible mortgagor" means a nonprofit corporation or limited profit entity as the same are defined by the agency in its rules, or a natural person of low or moderate income, except that the return to a limited dividend entry shall not

MINNESOTA STATUTES 1974

462A.04 HOUSING FINANCE AGENCY LAW OF 1971

5328

exceed eight percent of the capital contribution of the investors or such lesser percentage as the agency shall establish in its rules.

Subd. 14. "Federal housing assistance supplements" means and refers to all funds made available to the state of Minnesota by the federal government or any agency or instrumentality thereof for the purpose of assisting in providing adequate and economic housing in the state of Minnesota.

Subd. 15. "Rehabilitation" means the repair, reconstruction, or improvement of existing residential housing with the object of making such residential housing decent, safe, sanitary and more desirable to live in, of greater market value or in conformance with state, county, or city health, housing, building, fire prevention, and housing maintenance codes and other public standards applicable to housing, as determined by the agency.

[1971 c 702 s 3; 1973 c 501 s 15; 1973 c 515 s 2-10; 1974 c 441 s 4-6]

462A.04 HOUSING FINANCE AGENCY. Subdivision 1. There is created a public body corporate and politic to be known as the "Minnesota Housing Finance Agency." The agency shall consist of the state planning director, state auditor, and five public members appointed by the governor with advice and consent of the senate for terms of four years commencing on the dates their predecessors' terms expire; provided, that the first public members appointed by the governor shall serve terms as designated by the governor expiring on January 1, 1973, 1974, 1975, 1976, and 1977, respectively. No more than two public members shall reside in the area of jurisdiction of the metropolitan council as provided in section 483B.02, subdivision 1, and no more than one public member shall reside in any one of the development regions established under the provisions of sections 462.381 to 462.396. Each member shall hold office until his successor has been appointed and has qualified. A certificate of appointment or reappointment of any member shall be conclusive evidence of the due and proper appointment of the member.

Subd. 2. In case of any vacancy such vacancy shall be filled by appointment by the governor for the unexpired term.

Subd. 3. The governor after due notice and hearing, may remove any public member whom he may appoint in case of incompetence, neglect of duty, gross immorality, or malfeasance in office; and he may declare his office vacant and may appoint a person for such vacancy as provided in other cases of vacancy.

Subd. 4. The chairman of the board of directors shall be designated by the governor from among the public members appointed. The vice chairman of the board shall be the state planning director.

Subd. 5. The members, including the chairman and vice chairman shall receive no compensation for their services but shall be entitled to their reasonable and necessary expenses actually incurred in discharging their duties under sections 462A.01 to 462A.24.

Subd. 6. The management and control of the agency shall be vested solely in the members in accordance with the provisions of sections 462A.01 to 462A.24.

Subd. 7. The powers of the agency shall be vested in the members thereof in office from time to time and a majority of the members of the agency constitutes a quorum for the purpose of conducting its business and exercising its powers and for all other purposes, notwithstanding the existence of any vacancies. Action may be taken by the agency upon a vote of a majority of the members present.

Subd. 8. The agency shall employ an executive director, legal and technical experts and such other officers, agents and employees, permanent and temporary, as it may require, and shall determine their qualifications, duties and compensation. The agency may delegate to one or more of its agents or employees such powers or duties as it might deem proper. All permanent employees of the agency, except the executive director, are in the classified service of the state.

Subd. 9. The members and officers of the agency shall not be liable personally, either jointly or severally, for any debt or obligation created or incurred by the agency.

[1971 c 702 s 4; 1973 c 35 s 74; 1974 c 441 s 7]

462A.05 SPECIFIC POWERS OF THE AGENCY. Subdivision 1. The agency shall have the specific powers and duties set forth in this section.

Subd. 2. It may make or participate in the making of eligible construction loans

MINNESOTA STATUTES 1974

5329

HOUSING FINANCE AGENCY LAW OF 1971 462A.05

to sponsors of residential housing for occupancy by persons or families of low and moderate income. Such loans shall be made only upon determination by the agency that construction loans are not otherwise available, wholly or in part, from private lenders upon equivalent terms and conditions.

Subd. 3. It may agree to purchase, make, or otherwise participate in the making and enter into commitments for the purchase, making, or participation in the making of long term eligible mortgage loans to sponsors of residential housing for occupancy by persons and families of low and moderate income, or to persons and families of low and moderate income who may purchase such residential housing. Such loans shall be made only upon determination by the agency that long term mortgage loans are not otherwise available, wholly or in part, from private lenders upon equivalent terms and conditions.

Subd. 4. It may purchase and enter into commitments for the purchase of eligible securities provided that the agency shall first determine that the proceeds of such securities will be utilized for the purpose of residential housing for occupancy by persons or families of low and moderate income.

