

CHAPTER 462A

HOUSING FINANCE AGENCY

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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."

History: 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 nonmetropolitan 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 mort-

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gage 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 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 nonmetropolitan 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.

Subd. 9. It is further declared that the health, welfare, and personal interests of the mentally ill, mentally retarded, physically handicapped, and drug dependent citizens of Minnesota who are and who may be in need of residential care are better served through the development of a comprehensive, community based system of treatment and care which requires the availability of adequate financing for the construction, renovation, or rehabilitation of residential care facilities as well as sufficient funds for their operational start-up costs.

Subd. 10. It is further declared that supplies of conventional energy resources are rapidly depleting in quantity and rising in price and that the burden of these occurrences falls heavily upon the citizens of Minnesota generally and persons of low and moderate income in particular. These conditions are adverse to the health, welfare, and safety of all of the citizens of this state. It is further declared that it is a public purpose to ensure the availability of financing to be used by all citizens of the state, while giving preference to low and moderate income people, to assist in the installation in their dwellings of reasonably priced energy conserving systems including the use of alternative energy resources and equipment so that by the improvement of the energy efficiency of all housing, the adequacy of the total energy supply may be preserved for the benefit of all citizens.

History: 1971 c 702 s 2; 1973 c 515 s 1; 1974 c 441 s 1-3; 1976 c 218 s 1; Ex1979 c 2 s 44; 1982 c 581 s 24; 1983 c 301 s 203

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 organizational 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;

(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 residential care facilities for mentally ill, mentally retarded, physically handicapped, and drug dependent persons licensed or potentially eligible for licensure under rules promulgated by the commissioner of human services, or to provide dwelling accommodations for persons and families of low and moderate income and for other persons and families when determined to be necessary in furtherance of the policy of economic integration 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 non-housing 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 by emergency or permanent 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, all or a portion of which secure loans financing residential housing.

Subd. 13. "Eligible mortgagor" means a nonprofit or cooperative housing corporation, limited profit entity or a builder as defined by the agency in its rules, which sponsors or constructs residential housing as defined in subdivision 7, or a natural person of low or moderate income, except that the return to a limited dividend entity shall not exceed ten percent of the capital contribution of the investors or such lesser percentage as the agency shall establish in its rules; provided that residual receipts funds of a limited dividend entity may be used for agency-approved, housing-related investments owned by the limited dividend entity without regard to the limitation on returns. Owners of existing residential housing occupied by renters shall be eligible for rehabilitation loans, only if, as a condition to the issuance of the loan, the owner agrees to conditions established by the agency in its rules relating to rental or other matters that will insure that the housing will be occupied by persons and families of low or moderate income. The agency shall require by rules that the owner give preference to those persons of low

or moderate income who occupied the residential housing at the time of application for the loan.

Subd. 14. "Federal housing assistance supplements" means all funds or certificates of tax credit or exemption, including mortgage credit certificates, or low-income housing credits, 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.

Subd. 16. "Mentally ill person" shall have the meaning prescribed by section 253B.02, subdivision 13.

Subd. 17. "Mentally retarded person" shall have the meaning prescribed by section 253B.02, subdivision 14.

Subd. 18. "Drug dependent person" shall have the meaning prescribed by section 254A.02, subdivision 5.

Subd. 19. "Residential care facility" means a living unit established primarily for the accommodation and treatment of mentally ill, mentally retarded, physically handicapped, and drug dependent persons.

Subd. 20. "American Indian" means a person who is a member of an Indian tribe, as the terms "Indian," "Indian tribe," and "tribal organization" are defined in United States Code, title 25, section 450b.

Subd. 21. City. "City" has the meaning given in section 462C.02, subdivision 6.

History: 1971 c 702 s 3; 1973 c 501 s 15; 1973 c 515 s 2-10; 1974 c 441 s 4-6; 1976 c 218 s 2-6; 1976 c 254 s 1; 1977 c 401 s 2,3; 1981 c 306 s 3; 1982 c 581 s 24; 1983 c 185 s 1; 1984 c 640 s 32; 1984 c 654 art 5 s 58; 1Sp1985 c 13 s 333; 1986 c 465 art 2 s 10; 1987 c 350 s 1; 1988 c 542 s 1; 1989 c 270 s 1; 1989 c 328 art 1 s 3

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," which shall perform the governmental functions and exercise the sovereign powers delegated to it in this chapter in furtherance of the public policies and purposes declared in section 462A.02. The agency shall consist of the commissioner of trade and economic development, state auditor, and five public members appointed by the governor with advice and consent of the senate. No more than two public members shall reside in the area of jurisdiction of the metropolitan council as provided in section 473.123, 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 a 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. 1a. The membership terms, compensation, removal of members, and filling of vacancies for the public members on the agency shall be as provided in section 15.0575.

Subd. 2. [Repealed, 1976 c 134 s 79]

Subd. 3. [Repealed, 1976 c 134 s 79]

Subd. 4. The chair of the board of directors shall be designated by the governor from among the public members appointed. The vice-chair of the board shall be the commissioner of trade and economic development.

Subd. 5. [Repealed, 1976 c 134 s 79]

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 be under the administrative control of an executive director which office is established. The executive director shall be appointed by the governor under the provisions of section 15.06.

The executive director may appoint a deputy director. The executive director may further appoint such permanent and temporary employees as the executive director deems necessary subject to the approval of the commissioner of employee relations. All permanent employees of the agency, except the executive director, deputy director, and additional positions established pursuant to section 43A.08, subdivision 1a, are in the classified civil service. Notwithstanding any other provision of law to the contrary, any approved complement established by law for the agency shall not be reduced as a result of vacancies in approved positions. No additional deputy commissioner positions may be created.

Subd. 8a. The approved complement of the Minnesota housing finance agency may be increased up to three unclassified positions for the purposes of Laws 1979, chapter 306, sections 1 to 16.

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.

History: 1971 c 702 s 4; 1973 c 35 s 74; 1974 c 441 s 7; 1976 c 134 s 73,74; 1976 c 254 s 2; 1977 c 305 s 42; 1977 c 347 s 59; 1979 c 306 s 15; 1980 c 617 s 47; 1981 c 306 s 4; 1981 c 356 s 248; 1982 c 560 s 58; 1983 c 289 s 115 subd 1; 1986 c 444; 1987 c 312 art 1 s 26 subd 2; 1987 c 384 art 2 s 97

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 to sponsors or builders 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. 2a. It may make grants to sponsors or builders of multiunit residential housing for occupancy by persons and families of low and moderate income. The grants shall only be made for the construction or rehabilitation of three bedroom apartment units or townhouse units of four bedrooms or more for large low and moderate income families. No grant shall exceed the amount of \$5,000 per unit. In making 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 repayment be required.

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 residential housing. The 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. In establishing maximum mortgage amounts and maximum purchase prices for single family dwellings, the agency shall take into account housing cost differences in the regions of the state.

Subd. 3a. It may refinance the existing indebtedness of nonprofit entities, as defined by the agency, secured by residential housing for occupancy by persons and families of low and moderate income, if refinancing is determined by the agency to be necessary to reduce housing costs to an affordable level or to maintain the supply of affordable low-income housing. The authority granted in this subdivision is in addition to and not in limitation of the authority granted in section 462A.05, subdivision 14.

Subd. 4. It may purchase and enter into commitments for the purchase of eligible securities, certificates of deposit, time deposits, or existing mortgage loans from banks, savings and loan associations, insurance companies, or other financial intermediaries, provided that the agency shall first determine that all or a portion of the proceeds of such instruments will be utilized to make loans for residential housing as defined in section 462A.03, subdivision 7, or all or a portion of the instruments are backed by or otherwise evidence an interest in existing mortgages securing mortgage loans to finance residential housing. In the case of eligible securities backed by existing mortgages, the proceeds must be used in whole or in part either for making loans for residential housing or for preserving the use of existing residential housing by persons and families of low and moderate income.

Subd. 5. It may make temporary loans solely to "nonprofit" or "cooperative housing" 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 accordance with the provisions of section 462A.18, subdivision 2.

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; may administer and distribute said supplements 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 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 supplement funds received by the agency are hereby appropriated to the agency.

Subd. 12a. It may participate in qualified mortgage certificate programs as provided by section 25 of the Internal Revenue Code of 1954, as amended through December 31, 1984.

Subd. 13. In carrying out the policies and purposes declared in section 462A.02,

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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 the making, of eligible loans for rehabilitation to persons and families of low and moderate income, and to owners of existing residential housing for occupancy by such persons and families, for the rehabilitation of existing residential housing owned by them. The loans may be insured or uninsured and may be made with security, or may be unsecured, as the agency deems advisable. The loans may be in addition to or in combination with long-term eligible mortgage loans under subdivision 3. They may be made in amounts sufficient to refinance existing indebtedness secured by the property, if refinancing is determined by the agency to be necessary to permit the owner to meet the owner's housing cost without expending an unreasonable portion of the owner's income thereon. No loan for rehabilitation shall be made unless the agency determines that the loan will be used primarily to make the housing more desirable to live in, to increase the market value of the housing, for compliance with state, county or municipal building, housing maintenance, fire, health or similar codes and standards applicable to housing, or to accomplish energy conservation related improvements. In unincorporated areas and municipalities not having codes and standards, the agency may, solely for the purpose of administering the provisions of this chapter, establish 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 under this subdivision shall be denied solely because the loan will not be used for placing the 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. 14a. It may make loans to persons and families of low and moderate income to rehabilitate or to assist in rehabilitating existing residential housing owned and occupied by those persons or families. No loan shall be made unless the agency determines that the loan will be used primarily for rehabilitation work necessary for health or safety, essential accessibility improvements, or to improve the energy efficiency of the dwelling. No loan for rehabilitation of owner occupied residential housing shall be denied solely because the loan will not be used for placing the 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 loan shall not exceed the lesser of (a) \$9,000, 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 the person or family without the expenditure of an unreasonable portion of the income of the person or family. In making loans, the agency shall determine the circumstances under which and the terms and conditions under which all or any portion of the loan will be repaid and shall determine the appropriate security for the repayment of the loan. Loans pursuant to this subdivision may be made with or without interest or periodic payments. No loan under this subdivision shall be denied solely on the basis of the inability of the applicant to make periodic loan payments. Loans made without interest or periodic payments need not be repaid by the borrower if the property for which the loan is made has not been sold, transferred, or otherwise conveyed nor has it ceased to be the principal place of residence of the borrower, within ten years after the date of the loan.