Subd. 5. It may make temporary loans solely to "nonprofit" sponsors as defined by the agency, with or without interest, and with such security for repayment, if any, as the agency determines reasonably necessary and practicable, solely from the housing development fund, in accordance with the provisions of section 462A.21, to defray development costs to sponsors of residential housing construction for occupancy by persons and families of low and moderate income which development costs are eligible or potentially eligible for construction loans or mortgages.

Subd. 6. It may accept appropriations, gifts, grants, bequests and devises, and utilize or dispose of the same to carry out its corporate purpose.

Subd. 7. It may make and execute contracts, releases, compromises, compositions and other instruments necessary or convenient for the exercise of its powers, or to carry out its corporate purpose.

Subd. 8. It may collect reasonable interest, fees, and charges in connection with making and servicing its loans, notes, bonds, obligations, commitments and other evidences of indebtedness, and in connection with providing technical, consultative and project assistance services. Such interest, fees and charges shall be limited to the amounts required to pay the costs of the agency, including operating and administrative expenses, and reasonable allowances for losses which may be incurred.

Subd. 9. It may invest any funds not required for immediate disbursement in direct obligations of the United States government or in obligations the principal of and interest on which are guaranteed by the United States government or an agency thereof.

Subd. 10. It may sell eligible loans or eligible securities to the federal national mortgage association or any other agency or instrumentality of the United States, and may invest in the capital stock issued by said association or other agency or instrumentality to the extent, if any, required as a condition of such sale.

Subd. 11. It may receive federal housing assistance supplements from the federal government, or from agencies or instrumentalities thereof; may administer and distribute said funds in accordance with the applicable provisions of federal law or regulations governing the administration and distribution of said supplements; and may make and publish such rules and regulations as are necessary to enable it to receive, administer, and distribute said supplements in accordance with said federal laws and regulations.

Subd. 12. It may, from time to time, establish such funds as may be needed in order to receive, administer, and distribute federal housing assistance supplements. All federal housing assistance supplements received by the agency are hereby appropriated to the agency.

Subd. 13. In carrying out the policies and purposes declared in section 462A.02, the agency shall prefer those housing projects which are federally subsidized and those loans which are federally insured or guaranteed, to the extent that the agency finds such projects and loans to be available at the times and in the amounts needed to meet the shortage of residential housing for persons and families of low and moderate income.

Subd. 14. It may agree to purchase, make, or otherwise participate in the making, and may enter into commitments for the purchase, making, or participation in

MINNESOTA STATUTES 1974

the making, of eligible loans for rehabilitation to persons and families of low and moderate income, and to sponsors of existing residential housing for occupancy by such persons and families, for the rehabilitation of existing residential housing owned by them. Such loans may be insured or uninsured and may be made with such security, or may be unsecured, as the agency deems advisable. They may be made in amounts sufficient to refinance existing indebtedness secured by the property, if such refinancing is determined by the agency to be necessary to permit the owner to meet his housing cost without expending an unreasonable portion of his income thereon. No loan for rehabilitation shall be made unless the agency determines that such loan will be used primarily to make the housing more desirable to live in, to increase the market value of the housing or for compliance with state, county or municipal building, housing maintenance, fire, health or similar codes and standard applicable to housing. In unincorporated areas and municipalities not having such codes and standards, the agency may, solely for the purpose of administering the provisions of Laws 1974, Chapter 441, establish such codes and standards. No loan for rehabilitation of any property shall be made in an amount which, with all other existing indebtedness secured by the property, would exceed its market value, as determined by the agency. No loan for rehabilitation of owner occupied residential housing shall be denied solely because the loan will not be used for placing such residential housing in full compliance with all state, county or municipal building, housing maintenance, fire, health or similar codes and standards applicable to housing. Rehabilitation loans shall be made only when the agency determines that financing is not otherwise available, in whole or in part, from private lenders upon equivalent terms and conditions.

Subd. 15. It may make grants to persons and families of low and moderate income to pay or to assist in paying a loan made pursuant to subdivision 14, or to rehabilitate or to assist in rehabilitating existing residential housing owned or occupied by such persons or families. For the purposes of this section, persons of low and moderate income include administrators appointed pursuant to section 566.25, clause (c). No such grant shall be made unless the agency determines that such grant will be used primarily to make the housing more desirable to live in, to increase the market value of the housing or for compliance with state, county or municipal building, housing maintenance, fire, health or similar codes and standards applicable to housing. In unincorporated areas and municipalities not having such codes and standards, the agency may, solely for the purpose of administering this provision, establish such codes and standards. No grant for rehabilitation of owner occupied residential housing shall be denied solely because the grant will not be used for placing such residential housing in full compliance with all state, county or municipal building, housing maintenance, fire, health or similar codes and standards applicable to housing. The amount of any such grant shall not exceed the lesser of (a) \$5,000, or (b) the actual cost of the work performed, or (c) that portion of the cost of rehabilitation which the agency determines cannot otherwise be paid by such person or family without spending an unreasonable portion of the income of such person or family thereon. In making such grants, the agency shall determine the circumstances under which and the terms and conditions under which all or any portion thereof will be repaid and shall determine the appropriate security should such repayment be required.

Subd. 16. (a) It may make payments or expenditures from the housing development fund to persons of low or moderate income, who are recipients of an eligible loan as defined in Laws 1974, Chapter 441, or who have purchased residential housing from a recipient of such eligible loan, and who are owners and occupants of residential housing constructed or rehabilitated under Laws 1974, Chapter 441, when, in the agency's determination, such residential housing contains defects or omissions which affect the structural soundness, or the use and livability of such housing, including but not limited to defects or omissions in materials, hardware, fixtures, design, workmanship and landscaping of whatever kind and nature incorporated in said housing and which are covered by an agency approved warranty, for the purposes of (i) correcting such defects, or (ii) paying the claims of the owner arising from such defects, provided, that this authority shall exist only if the owner has requested assistance from the agency not later than four years after the issuance of the eligible loan, or where such residential housing was rehabilitated under Laws 1974, Chapter 441 only if the owner has requested assistance from the agency not later than two years after the issuance of the eligible loan.

MINNESOTA STATUTES 1974

5331

HOUSING FINANCE AGENCY LAW OF 1971 462A.07

(b) If such owner elects to receive payments or expenditures pursuant to this section, the agency is subrogated to the right of such owner to recover damages against any party or persons reasonably calculated to be responsible for such damages.

(c) The agency may require from the seller of such residential housing, or the contractor responsible for the construction or rehabilitation of such housing, an agreement to reimburse the agency for any payments and expenditures made pursuant to this subdivision with respect to such residential housing.

[1971 c 702 s 5; 1973 c 515 s 11-19; 1974 c 441 s 8-10]

462A.06 GENERAL POWERS OF THE AGENCY. Subdivision 1. For the purpose of exercising the specific powers granted in section 462A.05 and effectuating the other purposes of sections 462A.01 to 462A.24, the agency shall have the general powers granted in this section.

Subd. 2. It may sue and be sued.

Subd. 3. It may have a seal and alter the same at will.

Subd. 4. It may make, and from time to time, amend and repeal rules and regulations not inconsistent with the provisions of sections 462A.01 to 462A.24.

Subd. 5. It may acquire, hold and dispose of personal property for its corporate purposes.

Subd. 6. It may enter into agreements or other transactions with any federal or state agency, any person and any domestic or foreign partnership, corporation, association or organization.

Subd. 7. It may acquire real property, or an interest therein, in its own name, by purchase or foreclosure, where such acquisition is necessary or appropriate to protect any loan in which the agency has an interest and may sell, transfer and convey any such property to a buyer and, in the event such sale, transfer or conveyance cannot be effected with reasonable promptness or at a reasonable price, may lease such property to a tenant.

Subd. 8. It may sell, at public or private sale, any note, mortgage or other instrument or obligation evidencing or securing a loan.

Subd. 9. It may procure insurance against any loss in connection with its property in such amounts, and from such insurers, as may be necessary or desirable.

Subd. 10. It may consent, whenever it deems it necessary or desirable in the fulfillment of its corporate purpose, to the modification of the rate of interest, time of payment or any installment of principal or interest, or any other term, of any mortgage loan, mortgage loan commitment, construction loan, temporary loan, contract or agreement of any kind to which the agency is a party.

Subd. 11. It may make and publish rules and regulations respecting its mortgage lending, construction lending, rehabilitation lending, grants, and temporary lending, and any such other rules and regulations as are necessary to effectuate its corporate purpose.

Subd. 12. It may borrow money to carry out and effectuate its corporate purpose and may issue its negotiable bonds or notes as evidence of any such borrowing in accordance with sections 462A.08 to 462A.17.

Subd. 13. [Repealed, 1973 c 515 s 40]

Subd. 14. [Repealed, 1973 c 515 s 40]

Subd. 15. [Repealed, 1973 c 515 s 40]

Subd. 16. [Repealed, 1973 c 515 s 40]

[1971 c 702 s 6; 1973 c 35 s 75; 1973 c 515 s 20, 21; 1974 c 441 s 11]

462A.07 ADDITIONAL POWERS AND DUTIES OF THE AGENCY. Subdivision 1. In addition to the powers granted in sections 462A.05 and 462A.06 the agency shall have the further powers granted in this section.