Subd. 14b. It may agree to purchase, make, or otherwise participate in the making, and may enter into commitments for the purchase, making, or participating in the making, of loans to persons and families, without limitations relating to the maximum incomes of the borrowers, to assist in energy conservation rehabilitation measures for existing housing owned by those persons or families including, but not limited to: wea-

therstripping and caulking, chimney construction or improvement, furnace or space heater repair, cleaning or replacement, insulation, storm windows and doors, and structural or other directly related repairs essential for energy conservation. 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. 14c. Neighborhood preservation. It may agree or enter commitments to purchase, make, or participate in making loans described in subdivision 14 for programs approved by the agency for the preservation of designated neighborhoods. To achieve the policy of economic integration stated in section 462A.02, subdivision 6, the programs may authorize loans to borrowers having ownership interests in properties in the neighborhood who are not eligible mortgagors as defined in section 462A.03, subdivision 13. The aggregate original principal balances of noneligible mortgagor loans in a neighborhood benefiting from financing under this subdivision must not exceed 25 percent of the total amount of neighborhood preservation loan funds allocated to the neighborhood under the program.

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 grant shall be made unless the agency determines that the 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, or to accomplish energy conservation related improvements. In unincorporated areas and municipalities not having codes and standards, the agency may, solely for the purpose of administering this provision, establish 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 the 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 grant shall not exceed the lesser of (a) \$6,000, 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 the person or family without spending an unreasonable portion of the income of the person or family thereon. In making 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 repayment be required.

The agency may also make grants to rehabilitate or to assist in rehabilitating housing under this subdivision to persons of low and moderate income for the purpose of qualifying as foster parents.

Subd. 15a. It may make grants or loans to persons and families of low and moderate income to improve the accessibility of existing residential housing for handicapped occupants, or to assist in paying a loan made pursuant to subdivision 14 to improve the accessibility of existing residential housing for handicapped occupants. The amount of an accessibility grant or loan must not exceed the lesser of the actual cost of the work performed or the part of the cost of rehabilitation 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 on it, based upon the cost of the improvements and other appropriate factors including extraordinary medical expenses. Grants or loans made pursuant to this section may include the payment of money for technical assistance for the design and construction of accessibility improvements. In making grants or loans under this subdivision, 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 repayment be required. The agency may gather data on available accessible housing financed under this program and make the information available to interested individuals and groups.

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Subd. 15b. It may make grants to assist in energy conservation rehabilitation measures for existing owner occupied housing including, but not limited to: insulation, storm windows and doors, furnace or space heater repair, cleaning or replacement, chimney construction or improvement, weatherstripping and caulking, and structural or other directly related repairs essential for energy conservation. The grant to any household shall not exceed \$2,000.

To be eligible for an emergency energy conservation grant, a household must be certified as eligible to receive emergency residential heating assistance under either the federal or the state program, and either (1) have had a heating cost for the preceding heating season that exceeded 120 percent of the regional average for the preceding heating season for that energy source as determined by the commissioner of trade and economic development, or (2) be eligible to receive a federal energy conservation grant, but be precluded from receiving the grant because of a need for directly related repairs that cannot be paid for under the federal program. The housing finance agency shall make a reasonable effort to determine whether other state or federal loan and grant programs are available and adequate to finance the interided improvements. An emergency energy conservation grant may be made in conjunction with grants or loans from other state or federal programs that finance other needed rehabilitation work. The receipt of a grant pursuant to this section shall not affect the applicant's eligibility for other housing finance agency loan or grant programs.

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 section 462A.03, subdivision 11, 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 sections 462A.01 to 462A.24, when, in the agency's determination, such residential housing contains defects or omissions which affect the structural soundness, or the use and the 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 sections 462A.01 to 462A.24 only if the owner has requested assistance from the agency not later than two years after the issuance of the eligible loan.

(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.

Subd. 17. The agency may make conventional loans, as defined in and in accordance with the conditions and limitations prescribed in section 47.20. Notwithstanding section 47.20, conventional loans owned by the agency on May 30, 1981 or thereafter made or purchased may contain provisions which limit, condition, or prohibit assumption of the loans.

Subd. 18. It may make loans 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, subdivision 9, to encourage innovations in the development or rehabilitation of single and multifamily residential housing including the demonstration of new techniques for energy efficient construction. It may make loans to for-profit sponsors pursuant to this subdivision, provided that the agency shall make the loan with interest at a rate determined by the agency.

It shall promulgate rules, in accordance with chapter 14, relating to the administration of the loans authorized by this subdivision. The rules may define types of projects eligible for loans, criteria for selecting between eligible loans, terms of the loans including interest rates and loan periods, and other characteristics that the agency deems necessary to administer the program.

Subd. 18a. The agency may make loans, with or without interest, and with security for repayment, if any, the agency determines reasonably necessary and practicable, for the financing of innovative housing as described in this section.

(a) The housing shall be cooperative or rental multifamily housing which is designed to provide long-term affordability and which is either owned and operated on a nonprofit cooperative basis by the residents, or owned by a limited-dividend entity and operated by a residents association.

(b) Occupancy shall be restricted to persons and families of low and moderate income as defined in section 462A.03, subdivision 10; provided that the agency shall give priority to proposals that will provide housing to persons and families whose income is 50 percent or less of the statewide median family income, as estimated by the United States department of housing and urban development.

(c) A democratic residents association shall have substantial control over the operation and management of the housing and over the filling of housing unit vacancies.

(d) A training and education program shall be developed by the loan recipient and made available to residents to help them organize and operate the residents association, understand their legal rights and financial interests regarding the property, and manage and maintain the property. The agency shall ensure that a training and education program has been developed prior to approving any loan under this section.

Subd. 19. It may make no interest loans of up to \$4,000 to persons and families of low and moderate income who are veterans or veterans' dependents to assist in making down payments to enable them to purchase new or existing housing to be used as their principal place of residence. To be eligible, the veterans or veteran's dependent must be a first time home owner, and must enter into an agreement with the agency, with appropriate security as determined by the agency, to repay the loan amount in full when the property is sold, transferred, or otherwise conveyed, or ceases to be the recipient's principal place of residence. For the purpose of this subdivision, "veteran" means a person residing in Minnesota who has been separated under honorable conditions from any branch of the armed forces of the United States after having served on active duty for 181 consecutive days or by reason of disability incurred while serving on active duty, and who served at any time during the period from August 5, 1964 to May 7, 1975; and "veteran's dependent" means a person residing in Minnesota who is the unmarried surviving spouse of a veteran.

Subd. 20. The agency may make loans or grants to for profit, limited dividend, or nonprofit sponsors, as defined by the agency, for residential housing to be used to provide temporary or transitional housing to low- and moderate-income persons and families having an immediate need for temporary or transitional housing as a result of natural disaster, resettlement, condemnation, displacement, lack of habitable housing, or other cause defined by the agency. Loans or grants pursuant to this subdivision shall not be used for residential care facilities or for facilities that provide housing available for occupancy on less than a 24-hour continuous basis. To the extent possible, a sponsor shall combine the loan or grant with other funds obtained from public and private sources. In making loans or 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 the appropriate security should repayment be required.

Subd. 21. The agency may make or purchase loans to owners of rental property that is occupied or intended for occupancy primarily by low- and moderate-income tenants and which does not comply with the standards established in section 116J.27, subdivision 3, for the purpose of energy improvements necessary to bring the property into full or partial compliance with these standards. For property which meets the other requirements of this subdivision, a loan may also be used for moderate rehabilitation

of the property. The authority granted in this subdivision is in addition to and not in limitation of any other authority granted to the agency in this chapter. The limitations on eligible mortgagors contained in section 462A.03, subdivision 13, do not apply to loans under this subdivision. Loans for the improvement of rental property pursuant to this subdivision may contain provisions that repayment is not required in whole or in part subject to terms and conditions determined by the agency to be necessary and desirable to encourage owners to maximize rehabilitation of properties.

Subd. 22. It may make or participate in the making and enter into commitments for the making of loans to any banking institution, savings and loan association, or other lender approved by the members, organized under the laws of this or any other state or of the United States having an office in this state, notwithstanding the provisions of section 462A.03, subdivision 13, if it first determines that the proceeds of such loans will be utilized for the purpose of making loans to or for the benefit of eligible persons and families as provided and in accordance with sections 462A.01 to 462A.24. Loans pursuant to this subdivision shall be secured, repaid and bear interest at the rate as determined by the members.