Subd. 2. It may provide general technical services to assist in the planning, processing, design, construction or rehabilitation, and inspection of residential housing for occupancy by persons and families of low and moderate income.

Subd. 3. It may provide general consultative project assistance services for residential housing for occupancy by persons and families of low and moderate income and for the residents thereof with respect to management, training and social

MINNESOTA STATUTES 1974

services, homeownership counseling and continuing technical home maintenance services.

Subd. 4. It may promote research and development in scientific methods of constructing low cost residential housing of high durability.

Subd. 5. It may enter into agreements with sponsors, mortgagors, or the issuers of securities for the purpose of regulating the planning, development, and management of housing projects financed in whole or in part by the proceeds of eligible loans or eligible securities purchased by the agency.

Subd. 6. It may undertake and carry out studies and analyses of housing needs within the state and ways of meeting such needs including data with respect to population and family and size; and the distribution thereof according to income groups, the amount and quality of available housing and its distribution according to rentals and sales prices, employment, wages and other factors affecting housing needs and the meeting thereof; and may make the results of such studies and analyses available to the public and the housing and supply industries, and may engage in research and disseminate information on housing.

Subd. 7. It may survey and investigate the housing conditions and needs, both urban and rural, throughout the state and make recommendations to the governor and the legislature as to legislation and other measures necessary or advisable to alleviate any existing housing shortage in the state.

Subd. 8. It may assist the commissioner of administration in the development, implementation and revision of a uniform state building code.

Subd. 9. It may establish such rules and regulations as may be necessary to insure that priority for assistance by the agency will be given to projects located in municipal jurisdictions or counties, which have adopted the uniform state building code.

Subd. 10. It may establish and enforce such rules as may be necessary to insure compliance with chapter 363, and to insure that occupancy of housing assisted under sections 462A.01 to 462A.24 shall be open to all persons, and that contractors and subcontractors engaged in the construction of such housing shall provide an equal opportunity for employment to all persons, without discrimination as to race, color, creed, religion, national origin, sex, marital status, age, and status with regard to public assistance or disability.

Subd. 11. It may establish cooperative relationships with such regional county and multi-county housing authorities as may be established, including the metropolitan council, and may develop priorities for the utilization of agency resources and assistance within a region in cooperation with regional county and multi-county housing authorities.

Subd. 12. It may delegate, use or employ any federal, state, regional or local public or private agency or organization, upon such terms as it deems necessary or desirable, to assist in the exercise of any of the powers granted in Laws 1974, Chapter 441 and to carry out the objectives of Laws 1974, Chapter 441, and may pay for such services from the housing development fund.

Subd. 13. It may engage in the development and administration of low rent housing, but only if (1) the federal government provides assistance in connection with such housing pursuant to 42 U.S.C. 1401-1435, and (2) the applicable county or municipal government body or reservation housing authority has requested the agency to engage in such development and administration. For the purpose of this subdivision, the terms "development", "administration", and "low rent housing" shall have the meaning set forth in 42 U.S.C. 1401-1435, as in effect on April 11, 1974. In the allocation of federal housing assistance funds provided pursuant to this subdivision, the agency shall give priority to programs which increase opportunities for low cost residential housing on or adjacent to the Indian reservations of this state.

[1971 c 702 s 7; 1973 c 515 s 22; 1974 c 441 s 12-16]

462A.08 BONDS AND NOTES; PURPOSES, TERMS, APPROVAL. Subdivision 1. The agency from time to time may issue its negotiable bonds and notes in such principal amount as, in the opinion of the agency, shall be necessary to provide sufficient funds for achieving its purposes, including the making of eligible loans and the purchase of eligible securities, the payment of interest on bonds and notes of the agency, the establishment of reserves to secure such bonds and notes,

and the payment of all other expenditures of the agency incident to and necessary or convenient to carry out its corporate purposes and powers.

Subd. 2. The agency from time to time may issue bonds or notes for the purpose of refunding any bonds or notes of the agency then outstanding, including the payment of any redemption premiums thereon and any interest accrued or to accrue to the redemption date next succeeding the date of delivery of such refunding bonds or notes. The proceeds of any such refunding bonds or notes may, in the discretion of the agency, be applied to the purchase or payment at maturity of the bonds or notes to be refunded, or to the redemption of such outstanding bonds or notes on the redemption date next succeeding the date of delivery of such refunding bonds or notes and may, pending such application, be placed in escrow to be applied to such purchase, retirement, or redemption. Any such escrowed proceeds, pending such use, may be invested and reinvested in obligations issued or guaranteed by the state or the United States or by any agency or instrumentality thereof, or in certificates of deposit or time deposits secured in such manner as the agency shall determine, maturing at such time or times as shall be appropriate to assure the prompt payment of the principal of and interest and redemption premiums, if any, on the bonds or notes to be refunded. The income earned or realized on any such investment may also be applied to the payment of the bonds or notes to be refunded. After the terms of the escrow have been fully satisfied, any balance of such proceeds and investment income may be returned to the agency for use by it in any lawful manner. All refunding bonds or notes issued under the provisions of this subdivision shall be issued and secured in the manner provided by resolution of the agency.

Subd. 3. All notes or bonds issued hereunder shall be negotiable investment securities within the meaning and for all purposes of the uniform commercial code, subject only to any provisions of the bonds and notes for registration. All notes and bonds so issued shall be general obligations of the agency, secured by its full faith and credit, and payable out of any moneys, assets, or revenues of the agency, subject to the provisions of resolutions or indentures pledging and appropriating particular moneys, assets, or revenues to particular notes or bonds.

[1971 c 702 s 8; 1973 c 515 s 23-25; 1974 c 441 s 17]

462A.09 BONDS AND NOTES; RESOLUTIONS AUTHORIZING, ADDITIONAL TERMS, SALE. The notes and bonds of the agency shall be authorized by a resolution or resolutions adopted by the agency, shall bear such date or dates, shall mature at such time or times, shall bear interest at such rate or rates, be in such denominations, be in such form, carry such registration privileges, be executed in such manner, be payable in lawful money of the United States of America, at such place or places within or without the state, and be subject to such terms of redemption prior to maturity as such resolutions or certificates may provide. No note shall mature more than ten years from its date or from the date of any note refunded thereby. The maximum maturity of any bond, whether or not issued for the purpose of refunding, shall be 50 years from its date. The notes and bonds of the agency may be sold at public or private sale, at such price or prices as the agency shall determine.

[1971 c 702 s 9; 1973 c 515 s 26]

462A.10 BONDS AND NOTES; OPTIONAL RESOLUTION AND CONTRACT PROVISIONS. Subdivision 1. Any resolution authorizing any notes or bonds or any issue thereof may contain provisions, which shall be a part of the contract with the holders thereof, as to the matters referred to in this section.

Subd. 2. It may pledge or create a lien on all or any part of the moneys or property of the agency and any moneys held in trust or otherwise by others to secure the payment of the notes or bonds or of any issue thereof, subject to such agreements with bondholders or noteholders as may then exist.

Subd. 3. It may provide for the custody, collection, securing, investment, and payment of any moneys of the agency.

Subd. 4. It may set aside reserves or sinking funds and provide for the regulation and disposition thereof and may create other special funds into which any moneys of the agency may be deposited.

Subd. 5. It may limit the loans and securities to which the proceeds of sale of notes or bonds may be applied and may pledge repayment thereon to secure the payment of the notes or bonds or of any issue thereof.

MINNESOTA STATUTES 1974

462A.11 HOUSING FINANCE AGENCY LAW OF 1971

5334

Subd. 6. It may limit the issuance of additional notes or bonds, the terms upon which additional notes or bonds may be issued and secured, and the refunding of outstanding or other notes or bonds.

Subd. 7. It may prescribe the procedure, if any, by which the terms of any contract with noteholders or bondholders may be amended or abrogated, the amount of notes or bonds the holders of which must consent thereto, and the manner in which such consent may be given.

Subd. 8. It may vest in a trustee or trustees such property, rights, powers and duties in trust as the agency may determine, which may include any or all of the rights, powers and duties of the bondholders, or may limit the rights, powers and duties of such trustee.

Subd. 9. It may define the acts or omissions to act which shall constitute a default in the obligations and duties of the agency and may provide for the rights and remedies of the holders of bonds or notes in the event of such default, and provide any other matters of like or different character, consistent with the general laws of the state and other provisions of this chapter, which in any way affect the security or protection of the notes or bonds and the rights of the holders thereof.

[1971 c 702 s 10; 1973 c 515 s 27-31]

462A.11 PLEDGES. Any pledge made by the agency shall be valid and binding from the time when the pledge is made, the moneys or property so pledged and thereafter received by the agency shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of any such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the agency, irrespective of whether such parties have notice thereof. Neither the resolution nor any other instrument by which a pledge is created need be recorded.

[1971 c 702 s 11]

462A.12 BONDS AND NOTES; NONLIABILITY OF INDIVIDUALS. Neither the members of the agency nor any person executing the notes or bonds shall be liable personally on the notes or bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

[1971 c 702 s 12]

462A.13 BONDS AND NOTES; PURCHASE AND CANCELLATION BY AGENCY. The agency, subject to such agreements with noteholders or bondholders as may then exist, shall have power out of any funds available therefor to purchase notes or bonds of the agency, which shall thereupon be cancelled, at a price not exceeding (a) if the notes or bonds are then redeemable, the redemption price then applicable plus accrued interest to the next interest payment date thereon, or (b) if the notes or bonds are not redeemable, the redemption price applicable on the first date after such purchase upon which the notes or bonds become subject to redemption plus accrued interest to such date.