Subd. 23. The agency may participate in loans or establish a fund to insure loans, or portions of loans, that are made by any banking institution, savings and loan association, or other lender approved by the agency, organized under the laws of this or any other state or of the United States having an office in this state, to owners of renter occupied homes or apartments that do not comply with standards set forth in section 116J.27, subdivision 3, without limitations relating to the maximum incomes of the owners or tenants. The proceeds of the insured portion of the loan must be used to pay the costs of improvements, including all related structural and other improvements, that will reduce energy consumption.

Subd. 24. It may engage in housing programs for low- and moderate-income elderly, handicapped, or developmentally disabled persons, as defined by the agency, to provide grants or loans, with or without interest, for

- (1) accessibility improvements to residences occupied by elderly persons;
- (2) housing sponsors, as defined by the agency, of home sharing programs to match existing homeowners with prospective tenants who will contribute either rent or services to the homeowner, where either the homeowner or the prospective tenant is elderly, handicapped, or developmentally disabled;
- (3) the construction of or conversion of existing buildings into structures for occupancy by the elderly that contain from three to 12 private sleeping rooms with shared cooking facilities and common space; and
- (4) housing sponsors, as defined by the agency, to demonstrate the potential for home equity conversion in Minnesota for the elderly, in both rural and urban areas, and to determine the need in those equity conversions for consumer safeguards.

In making the grants or loans, the agency shall determine the terms and conditions of repayment and the appropriate security, if any, should repayment be required. The agency may provide technical assistance to sponsors of home sharing programs or may contract or delegate the provision of the technical assistance in accordance with section 462A.07, subdivision 12.

Housing sponsors who receive funding through these programs shall provide homeowners and tenants participating in a home sharing program with information regarding their rights and obligations as they relate to federal and state tax law including, but not limited to, taxable rental income, homestead credit under chapter 273, and the property tax refund act under chapter 290A.

Subd. 25. The agency, in its own name or in conjunction with other housing sponsors as a joint venturer, partner, shareholder, or member, may, subject to the provisions of subdivision 27, clause (1) acquire, rehabilitate, or lease from private or public parties, housing designed and planned to be sold or rented at prices that low- and moderate-income persons and families can afford, and (2) rent or otherwise dispose of that housing to persons and families of low and moderate income or to housing sponsors

to rent or sell the property to those persons and families. The agency may charge rents for the use of the residential housing facilities acquired, rehabilitated, or leased under this subdivision in amounts sufficient to comply with any agreements of the agency, whether in connection with the issuance of bonds or otherwise, including rent in amounts sufficient for reimbursement of all costs of financing by the agency and the payment of those service charges and insurance premiums that the agency determines to be reasonable.

Subd. 26. It may, when the agency determines it is necessary or desirable to carry out its purposes and to exercise any or all of the powers conferred upon it under sections 462A.01 to 462A.24, and subject to the provisions of subdivision 27, form or consent to the formation of one or more corporations under the Minnesota nonprofit corporation act, as amended, or under other laws of this state. The agency may be a member of the corporations, and the members and employees of the agency from time to time may be members of the board of directors or officers of the corporations. The agency may enter into agreements with them providing for the agency to approve various aspects of their operations. The agency may capitalize the corporations and may acquire all or a part of the corporations' share or member certificates. The agency may require that it approve aspects of the operation of the corporations including the corporations' articles of incorporation or bylaws, directors, projects and expenditures, and the sale or conveyance of projects, and the issuance of obligations. The agency may agree to and may take title to property of the corporations upon their dissolution.

Subd. 27. The agency, or the corporations referred to in subdivision 26, may acquire property or property interests under subdivisions 25 and 26 and section 462A.06, subdivision 7, for the following purposes: (1) to protect a loan or grant in which the agency or corporation has an interest; or (2) to preserve for the use of low- and moderate-income persons or families multifamily housing which was (i) previously financed by the agency, or (ii) not financed by the agency but is benefited by federal housing assistance payments or other rental subsidy or interest reduction contracts. Property or property interests acquired for the purpose specified in clause (1) may be acquired by foreclosure, deed in lieu of foreclosure, or otherwise.

Multifamily property acquired as provided in clause (2) must be managed on a fee basis by an entity other than the agency or corporation. The agency or corporation may manage the property on a temporary basis until an agreement is entered into with another entity to manage the property. The agency or corporation shall make the property available for sale at a purchase price and on terms that are mutually agreeable to the parties. In the sale of property benefited by federal housing assistance, priority must be given to a buyer who agrees to maintain the federal housing assistance.

Subd. 28. **Grants for housing for low-income persons living alone.** The agency may make grants for residential housing to be used by low-income persons living alone whose annual gross income does not exceed 150 percent of the poverty line as updated by the United States Office of Management and Budget. The grants may be made to cities, joint powers boards established by two or more cities, housing and redevelopment authorities created under sections 469.001 to 469.047, nonprofit entities as defined by the agency, or for-profit entities to the extent necessary to enable the recipient to qualify for low-income housing credits provided under section 42 of the Internal Revenue Code of 1986, as amended through December 31, 1987, provided that the agency determines that the credits will confer a benefit on the residential housing. The occupants of the residential housing must be offered a written lease that complies with section 325G.31, offers the occupants the option to renew, and prohibits eviction of an occupant without good cause. Grants under this subdivision must not exceed 50 percent of the development costs for the residential housing and must not be made for any residential housing that requires the occupants to accept board as well as lodging. In making grants, the agency shall determine the circumstances, terms, and conditions under which all or part of the grant will be repaid and the appropriate security if repayment is required.

Subd. 29. **Housing grants for homeless individuals.** The agency may provide grants

to eligible mortgagors for the purpose of purchasing, rehabilitating, and constructing housing for homeless individuals as defined in section 268.0111, subdivision 4a. The agency may determine the conditions, if any, under which all or a portion of the grant will be repaid and appropriate security, if any, for repayment of the grant. In establishing this grant program, the agency must consult the commissioner of jobs and training. The applicant must consult with advocates for the homeless, representatives from neighborhood groups, and representatives of labor organizations in preparing the proposal.

Grants awarded under this section may not exceed \$25,000 per residential unit. Priority must be given to viable proposals with the lowest total cost. Applicants must consider the use of donated or leased, abandoned or empty dwellings owned by a public entity including, but not limited to, a housing redevelopment authority, community development authority, public housing authority, the federal Department of Housing and Urban Development, or the Farmers Home Administration. Any residential unit purchased, rehabilitated, or constructed under this section must be allocated in the following order:

- (1) homeless families with at least one dependent,
- (2) other homeless individuals,
- (3) other very low-income families or individuals whose incomes are equal to or less than 30 percent of the median income for the Minneapolis-St. Paul metropolitan area, and
- (4) families or individuals that receive public assistance and do not qualify in any other priority group.

Proposals must include a plan for (a) maintaining the ownership of the property and managing the dwelling for rental to homeless individuals and families and very low-income families; (b) selling rehabilitated dwellings to homeless individuals and families or very low-income families; or (c) selling, leasing, or conveying to organizations that will manage the dwelling for rental to homeless individuals and families and very low-income families. These organizations may include organizations awarded grants under section 268.39. The homeless individuals or families or very low-income families that may purchase dwellings under (b) must have incomes that are equal to or less than 30 percent of the median income for the Minneapolis-St. Paul metropolitan area.

Eligible mortgagors must demonstrate that the grants awarded under this section will not exceed 50 percent of the project's total cost. A project's total cost includes, but is not limited to, acquisition costs, rehabilitation costs, and related costs. In cases where the property is donated, the acquisition costs are the prerehabilitated estimated market value as established for property tax purposes. Donated property may be used to satisfy the match requirement.

Subd. 30. It may invest in, purchase, acquire, and take assignments of existing notes and mortgages not closed for the purpose of sale to the agency, from lenders that are nonprofit or nonprofit entities, as defined in the agency's rules, provided that: (1) the notes and mortgages evidence loans for the construction, rehabilitation, purchase, improvement, or refinancing of residential housing intended for occupancy and occupied by low- and moderate-income persons and families; and (2) the loan sellers utilize the funds derived from the purchases in accordance with the authority contained in section 462A.07, subdivision 12, for the purposes and objectives of sections 462A.02, 462A.03, 462A.05, 462A.07, and 462A.21; and (3) the purchases are subject to security and limitations on the costs and expenses of the loan sellers incidental to the utilization of the purchase proceeds as the agency may determine. The proceeds of the purchases authorized by this subdivision shall not be subject to the limitations of section 462A.21, subdivisions 4k, 6, 9, and 12.

Subd. 31. 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 loans to provide financing for residential housing for occupancy by persons and fami-

lies of low- and moderate-income that qualifies for and will be utilized so as to obtain the benefits of low-income housing credits under section 42 of the Internal Revenue Code of 1986, as amended through December 31, 1988. The limitations on eligible mortgagors contained in section 462A.03, subdivision 13, do not apply to loans under this subdivision, and the loans may be insured or uninsured and may be made with security, or may be unsecured, as the agency deems advisable.

Subd. 32. The agency may obtain the appointment of receivers or assignments of rents and profits under sections 559.17 and 576.01 except that the limitation relating to the minimum amounts of the original principal balances of mortgages contained in sections 576.01, subdivision 2, and 559.17, subdivision 2, clause (2), shall be inapplicable to it.

Subd. 33. The agency may establish a fund to coinsure loans, with a division of risk as determined by the agency, that are made by any banking institution, savings and loan association, or other lender approved by the agency, organized under the laws of this or any other state or of the United States having an office in this state, to low- and moderate-income purchasers of residential housing to be occupied by them, or to low- and moderate-income persons or families for improvements to residential property that they occupy as their principal place of residence, provided that loan insurance on comparable terms and conditions is not otherwise available in the areas where the borrowers' properties are situated.

Subd. 34. **Home equity conversion loans.** (a) The agency may make, purchase, or make a forward commitment to purchase home equity conversion loans for low- or moderate-income elderly homeowners. Loan recipients must be at least 62 years of age, have substantial equity in their home, and have an income at or below 50 percent of the greater of statewide or area median income. The agency must inform a program participant of available home equity conversion loan counseling services before making a loan.

(b) Repayment of a home equity conversion loan may not be required until at least one of the following conditions occurs:

- (1) the sale or conveyance of the mortgaged property;
- (2) the mortgaged property is no longer the mortgagor's principal residence;
- (3) the death of the mortgagor; or
- (4) a violation of an obligation of the mortgagor under the mortgage.

For purposes of this section, an obligation of the mortgagor under the mortgage does not include immediate repayment upon completion of loan disbursements at the end of a specified term.

Subd. 35. **Manufactured home park loans.** The agency may provide financial assistance for the conversion of manufactured home parks to cooperative or nonprofit ownership. Financial assistance may include direct loans, interest rate subsidy loans, loan guarantees, and down payment assistance.

History: 1971 c 702 s 5; 1973 c 515 s 11-19; 1974 c 441 s 8-10; 1976 c 254 s 3-6; 1977 c 401 s 4-8; 1979 c 50 s 60; 1979 c 327 s 1-3; 1980 c 579 s 20; 1980 c 593 s 1-3; 1980 c 614 s 149; 1981 c 306 s 5-8; 1981 c 356 s 238,248; 1982 c 424 s 130; 1983 c 185 s 2-6; 1983 c 289 s 115 subd 1; 1983 c 301 s 204-206; 1984 c 654 art 2 s 128; 1985 c 248 s 70; 1Sp1985 c 13 s 334-338; 1986 c 444; 1987 c 312 art 1 s 26 subd 2; 1987 c 350 s 2-6; 1987 c 384 art 2 s 98; 1987 c 404 s 175; 1988 c 542 s 2,3; 1988 c 689 art 2 s 234; 1989 c 209 art 2 s 1; 1989 c 270 s 2-10; 1989 c 328 art 1 s 4-7; 1990 c 429 s 2,3

462A.057 MINNESOTA RURAL AND URBAN HOMESTEADING PROGRAM.

Subdivision 1. **Establishment; purpose.** There is established the Minnesota rural and urban homesteading program to be administered by the agency for grants to eligible applicants to acquire, rehabilitate, and sell eligible property. The program is directed at single family residential properties in need of rehabilitation that are sold to "at risk" home buyers committed to strengthening the neighborhood and following a good neighbor policy.

Subd. 2. **Definitions.** For the purposes of this section, the following terms have the meanings given them.

(1) "Contract for deed" is the agreement between the home buyer and eligible applicant as established by the agency.

(2) "Eligible organization" or "organization" means a political subdivision, non-profit or cooperative organization, as defined by the agency, housing and redevelopment authority, or other organization designated by the agency, which demonstrates the capacity to perform the duties outlined in subdivision 5.

(3) "Eligible property" or "property" means a single family residential dwelling and surrounding property that is vacant, condemned, abandoned, or otherwise defined as eligible by the agency, which, if rehabilitated, may prevent or arrest the spread of blight.

(4) "Home buyer" means an individual or family who has not owned a residential dwelling in the past three years and meets the definition of "at risk" established by the agency under subdivision 4.

(5) "Designated home ownership area" or "designated area" means a specific area where the acquisition, rehabilitation, and sale of eligible properties may take place under this section. In the metropolitan area, as defined in section 473.121, subdivision 2, a designated area must be a specific area of not more than 16 adjoining blocks.

(6) "Neighborhood volunteer resident advisory board" or "advisory board" means the board established by an organization under subdivision 6.

(7) "Program" means the Minnesota rural and urban homesteading program established in subdivision 1.

Subd. 3. **Grants.** The agency may award grants of up to \$300,000 to eligible organizations. The grants must be used by the organization to buy eligible properties and pay for the costs of rehabilitating those properties. Up to \$30,000 of the grant award may be used for the administrative costs of the organization and for other costs associated with the acquisition and sale of properties under this program including the payment of taxes on the property during the period between the purchase and sale of the property.

Subd. 4. **Agency powers; duties.** The agency shall:

(1) establish criteria for selecting which eligible organizations that apply for grants under this section receive the grants;

(2) establish criteria for targeting the program to home buyers who are at risk which is defined to include families and individuals who are homeless, receiving public assistance, or otherwise cannot afford home ownership; and

(3) establish the terms and provisions of the contract for deed and other program standards as necessary.

Subd. 5. **Eligible organization; capacity.** The eligible organization must demonstrate to the agency that it has the capacity to:

(1) organize and continue an ongoing relationship with the neighborhood volunteer resident advisory boards required under subdivision 6;

(2) provide the necessary staff to administer the program on the local level for an extended period; and

(3) select and acquire property that meets the requirements established for this program and contract with businesses or organizations for the rehabilitation of the property.

Subd. 6. **Neighborhood volunteer resident advisory board.** Each organization must establish a neighborhood volunteer resident advisory board for each designated area. The advisory board must consist of residents of the designated area that reflects the racial composition of the area. In the metropolitan area, as defined in section 473.121, subdivision 2, at least 20 percent of the advisory board must be minority residents. The advisory board must:

(1) recommend to the organization properties that may be acquired for the program in the designated area; and

(2) recommend to the organization the selection of home buyers.

Subd. 7. Purchase and rehabilitation. An eligible organization may acquire up to five properties in a designated area with the consent of the advisory board for that area. The organization must rehabilitate these properties to the standards established by the agency. The total maximum cost of the acquisition, rehabilitation, closing costs, and back taxes must be no greater than an amount equal to 90 percent of the home sale price limitation established for the agency's home mortgage programs per individual property. The maximum may be exceeded if the excess costs are attributed to rehabilitation or improvements to make the property handicapped accessible.

Subd. 8. Sale of property to home buyer. The eligible organization may sell rehabilitated property to home buyers. The terms and other provisions of the contract for deed must be established by the agency. The following requirements must be included in the contract: (1) the purchase price paid by the home buyer must be equal to the total costs of acquiring and rehabilitating the property; (2) no down payment or interest payment is required of the home buyer; and (3) the monthly payment must equal 25 percent of the home buyer's gross monthly income.

Subd. 9. Right to repurchase. The eligible organization may repurchase the property if the home buyer rents, assigns, vacates, transfers, or offers to sell the property within 20 years of the purchase of the property from the organization. This option to repurchase does not apply to a transfer of the property to a surviving joint tenant or heir of the home buyer. If the organization chooses not to exercise its option to repurchase the property, the agency may repurchase the property.

The repurchase price paid by the organization or the agency may not exceed the lesser of the (1) appraised value of the property at the time of repurchase, or (2) the sum of:

- (i) the total amount paid by the home owner to the organization for debt payment on the contract for deed;
- (ii) the value of any major improvements to the property that are paid directly by the home buyer and were not part of the required monthly payment; and
- (iii) the product of the sum of (i) and (ii), and the increase in inflation based on the housing component of the federal Consumer Price Index.

Subd. 10. Reports. Each organization that receives a grant under this section shall submit an annual report to the agency by December 1 of each year that describes the use of grant funds received under this section.

The agency shall prepare and submit an annual report to the legislature and the governor by January 15 of each year, beginning in 1991, that summarizes the reports of the organizations. The agency's report may also include recommendations to improve the program.

History: 1989 c 328 art 1 s 8; 1990 c 429 s 4; 1990 c 532 s 1

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 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, subject to the provisions of section 462A.05, subdivision 27, (1)

acquire real or personal property, or an interest therein, including partnership shares in housing-related partnerships, on either a temporary or long-term basis in its own name, by purchase, exchange, gift, assignment, transfer, foreclosure, deed in lieu of foreclosure, lease, assignment of lease or otherwise, including rights or easements in real property; (2) own, hold, manage, operate, clear, improve, and rehabilitate real or personal property; and (3) sell, assign, lease, encumber, mortgage, or otherwise dispose of any real or personal property, or any interest in that property, or mortgage lien or security interest owned by it or under its control, custody, or in its possession and release or relinquish any right, title, claim, lien, interest, easement, or demand however acquired, including any equity or right of redemption in property foreclosed by it, and do any of the foregoing by public or private sale, with or without public bidding, notwithstanding the provisions of any other law.

Subd. 8. It may sell, at public or private sale, any note, mortgage or other instrument or obligation evidencing or securing a loan, including a certificate evidencing an interest in one or more loans. The agency may, in connection with such a sale, retain the right or obligation to collect the principal and interest on the loan, to enter into commitments for timely remittal of the principal and interest, or to provide any other services as described in the certificate.

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 pursuant to chapter 14 respecting its mortgage lending, construction lending, rehabilitation lending, grants, and temporary lending, and any such other rules as are necessary to effectuate its corporate purpose, and may adopt emergency rules to implement demonstration programs for the financing of residential housing.