[1971 c 702 s 13]

462A.14 BONDS AND NOTES; NONLIABILITY OF STATE. The state of Minnesota shall not be liable on notes or bonds of the agency and such notes and bonds shall not be a debt of the state. The notes and bonds shall contain on the face thereof, a statement to such effect.

[1971 c 702 s 14]

462A.15 STATE PLEDGE AGAINST IMPAIRMENT OF CONTRACTS. The state pledges and agrees with the holders of any notes or bonds issued under sections 462A.01 to 462A.24, that the state will not limit or alter the rights vested in the agency to fulfill the terms of any agreements made with the holders thereof, or in any way impair the rights and remedies of the holders until the notes or bonds, together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of such holders, are fully met and discharged. The agency is authorized to include this pledge and agreement of the state in any agreement with the holders of such notes or bonds.

[1971 c 702 s 15]

462A.16 DEFAULT IN PAYMENTS; APPOINTMENT OF TRUSTEE. If the agency defaults in the payment of principal or interest on any issue of notes or

MINNESOTA STATUTES 1974

5335

HOUSING FINANCE AGENCY LAW OF 1971 462A.18

bonds after the same shall become due, whether at maturity or upon call for redemption, and such default continues for a period of 30 days, or if the agency fails or refuses to comply with the provisions of this chapter, or defaults in any agreement made with the holders of any issue of notes or bonds, the holders of 25 percent in aggregate principal amount of the notes or bonds of such issue then outstanding may appoint a trustee to represent the holders of such notes or bonds for the purposes set forth in section 462A.17, unless the notes or bonds are issued under an indenture made and entered into by the agency with a designated trustee.

[1971 c 702 s 16; 1973 c 515 s 32]

462A.17 POWERS AND DUTIES OF TRUSTEE. Subdivision 1. The trustee designated in any indenture or resolution securing an issue of notes or bonds, or a trustee appointed pursuant to section 462A.16, may, and upon written request of the holders of 25 percent in principal amount of such notes or bonds then outstanding shall, in his own name, subject to the provisions of such indenture or resolution:

(a) Enforce all rights of the noteholders or bondholders, including the right to require the agency to collect fees and charges and interest and payments on eligible loans and mortgages made and eligible securities purchased by it adequate to carry out any agreement as to, or pledge of, such fees and charges and payments and to require the agency to carry out any other agreements with the holders of such notes or bonds and to perform its duties under this chapter;

(b) Bring suit upon such notes or bonds;

(c) Require the agency to account as if it were the trustee of any express trust for the holders of such notes or bonds;

(d) Enjoin any acts or things which may be unlawful or in violation of the rights of holders of such notes or bonds; or

(e) Declare all such notes or bonds due and payable, and if all defaults shall be made good, then, with the consent of the holders of 25 percent of the principal amount of such notes or bonds then outstanding, the trustee may annul such declaration and consequences.

Subd. 2. In addition to the powers specifically granted herein, the trustee shall have and possess all of the powers necessary or appropriate for the exercise of any functions specifically set forth herein or incident to the general representation of bondholders or noteholders in the enforcement and protection of their rights.

Subd. 3. The venue of any action or proceedings brought by the trustees under sections 462A.01 to 462A.24, shall be in Ramsey county. Before declaring the principal of notes or bonds due and payable, the trustee shall first give 30 days notice in writing to the governor, to the agency and to the state treasurer.

[1971 c 702 s 17; 1973 c 35 s 76; 1973 c 501 s 16; 1973 c 515 s 33]

462A.18 MONEYS OF AGENCY. Subdivision 1. **Functions of state treasurer.** All moneys of the agency, except as otherwise authorized or provided in this section, shall be paid to the state treasurer as agent of the agency, who shall not commingle such moneys with any other moneys. The moneys in such accounts shall be paid out on warrants drawn by the commissioner of finance on requisition of the chairman of the agency or of such other officer or employee as the agency shall authorize to make such requisition. All deposits of such moneys shall, if required by the state treasurer or the agency, be secured by obligations of the United States or of the state of a market value equal at all times to the amount of the deposit and all banks and trust companies are authorized to give such security for such deposits.

Subd. 2. **Contracts and security.** Notwithstanding the provisions of this section, the agency shall have power, subject to the approval of the state treasurer, to contract with the holders of any of its notes or bonds, as to the custody, collection, securing, investment, and payment of any moneys of the agency, or any moneys held in trust or otherwise for the payment of notes or bonds, and to carry out such contract. Moneys held in trust or otherwise for the payment of notes or bonds or in any way to secure notes or bonds and deposits of such moneys may be secured in the same manner as moneys of the agency, and all banks and trust companies are authorized to give such security for such deposits. All moneys so paid to the state treasurer as agent of the agency, from whatever source, are appropriated to the agency.