Subd. 12. It may borrow money to carry out and effectuate its corporate purpose and may issue its 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]

History: 1971 c 702 s 6; 1973 c 35 s 75; 1973 c 515 s 20,21; 1974 c 441 s 11; 1980 c 593 s 4; 1982 c 424 s 130; 1983 c 185 s 7; 1984 c 640 s 32; 1985 c 248 s 70; 1987 c 350 s 7,8

462A.065 FINANCIAL INFORMATION.

Financial information, including but not limited to credit reports, financial statements and net worth calculations, received or prepared by the agency regarding any agency loan or grant and the name of each individual who is the recipient of an agency grant are private data on individuals, pursuant to section 13.02, subdivision 12.

History: 1977 c 401 s 9; 1981 c 311 s 39; 1982 c 545 s 24.

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. 2a. It may provide underwriting, loan processing, and closing services in behalf of other lenders where those services are not otherwise available and the loans relate to residential housing for occupancy by low- and moderate-income persons and families. The agency may charge fees for those services in amounts determined by the members to be reasonable.

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 services, homeownership counseling and continuing technical home maintenance services.

Subd. 3a. It shall make available technical assistance to potential applicants to encourage applications for multifamily housing projects which afford residents participation in the ownership or management of the project.

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. 5a. It may enter into agreements with housing and redevelopment authorities or other appropriate local governmental units to foster multifamily housing rehabilitation and shall act to develop the agreements. It may give advance reservations of mortgage financing and federal rent subsidies as part of the agreements, with the understanding that the agency will only approve the mortgage loans pursuant to normal procedures, and may adopt special procedures designed to meet problems inherent in a program of multifamily housing rehabilitation. The agreements may include the United States department of housing and urban development when desirable and appropriate.

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 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. 9a. In the exercise of the powers granted to it under this chapter, it shall promulgate rules as may be necessary to encourage counties and municipalities to promote the economical construction of housing units for persons and families of low and moderate income.

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 multicounty 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 multicounty housing authorities.

Subd. 12. It may delegate, use or employ any federal, state, regional or local public or private agency or organization, including organizations of physically handicapped persons, upon terms it deems necessary or desirable, to assist in the exercise of any of the powers granted in sections 462A.01 to 462A.24 and to carry out the objectives of sections 462A.01 to 462A.24 and may pay for the services from the housing development fund.

Subd. 13. It may engage or assist in the development and operation of low income housing if the federal government provides assistance in connection with the housing and the development and operation is in conformity with the applicable provisions of federal laws and regulations. The agency shall determine whether the applicable federal laws governing use of such funds permit a portion thereof to be used for residential housing for American Indians within the state.

Subd. 14. It may engage in housing programs for low- and moderate-income American Indians developed and administered separately or in combination by the Minnesota Chippewa tribe, the Red Lake band of Chippewa Indians, and the Sioux communities as determined by such tribe, band, or communities. In furtherance of the policy of economic integration stated in section 462A.02, subdivision 6, it may engage in housing programs for American Indians who intend to reside on reservations and who are not persons of low and moderate income, provided that the aggregate dollar amount of the loans for each lender's fiscal year shall not exceed an amount equal to 25 percent of the total dollar amount of all loans made by that lender during the lender's fiscal year at the time of loan application. In developing such housing programs, the tribe, band, or communities shall take into account the housing needs of all American Indians residing both on and off reservations within the state. A plan for each such program, which specifically describes the program (a) content, (b) utilization of funds, (c) administration, (d) operation, (e) implementation and other matter, as determined by the agency, must be submitted to the agency for its review and approval prior to the making of eligible loans pursuant to section 462A.21. All such programs must conform to rules promulgated by the agency concerning program administration, including but not limited to rules concerning costs of administration; the quality of housing; interest rates, fees, and charges in connection with making eligible loans; and other matters determined by the agency to be necessary in order to effectuate the purposes of this subdivision and section 462A.21, subdivisions 4b and 4c. All such programs must provide for a reasonable balance in the distribution of funds appropriated for the purpose of this section between American Indians residing on and off reservations within the state. Nothing in this section shall preclude such tribe, band, or communities from requesting and receiving cooperation, advice, and assistance from the agency as regards program development, operation, delivery, financing, or administration. As a condition to the making of such eligible loans, the Minnesota Chippewa tribe, the Red Lake band of Chippewa Indians, and the Sioux communities shall:

(a) enter into a loan agreement and other contractual arrangements with the agency for the purpose of transferring the allocated portion of loan funds as set forth in section 462A.26 and to insure compliance with the provisions of this section and this chapter, and

(b) shall agree that all of their official books and records related to such housing programs shall be subjected to audit by the legislative auditor in the manner prescribed for agencies of state government.

The agency shall submit a biennial report concerning the various housing programs for American Indians, and related receipts and expenditures as provided in section 462A.22, subdivision 9, and such tribe, band, or communities to the extent that they administer such programs, shall be responsible for any costs and expenses related to

such administration provided, however, they shall be eligible for payment for costs, expenses, and services pursuant to subdivision 12 and section 462A.21. The agency may provide or cause to be provided essential general technical services as set forth in subdivision 2, and general consultative project assistance services, including, but not limited to, management training, and home ownership counseling as set forth in subdivision 3. Members of boards, committees, or other governing bodies of the tribe, band, and communities administering the programs authorized by this subdivision must be compensated for those services as provided in section 15.0575. Rules promulgated under this subdivision may be promulgated as emergency rules under chapter 14.

Subd. 15. It may engage in housing programs for low and moderate income American Indians residing in the metropolitan area defined in section 473.121, subdivision 2, and cities with a population greater than 50,000 persons. The programs shall demonstrate innovative methods of providing housing for urban Indians, may involve the construction, purchase, and rehabilitation of residential housing, and may be administered through any other provision of this chapter. To the extent possible, the programs shall combine appropriated money with other money from both public and private sources, except that interest earned on the portion of an appropriation to be expended for Indian housing programs in the city of Duluth does not have to be combined with money from other sources. Effective June 30, 1985, all money allocated by the agency under this subdivision to programs for urban Indian housing that are not subject to active contracts shall be reallocated by the agency to programs to fulfill the purposes of this subdivision. Members of boards, committees, or other governing bodies of organizations administering the urban Indian programs authorized by this subdivision must be compensated for those services as provided in section 15.0575. The agency shall consult with the advisory council on urban Indians created pursuant to section 3.922, subdivision 8, in the development of programs pursuant to this subdivision.

Subd. 16. It may establish cooperative relationships with municipal housing and redevelopment authorities and municipalities to develop priorities for the use of agency resources and assistance within municipalities, and to consider municipal housing plans and programs in the process of setting the priorities.

History: 1971 c 702 s 7; 1973 c 515 s 22; 1974 c 441 s 12-16; 1976 c 254 s 7-9; 1977 c 401 s 10-12; 1978 c 670 s 1; 1979 c 243 s 7-9; 1979 c 327 s 5; 1981 c 306 s 9; 1982 c 424 s 130; 1983 c 201 s 1; 1984 c 654 art 2 s 130; 1985 c 248 s 70; 1Sp1985 c 13 s 339,340; 1988 c 542 s 4,5; 1989 c 270 s 11,12

462A.072 PROVISION OF FINANCIAL EXPERTISE TO OTHER AGENCIES.

Upon request of the commissioner of trade and economic development, the director shall provide financial management assistance to the energy and economic development authority. Reimbursement for these services shall be at a reasonable rate established by negotiation between the director and the commissioner of trade and economic development.

History: 1983 c 289 s 115 subd 1,116; 1983 c 301 s 207; 1987 c 312 art 1 s 26 subd 2

462A.08 BONDS AND NOTES; PURPOSES, TERMS, APPROVAL.

Subdivision 1. The agency from time to time may issue its 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 under this section are securities as defined in section 336.8-102 and may be issued as certificated securities or as uncertificated securities. Certificated securities may be issued in bearer or registered form. The agency may perform all actions that are permitted or required of issuers of securities under sections 336.8-101 to 336.8-408. If notes or bonds are issued as uncertificated securities, and this chapter or other law requires or permits the notes or bonds to contain a statement or recital, whether on their face or otherwise, it is sufficient compliance with the law that the statement or recital is contained in the transaction statement or in a resolution or other instrument that is made a part of the note or bond by reference in the transaction statement as provided in section 336.8-202. All notes and bonds so issued may be either general obligations of the agency, secured by its full faith and credit, and payable out of any money, assets, or revenues of the agency, subject to the provisions of resolutions or indentures pledging and appropriating particular money, assets, or revenues to particular notes or bonds, or limited obligations of the agency not secured by its full faith and credit, and payable solely from those moneys, assets, or revenues of the agency as may be authorized by resolution or indenture.

History: 1971 c 702 s 8; 1973 c 515 s 23-25; 1974 c 441 s 17; 1Sp1985 c 13 s 341; 1987 c 350 s 9,10

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. If, for any reason, whether existing at the date of issue of any bonds or notes or at the date of making or purchasing any loan or securities from the proceeds or thereafter, the interest on any bonds or notes shall be or become subject to federal income taxation, this shall not impair or affect the validity or the provisions made for the security of the bonds or notes. The agency may make such covenants and take or cause to be taken such actions as are in its judgment necessary or desirable to comply with conditions established by federal law or regulations for the exemption of interest on its obligations. The agency may refrain from compliance with such conditions if in its judgment this would serve the purposes and policies set forth in this chapter with respect to any particular issue of bonds or notes, unless this would violate covenants made by the agency. 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; provided that (i) the aggregate price at which an issue of notes or bonds is initially offered by underwriters to investors, as set forth in the agency's official statement with respect to the offering, shall not exceed by more than three percent the aggregate price paid by the underwriters to the agency at the time of delivery; (ii) the commission paid by the agency to an underwriter or agent for placing an issue of notes or bonds with investors shall not exceed three percent of the aggregate price at which the issue is offered to investors as set forth in the agency's offering statement; and (iii) the spread or commission shall be an amount determined by the agency to be reasonable in the light of the risk assumed and the expenses of issuance, if any, required to be paid by the underwriters or agent.