MINNESOTA STATUTES 1974

462A.19 HOUSING FINANCE AGENCY LAW OF 1971

5336

Subd. 3. **System of accounts.** Subject to agreements with noteholders and bondholders, the commissioner of finance shall prescribe a system of accounts.

[1971 c 702 s 18; 1973 c 492 s 14; 1973 c 515 s 34]

462A.19 EXEMPTION FROM TAXES. Subdivision 1. The property of the agency and its income and operation shall be exempt from all taxation by the state or any of its political subdivisions and all bonds and notes of the agency shall be exempt from all taxation by the state or any of its political subdivisions.

Subd. 2. The state covenants with the purchasers and all subsequent holders and transferees of notes and bonds issued by the agency in consideration of the acceptance of and payment for the notes and bonds, that the notes and bonds of the agency issued pursuant to sections 462A.01 to 462A.24 and the income therefrom and all its fees, charges, gifts, grants, revenues, receipts, and other moneys received or to be received, pledges to pay or secure the payment of such notes or bonds shall at all times be free and exempt from all state, city, county or other taxation provided by the laws of the state, except for estate and gift taxes and taxes on transfers, and except for the Minnesota corporate franchise tax measured by income, so long as the interest on federal bonds is included in the income by which such tax is measured.

[1971 c 702 s 19]

462A.20 HOUSING DEVELOPMENT FUND; CREATION, SOURCES. Subdivision 1. There is created and established under the jurisdiction and control of the agency a revolving fund to be known as the "housing development fund."

Subd. 2. There shall be paid into the housing development fund:

- (a) Any moneys appropriated and made available by the state for the purposes of the fund;
- (b) Any moneys which the agency receives in repayment of advances made from the fund;
- (c) Any other moneys which may be made available to the authority for the purpose of the fund from any other source or sources;
- (d) All fees and charges collected by the agency;
- (e) All interest or other income not required by the provisions of a resolution or indenture securing notes or bonds to be paid into another special fund.

Subd. 3. Whenever any moneys are appropriated by the state to the agency solely for a specified purpose or purposes, the agency shall establish a separate bookkeeping account or accounts in the housing development fund to record the receipt and disbursement of such moneys and of the income, gain, and loss from the investment and reinvestment thereof.

[1971 c 702 s 20; 1973 c 515 s 35; 1974 c 441 s 18]

462A.21 HOUSING DEVELOPMENT FUND; ADVANCES, USE REPAYMENT. Subdivision 1. The agency may use the moneys held in the housing development fund for the purposes provided in this section.

Subd. 2. It may make temporary loans to "nonprofit" sponsors to defray development costs, as provided by section 462A.05, subdivision 5. Each such loan shall be repaid in full by the borrower to the agency concurrent with the initial endorsement of such borrower's eligible construction loan, unless the authority extends the period for the repayment of the advances. In no event shall the time of repayment be extended later than the date of the final endorsement of the eligible mortgage loan. If no permanent financing is obtained the loan shall be repaid in accordance with such terms and conditions as the agency has prescribed by rule.

Subd. 3. It may make planning grants to local communities, pursuant to rules promulgated by the agency, in such amounts as the agency determines, not to exceed the net costs, exclusive of any federal or other aid or assistance, as are incurred by the local community in planning for land and building acquisition, improvements, renewal, relocation or conservation. Such grants shall be limited to planning for specific sites upon which housing is, or is to be, situated and sites designated for other uses that are reasonably related to such housing.

Subd. 4. It may pay all costs and expenses of financing not paid out of a special fund created by a resolution or indenture securing notes or bonds.

MINNESOTA STATUTES 1974

5337

HOUSING FINANCE AGENCY LAW OF 1971 462A.22

Subd. 4a. It may make rehabilitation grants and expenditures for correction of residential housing defects as provided in section 462A.05, subdivisions 15 and 16.

Subd. 5. It may expend moneys in the fund, not otherwise appropriated, for such other agency purposes as previously enumerated in Laws 1974, Chapter 441 as the agency in its discretion shall determine and provide.

Subd. 6. Notwithstanding the provisions of subdivision 5, the agency shall not expend moneys in the fund for the purpose of making rehabilitation grants except by specific appropriation by the legislature.