History: 1971 c 702 s 9; 1973 c 515 s 26; 1977 c 401 s 13; 1979 c 327 s 6; 1980 c 607 art 14 s 45 subd 1; 1983 c 185 s 8

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 repayments thereon to secure the payment of the notes or bonds or of any issue thereof.

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.

History: 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.

History: 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.

History: 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 canceled, 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.

History: 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.

History: 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.

History: 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 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.

History: 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 the trustee's 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.

History: 1971 c 702 s 17; 1973 c 35 s 76; 1973 c 501 s 16; 1973 c 515 s 33; 1986 c 444

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 chair 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 to contract with the holders of any of its notes or bonds, as to the custody, collection, securing, investment, and payment of any money of the agency, or any money held in trust or otherwise for the payment of notes or bonds, and to carry out such contract. Money 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 money may be secured in the same manner as money of the agency, and all banks and trust companies are authorized to give such security for such deposits. All money so paid to the state treasurer as agent of the agency, from whatever source, are appropriated to the agency. The agency's notes and bonds are not subject to section 16B.06.

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

History: 1971 c 702 s 18; 1973 c 492 s 14; 1973 c 515 s 34; 1986 c 444; 1987 c 350 s 11

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.

Subd. 2. [Repealed, 1983 c 213 s 25]

History: 1971 c 702 s 19; 1983 c 213 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 agency 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; but the agency shall not expend money for its cost of general administration of agency programs in any fiscal year in excess of such limit for such fiscal year as may be established by law. "Cost of general administration of agency programs" does not include debt service, amortization of deferred financing costs, loan origination costs, professional and other contractual services, any deposit or expenditure required to be made by the provisions of a bond or note resolution or indenture, or any deposit or expenditure made to preserve the security for the bonds or notes.

Subd. 3. Whenever any money is 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 money and of the income, gain, and loss from the investment and reinvestment thereof. The agency may transfer unencumbered balances from one appropriated account to another, provided that no money appropriated for the purpose of agency loan programs may be transferred to an account to be used for making grants, except that money appropriated for the purpose of section 462A.05, subdivision 14a, may be transferred for the purpose of section 462A.05, subdivision 15a.

History: 1971 c 702 s 20; 1973 c 515 s 35; 1974 c 441 s 18; 1977 c 401 s 14; 1981 c 306 s 10; 1Sp1985 c 13 s 342; 1987 c 384 art 1 s 39

462A.201 HOUSING TRUST FUND ACCOUNT.

Subdivision 1. **Creation.** (a) The housing trust fund account is created as a separate account in the housing development fund.

(b) The housing trust fund account consists of:

(1) money appropriated and transferred from other state funds;

(2) interest accrued from real estate trust accounts as provided under section 82.24, subdivision 8;

(3) gifts, grants, and donations received from the United States, private foundations, and other sources; and

(4) money made available to the agency for the purpose of the account from other sources.

Subd. 2. **Low-income housing.** The agency may, in consultation with the advisory committee, use money from the housing trust fund account to provide loans or grants for projects for the development, construction, acquisition, preservation, and rehabilitation of low-income rental and limited equity cooperative housing units and homes

for ownership. No more than 20 percent of available funds may be used for home ownership projects. At least 75 percent of the rental and cooperative units, and 100 percent of the homes for ownership, must be rented to or cooperatively owned, or owned by persons and families whose income does not exceed 30 percent of the median family income for the metropolitan area as defined in section 473.121, subdivision 2. In making the grants, the agency shall determine the terms and conditions of repayment and the appropriate security, if any, should repayment be required. To promote the geographic distribution of grants and loans, the agency may designate a portion of the grant or loan awards to be set aside for projects located in specified congressional districts or other geographical regions specified by the agency. The agency may adopt emergency and permanent rules for awarding grants and loans under this subdivision. The emergency rules are effective for 180 days or until the permanent rules are adopted, whichever occurs first.

Subd. 3. Matching funds. The agency may use money from the housing trust fund account to match federal, local, or private money to be used for projects authorized under subdivision 2.

Subd. 4. Advisory committee. The agency shall establish an eight member advisory committee under section 15.059 to advise or assist the agency in providing loans or grants from the housing trust fund account. Members of the committee must represent the interests of realtors, lenders, nonprofit developers, apartment owners, low income persons, housing advocates, advocates for the homeless, and single or multifamily builders. Members of the committee shall be reimbursed for expenses but shall not receive any other compensation for services on the committee. Money in the housing trust fund account may be used for the expenses of the advisory committee and the agency related to the development and implementation of the program described in this section.

Subd. 5. Transfers for education. On July 15 and January 15 each year the agency shall transfer from the housing trust account to the real estate education, research, and recovery fund established in section 82.34, subdivision 1, five percent of the money credited to the housing trust fund account under section 82.24, subdivision 8, during the preceding six months. The amount necessary to make the transfers is appropriated from the housing trust account.

Subd. 6. Report. The agency shall report to the legislature and the governor annually on the use of the housing trust fund account including the number of loans and grants made, the number and types of residential units assisted through the account, and the number of residential units assisted through the account that were rented to or cooperatively owned by persons or families at or below 30 percent of the median family income of the metropolitan area at the time of initial occupancy.

History: 1988 c 654 s 5; 1990 c 520 s 1

462A.202 LOCAL GOVERNMENT UNIT HOUSING ACCOUNT.

Subdivision 1. Account. The local government unit housing account is established as a separate account in the housing development fund. Money in the account is appropriated to the agency for the purposes specified in this section.

Subd. 2. Transitional housing. The agency may make loans or grants to local government units to finance the acquisition, improvement, and rehabilitation of existing housing properties for the purposes of providing transitional housing, upon terms and conditions the agency determines. Preference must be given to local government units that propose to acquire properties being sold by the resolution trust corporation or the department of housing and urban development. The local government unit may contract with a nonprofit or for-profit organization to manage the property and to operate a transitional housing program on the property on behalf of the local government unit, on terms and conditions approved by the agency. The local government unit shall retain ownership of the property for at least 20 years. After 20 years, the sale of a property before the expiration of its useful life must be at its fair market value, and the net proceeds of sale must be used for the same purpose or repaid to the agency for deposit in the local government unit housing account.

Subd. 3. Publicly owned housing rehabilitation and modernization. The agency may make loans or grants to local government units to finance the rehabilitation and modernization of publicly owned housing units. The local government unit shall retain ownership of the property for at least 20 years. The sale of property prior to the expiration of its useful life shall be at its fair market value, and the net proceeds of sale shall be used for the same purpose or repaid to the agency for deposit in the account established in subdivision 1.

Subd. 4. Subsidized rental housing preservation. The agency may make loans or grants to local government units to finance the acquisition and rehabilitation of federally subsidized multifamily rental housing for the purpose of preserving the housing for the use of low- and moderate-income persons, upon the terms and conditions as the agency may determine. The local government unit may contract with a nonprofit or for-profit organization to manage the property, on terms and conditions approved by the agency. The local government unit shall retain ownership of the property for at least 20 years. The sale of a property prior to the expiration of its useful life shall be at its fair market value, and the net proceeds of sale shall be used for the same purpose or repaid to the agency for deposit in the account established in subdivision 1.

Subd. 5. Specific appropriation necessary. The agency may only make grants or loans to local governments under subdivisions 3 and 4 from funds specifically appropriated by the legislature for that purpose.

History: 1990 c 610 art 1 s 53

462A.203 HOUSING PRESERVATION PROGRAM.

Subdivision 1. Establishment. The agency may establish a housing preservation program for the purpose of making housing preservation grants to cities. Cities may use the grants to establish revolving loan funds for the acquisition, improvement, or rehabilitation of residential buildings for the purpose of preserving eligible housing. To achieve the policy of economic integration stated in section 462A.02, subdivision 6, the aggregate original principal balances of noneligible mortgagor loans must not exceed 25 percent of the total amount of housing preservation loan funds allocated to a city provided that the mortgagor's income must not exceed 110 percent of the area median income. Housing preservation loans may not be made for housing located within a targeted neighborhood designated under a neighborhood revitalization program.

Subd. 2. Eligibility requirements. A city's application for a housing preservation grant must include a geographic description of the area for which the grant will be used. A city may designate only one area for each grant application submitted, but may submit more than one application. The application must include a city council resolution certifying that the designated area meets the following requirements:

- (1) at least 70 percent of the single-family housing is at least 35 years old;
- (2) at least 60 percent of the single-family housing is owner-occupied;
- (3) the average market value of the area's owner-occupied housing is not more than 100 percent of the purchase price limit for existing homes eligible for purchase in the area under the agency's home mortgage loan program; and
- (4) the geographic area consists of contiguous parcels of land.

Subd. 3. Local match. In order to qualify for a program grant, a city must match every dollar of state money with one dollar of city matching funds. City matching funds may consist of:

- (1) money from the general fund or a special fund of the city;
- (2) money paid or repaid to a city from the proceeds of a grant that the city has received from the federal government, a profit or nonprofit corporation, or another entity or individual;
- (3) the greater of the fair market value or the cost to the city of acquiring land, buildings, equipment, or other real or personal property that a city contributes, grants, or loans to a profit or nonprofit corporation, or other entity or individual in connection with the implementation of the housing preservation program;

(4) money to be used to install, reinstall, repair, or improve the infrastructure facilities of an eligible area;

(5) money contributed by a city to pay issuance costs or to otherwise provide financial support for revenue bonds or obligations issued for a project or program related to the implementation of a housing preservation program; and

(6) money derived from fees received by a city in connection with its community development activities that are to be used in implementing a housing preservation program.

Subd. 4. Advisory committee. Before a city may make any loans under the housing preservation program, the city must establish an advisory committee to advise and assist the city in implementing the housing preservation program.

History: 1989 c 328 art 1 s 9

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. 3a. Capacity building revolving loan fund. It may establish a revolving loan fund for predevelopment costs for nonprofit organizations and local government units engaged in the construction or rehabilitation of low- and moderate-income housing, and for the purposes specified in sections 462A.05, subdivision 5; and 462A.07, subdivisions 2, 3, 3a, 5, 5a, 6, 7, 11, and 16. The agency may delegate the authority to administer the revolving loan fund for designated areas in the state to existing nonprofit organizations. Nonprofit entities selected to exercise such delegated powers must have sufficient professional housing development expertise, as determined by the agency, to evaluate the economic feasibility of an applicant's proposed project. Loans to nonprofit organizations or local government units under this subdivision may be made with or without interest as determined by the agency.

Subd. 3b. Capacity building grants. It may make capacity building grants to nonprofit organizations, local government units, Indian tribes, and Indian tribal organizations to expand their capacity to provide affordable housing and housing-related services. The grants may be used to assess housing needs and to develop and implement strategies to meet those needs, including the creation or preservation of affordable housing and the linking of supportive services to the housing. The agency shall adopt rules specifying the eligible uses of grant money. Funding priority must be given to those applicants that include low-income persons in their membership, have provided housing-related services to low-income people, and demonstrate a local commitment of local resources, which may include in-kind contributions. Grants under this subdivision may be made only with specific appropriations by the legislature.

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.

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. In order to insure the preservation of the maximum number of housing units with the money appropriated by the legislature, grants shall be recovered by the agency to the extent provided in this section to be used for future grants. Grants made under the terms of this subdivision shall contain a requirement that the grant be recovered by the agency in accordance with the following schedule:

(1) If the property is sold, transferred, or otherwise conveyed within the first three years after the date of a grant, the recipient shall repay the full amount of the grant;

(2) If the property is sold, transferred, or otherwise conveyed within the fourth year after the date of a grant, the recipient shall repay 75 percent of the amount of the grant;

(3) If the property is sold, transferred, or otherwise conveyed within the fifth year after the date of a grant, the recipient shall repay 50 percent of the amount of the grant;

(4) If the property is sold, transferred, or otherwise conveyed within the sixth year after the date of a grant, the recipient shall repay 25 percent of the amount of the grant;

(5) If the property is sold, transferred, or otherwise conveyed within the seventh year after the date of the grant, or thereafter, there is no repayment requirement; provided that no repayment is required to the extent that the grants are made to improve the accessibility of residential housing to a handicapped occupant.

Subd. 4b. It may establish loan funds and may make eligible loans from them, at rates of interest and with security as the agency deems advisable, if each loan is determined by the agency to be necessary to permit the occupant of residential housing financed wholly or in part by the loan to meet the occupant's housing costs without expending an unreasonable portion of the occupant's income on them. It may combine loan funds established pursuant to legislative appropriations with loan funds established for the same or similar purposes pursuant to the sale of its notes or bonds, and such combined funds may be deposited with a trustee. Portions of these funds derived from appropriations or the sale of its notes or bonds may be set aside as reserves against losses on loans to be made from the combined funds. Each combined fund, including loan and investment principal and income received therefrom, shall be administered, disbursed, and collected as provided in the appropriation act and the resolution or indenture securing the bonds or notes.

Subd. 4c. It may establish a revolving loan fund and may make eligible loans, pursuant to subdivision 4b, to American Indians as provided in section 462A.07, subdivision 14, and may pay the costs and expenses necessary and incidental to the development and operation of such programs.

Subd. 4d. It may expend moneys for the purpose of section 462A.07, subdivision 15, including the establishment of revolving loan funds for programs for urban American Indians, and may pay the costs and expenses necessary and incidental to the development and operation of the programs.

Subd. 4e. It may expend money for the purpose of section 462A.05, subdivision 2a, and pay the costs and expenses necessary and incidental to the development and operation of the grant program authorized therein.

Subd. 4f. It may make grants for the purpose of section 462A.05, subdivision 15a and may pay the costs and expenses necessary and incidental to the development and operation of the housing accessibility program.

Subd. 4g. It may make emergency energy conservation grants as provided in section 462A.05, subdivision 15b and may pay the costs and expenses necessary and incidental to the development of the emergency energy conservation grant program.

Subd. 4h. It may create a revolving fund to be used to make loans for the purpose of section 462A.05, subdivision 19, and pay the costs and expenses necessary and incidental to the development and operation of the loan program authorized therein.

Subd. 4i. It may establish a revolving loan fund for the purpose of section 462A.05, subdivision 14a and may pay the costs and expenses necessary and incidental to the development and operation of the loan program authorized therein.

Subd. 4j. It may expend money for the purposes of section 462A.05, subdivision 23, and may pay the costs and expenses for the development and operation of the program.

Subd. 4k. **Housing development fund.** The agency may make grants for residential housing for low-income persons under section 462A.05, subdivision 28, and may pay the costs and expenses for the development and operation of the program.

Subd. 4l. It may expend money for the purposes of section 462A.05, subdivision 33, and may pay the costs and expenses for the development and operation of the program.

Subd. 5. It may expend moneys in the fund, not otherwise appropriated, for such other agency purposes as previously enumerated in sections 462A.01 to 462A.24 as the agency in its discretion shall determine and provide.

Subd. 6. Notwithstanding the provisions of subdivision 5, the agency shall not expend money in the fund for the purpose of making rehabilitation or accessibility grants except by specific appropriation by the legislature or by transfer of unencumbered account balances as provided by section 462A.20, subdivision 3.

Subd. 7. The agency may make loans to low and moderate income persons who own existing residential housing for the purpose of improving the efficient energy utilization of the housing. Permitted improvements shall include installation or upgrading of ceiling, wall, floor and duct insulation, storm windows and doors, and caulking and weatherstripping. The improvements shall not be inconsistent with the energy standards as promulgated as part of the state building code; provided that the improvements need not bring the housing into full compliance with the energy standards. Any loan for such purpose shall be made only upon determination by the agency that such loan is not otherwise available, wholly or in part, from private lenders upon equivalent terms and conditions. The agency may promulgate rules as necessary to implement and make specific the provisions of this subdivision. The rules shall be designed to permit the state, to the extent not inconsistent with this chapter, to seek federal grants or loans for energy purposes.

Subd. 8. It may establish a home ownership assistance fund, on terms and conditions it deems advisable, to assist persons and families of low and moderate income in the purchase of affordable residential housing and may use the funds to provide additional security for eligible loans or to pay costs associated with or provide additional security for bonds issued by the agency.

Subd. 8a. It may establish a multifamily development assistance fund, on terms and conditions it deems advisable, to be used in connection with the financing of multifamily developments (a) to make loans, with or without interest, pursuant to section 462A.05, subdivisions 2 and 3, or (b) to make payments into accounts of the agency for the purpose of making payments required by a resolution for the issuance of its notes or bonds, as permitted by section 462A.10, subdivision 4.

Subd. 8b. **Family rental housing.** It may establish a family rental housing assistance program to provide loans or direct rental subsidies for housing for families with incomes of up to 60 percent of area median income. Priority must be given to those developments with resident families with the lowest income. The development may be financed by the agency or other public or private lenders. Direct rental subsidies must be administered by the agency for the benefit of eligible families. Financial assistance provided under this subdivision to recipients of aid to families with dependent children must be in the form of vendor payments whenever possible. Loans and direct rental subsidies under this subdivision may be made only with specific appropriations by the legislature. The limitations on eligible mortgagors contained in section 462A.03, subdivision 13, do not apply to loans for the rehabilitation of existing housing under this subdivision.

Subd. 8c. **Rental housing for individuals.** It may establish a rental housing assistance program for persons of low income or with a mental illness to provide loans or direct rental subsidies for housing for individuals with incomes of up to 30 percent of

area median income. Priority must be given to developments with the lowest income residents. Housing for the mentally ill must be operated in coordination with social service providers who provide services to tenants. The developments may be financed by the agency or other public or private entities. Direct rental subsidies must be administered by the agency for the benefit of eligible tenants. Financial assistance provided under this subdivision must be in the form of vendor payments whenever possible. Loans and direct rental subsidies under this subdivision may be made only with specific appropriations by the legislature. The limitations on eligible mortgagors contained in section 462A.03, subdivision 13, do not apply to loans for the rehabilitation of existing housing under this subdivision.

Subd. 9. It may make loans to encourage innovations in the development or rehabilitation of single or multifamily residential housing pursuant to section 462A.05, subdivision 18.

Subd. 9a. It may create a revolving fund to be used to make loans to encourage innovative multifamily housing pursuant to section 462A.05, subdivision 18a.