[1971 c 702 s 21; 1973 c 515 s 36-38; 1974 c 441 s 19-25]

462A.22 BOND FUND. Subdivision 1. The aggregate principal amount of bonds and notes which are outstanding at any time, excluding the principal amount of any bonds and notes refunded by the issuance of new bonds or notes, shall not exceed the sum of:

(a) \$100,000,000 issued for the purpose of providing funds for rehabilitation loans, or refunding bonds or notes issued for this purpose, plus

(b) \$500,000,000 issued for other purposes specified in section 462A.08.

Subd. 2. Subdivision 1 is not a contract with the holders of any bonds or notes excluding the issuance of bonds or notes in excess of said maximum amount, if such maximum shall be increased by law.

Subd. 3. The agency may create and establish a special fund or funds for the security of one or more or all series of its bonds or notes, which funds shall be known as debt service reserve funds. The agency may pay into each debt service reserve fund (a) any moneys appropriated by the state only for the purposes of such fund, (b) any proceeds of sale of bonds or notes to the extent provided in the resolution or indenture authorizing the issuance thereof, (c) any funds directed to be transferred by the agency to such debt service reserve fund, and (d) any other moneys made available to the agency only for the purpose of such fund from any other source or sources.

Subd. 4. The moneys held in or credited to each debt service reserve fund, except as provided in this section, shall be used solely for the payment of the principal of bonds or notes of the agency as the same mature, the purchase of such bonds or notes, the payment of interest thereon, or the payment of any premium required when such bonds or notes are redeemed before maturity; provided, that moneys in any such fund shall not be withdrawn therefrom at any time in such amount as would reduce the amount of the fund to less than the amount which the agency shall determine to be reasonably necessary for the purposes of the fund, except for the purpose of paying principal or interest due on bonds or notes secured by the fund, for the payment of which other moneys of the agency are not available.

Subd. 5. Moneys in any debt service reserve fund not required for immediate use or disbursement may be invested in obligations of the state or the United States of America, or obligations the principal and interest of which are guaranteed by the state or the United States of America. In computing the amount of any debt service reserve fund for the purpose of this section, securities in which all or a portion of the fund are invested shall be valued at par or, if purchased at less than par, at their cost to the agency.

Subd. 6. If the agency shall create and establish a debt service reserve fund for the security of any series of bonds or notes, it shall not issue any additional bonds or notes which are similarly secured if the amount of any of the debt service reserve funds at the time of such issuance does not equal or exceed the minimum amount, if any, required by the resolution creating such fund, unless the agency shall deposit in each such fund at the time of such issuance, from the proceeds of the bonds or notes or otherwise, an amount which, together with the amount then in the fund, will be not less than the minimum amount so required.

Subd. 7. To the extent consistent with the resolutions and indentures securing outstanding bonds and notes, the agency may at the close of any fiscal year transfer to any other fund or account from any debt service reserve fund, any excess in that fund over the amount deemed by the agency to be reasonably necessary for the purpose of the fund.

Subd. 8. In order to assure the payment of the principal of and interest on bonds and notes of the agency and the continued maintenance of all debt service reserve funds created and established therefor, the agency shall annually determine

MINNESOTA STATUTES 1974

462A.24 HOUSING FINANCE AGENCY LAW OF 1971

5338

and certify to the governor, on or before December 1, (a) the amount, if any, then needed to restore each debt service reserve fund to the minimum amount required by the resolution or indenture establishing the fund, not exceeding the maximum amount of principal and interest to become due and payable in any subsequent year on all bonds or notes which are then outstanding and secured by such fund; and (b) the amount, if any, determined by the agency to be needed in the then immediately ensuing fiscal year, with other funds pledged and estimated to be received during that year, for the payment of the principal and interest due and payable in that year on all then outstanding bonds and notes secured by a debt service reserve fund the amount of which is then less than the minimum amount agreed. The governor shall include and submit to the legislature, in the budget for the following fiscal year, or in a supplemental budget if the regular budget for that year has previously been approved, the amount certified to him by the agency in accordance with this subdivision.

Subd. 9. The agency shall also submit a biennial report of its activities to the governor and the legislature on or before January 15 in each odd-numbered year.

Subd. 10. All of the official books and records of the agency shall be subject to audit by the state auditor in the manner prescribed for other agencies of state government. The agency is authorized also to employ and to contract in its resolutions and indentures for the employment of independent accountants for the audit of books and records pertaining to any fund or funds, and the state auditor is authorized to cooperate with such accountants as provided in sections 6.64 to 6.70.

[1971 c 702 s 22; 1973 c 492 s 14; 1973 c 515 s 39; 1974 c 441 s 26]

462A.23 [Repealed, 1973 c 515 s 40]

462A.24 CONSTRUCTION. Sections 462A.01 to 462A.24 are necessary for the welfare of the state of Minnesota and its inhabitants; therefore, it shall be liberally construed to effect its purpose.

[1971 c 702 s 24]