Subd. 10. Notwithstanding the repeal of section 462A.26 and the provisions of section 16A.28 or any other law relating to lapse of an appropriation, the appropriations made to the agency by the legislature in 1976 and subsequent years are available until fully expended, and the allocations provided in the appropriations remain in effect. Earnings from investments of any of the amounts appropriated to the agency are appropriated to the agency to be used for the same purposes as the respective original appropriations.

Subd. 11. [Repealed, 1981 c 306 s 20]

Subd. 12. **Temporary housing.** It may make loans or grants for the purpose of section 462A.05, subdivision 20, and may pay the costs and expenses necessary and incidental to the loan or grant program authorized therein.

Subd. 12a. **Program money transfer.** Grants authorized under section 462A.05, subdivisions 20, 28, and 29, may be made only with specific appropriations by the legislature, but unencumbered balances of money appropriated for the purpose of loans or grants for agency programs under these subdivisions may be transferred between programs created by these subdivisions or in accordance with section 462A.20, subdivision 3.

Subd. 13. It may spend money for the purpose of section 462A.05, subdivision 24, and may pay the costs and expenses necessary and incidental to the development and operation of the programs authorized in that subdivision.

Subd. 14. It may make housing grants for homeless individuals as provided in section 462A.05, subdivision 29, and may pay the costs and expenses for the development and operation of the program.

Subd. 15. **Rural and urban homesteading program.** It may make grants to eligible organizations for the Minnesota rural and urban homesteading program under section 462A.057 and may pay the costs and expenses necessary and incidental to the grant program.

History: 1971 c 702 s 21; 1973 c 515 s 36-38; 1974 c 441 s 19-25; 1976 c 254 s 10-12; 1977 c 401 s 15-19; 1978 c 670 s 2; 1979 c 50 s 61; 1979 c 243 s 10,11; 1979 c 327 s 4,7-9; 1980 c 579 s 21; 1980 c 593 s 5,6; 1980 c 614 s 150; 1981 c 306 s 11,12; 1983 c 185 s 9,10; 1983 c 301 s 208,209; 1Sp1985 c 13 s 343,344; 1986 c 444; 1Sp1986 c 3 art 1 s 58; 1987 c 404 s 176; 1988 c 689 art 2 s 235; 1989 c 270 s 13-15; 1989 c 328 art 1 s 10-17; 1990 c 429 s 5-7

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 \$1,990,000,000.

Subd. 1a. [Repealed, 1983 c 185 s 15]

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 accordance with the provisions of section 462A.18, subdivision 2.

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 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 amounts certified by the agency in accordance with this subdivision.

Subd. 9. The agency shall also submit a biennial report of its activities, projected activities, receipts, and expenditures for the next biennium, to the governor and the legislature on or before January 15 in each odd-numbered year. The report shall include

the distribution of money under each agency program by county, except for counties containing a city of the first class, where the distribution shall be reported by municipality.

In addition, the report shall include the cost to the agency of the issuance of its bonds for each issue in the biennium, along with comparable information for other state housing finance agencies.

Subd. 10. All of the books and records of the agency shall be subject to audit by the legislative 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 public accountants for the audit of books and records pertaining to any fund or funds. The legislative auditor shall review contracts with public accountants as provided in section 3.972.

History: 1971 c 702 s 22; 1973 c 492 s 14; 1973 c 515 s 39; 1974 c 441 s 26; 1976 c 254 s 13; 1977 c 347 s 60; 1977 c 401 s 20-22; 1979 c 327 s 10-12; 1980 c 509 s 169; 1981 c 306 s 13; 1983 c 185 s 11,12; 1983 c 317 s 3; 1985 c 6 s 1; 1Sp1985 c 14 art 8 s 20; 1986 c 444

462A.221 DEFINITIONS.

Subdivision 1. **Terms.** For purposes of sections 462A.221 to 462A.225, the following terms have the meaning given them.

Subd. 1a. **Allocating agency.** "Allocating agency" means the Minnesota housing finance agency and each county and city that allocates reserved tax credits as provided under section 462A.222, subdivision 1.

Subd. 1b. **Allocation.** An "allocation" is considered to have been made either when Part I of Internal Revenue Service Form 8609, Low-Income Housing Credit Allocation Certification, is completed and signed by an authorized official of the allocating agency and mailed to the owner of the qualified low-income building or when the allocating agency issues a carryover.

Subd. 2. **City.** "City" means a statutory or home rule charter city.

Subd. 2a. **Commitment.** "Commitment" means a nontransferable, legally binding agreement between an allocating agency and a developer for the use of tax credits.

Subd. 3. **Housing and redevelopment authority.** "Housing and redevelopment authority" means a housing and redevelopment authority established pursuant to section 469.003, or other law, or any other municipal department, agency, or authority which exercises the powers of a housing and redevelopment authority pursuant to section 469.003 or other law.

History: 1987 c 350 s 12; 1989 c 209 art 2 s 1; 1990 c 368 s 1-3

462A.222 LOW-INCOME HOUSING CREDITS.

Subdivision 1. **Credit reservations.** The agency shall reserve a portion of the annual state ceiling for low-income housing credits provided under section 42 of the Internal Revenue Code of 1986 to (1) cities with a population of at least 50,000 that have a housing and redevelopment authority; (2) cities located in three or more counties that have a housing and redevelopment authority; and (3) counties with a population of 100,000 or more that have a housing and redevelopment authority. A city or county is eligible to receive a reserved portion of the state ceiling under this subdivision if it submits a written request to the agency within 45 days after June 2, 1987, to act as a designated housing credit agency as provided in section 42 of the Internal Revenue Code of 1986. A city or county may designate its housing and redevelopment authority as the agency to receive reserved low-income housing credits on behalf of the city or county. The city of Minneapolis or the city of Saint Paul may designate the Minneapolis/Saint Paul housing finance board to receive reserved low-income housing credits on behalf of each city.

Subd. 1a. **Determination of regional credit pools.** The agency shall divide the annual per capita amount used in determining the state ceiling for low-income housing

tax credits provided under section 42 of the Internal Revenue Code of 1986, as amended through December 31, 1989, into a metropolitan pool and a greater Minnesota pool. The metropolitan pool shall serve the metropolitan area as defined in section 473.121, subdivision 2. The greater Minnesota pool shall serve the remaining counties of the state. The percentage of the annual per capita amount allotted to each pool must be determined as follows:

(a) The percentage set-aside for projects involving a qualified nonprofit organization as provided in section 42 of the Internal Revenue Code of 1986, as amended through December 31, 1989, must be deducted from the annual per capita amount used in determining the state ceiling.

(b) Of the remaining amount, the metropolitan pool must be allotted a percentage equal to the metropolitan counties' percentage of the total number of state recipients of: aid to families with dependent children, general assistance, Minnesota supplemental aid, and supplemental security income in the state, as reported annually by the department of human services. The greater Minnesota pool must be allotted the amount remaining after the metropolitan pool's percentage has been allotted.

The set-aside for qualified nonprofit organizations must be divided between the two regional pools in the same percentage as determined for the credit amounts above.

Subd. 2. Credit formula. The agency shall reserve to each eligible city and county a percentage amount from the appropriate regional pool equal to the city's or county's percentage share of the total population of the counties comprising the pool and multiplied, in 1990 by 1.25. After calendar year 1990, the agency shall allocate tax credits among eligible cities and counties based on the distribution plan established under subdivision 4. For purposes of this subdivision, the state demographer shall provide population estimates to the agency.

Subd. 3. Allocation procedure. (a) Projects will be awarded tax credits in three competitive rounds on an annual basis. The date for applications for each round must be determined by the agency. No allocating agency may award tax credits prior to the application dates established by the agency.

(b) Each allocating agency must meet the requirements of section 42(m) of the Internal Revenue Code of 1986, as amended through December 31, 1989, for the allocation of tax credits and the selection of projects.

(c) For applications submitted for the first round, an allocating agency may allocate tax credits only to the following types of projects:

(1) single-room occupancy projects which are affordable by households whose income does not exceed 30 percent of the median income;

(2) family housing projects in which at least 75 percent of the units contain two or more bedrooms and at least one-third of the 75 percent contain three or more bedrooms;

(3) projects in which at least 50 percent of the units are for mentally ill, mentally retarded, drug dependent, developmentally disabled, or physically handicapped persons;

(4) projects which preserve existing subsidized housing which is subject to prepayment if the use of tax credits is necessary to prevent conversion to market rate use; or

(5) projects financed by the Farmers Home Administration which meet statewide distribution goals.

(d) Before the date for applications for the second round, the allocating agencies other than the agency shall return all uncommitted and unallocated tax credits to the pool from which they were allocated, along with copies of any allocation or commitment. In the second round, the agency shall allocate the remaining credits from the regional pools to projects from the respective regions.

(e) In the third round, all unallocated tax credits must be transferred to a unified pool for allocation by the agency on a statewide basis.

(f) Unused portions of the state ceiling for low-income housing tax credits reserved

to cities and counties for allocation may be returned at any time to the agency for allocation.

Subd. 4. Distribution plan. (a) By October 1, 1990, the metropolitan council, in consultation with the agency and representatives of local government and housing and redevelopment authorities, shall develop and submit to the agency a plan for allocating tax credits in 1991 and thereafter in the metropolitan area, based on regional housing needs and priorities.

(b) By October 1, 1990, the agency, in consultation with representatives of local government and housing and redevelopment authorities, shall develop a plan for allocating tax credits in 1991 and thereafter in greater Minnesota, based on regional housing needs and priorities.

(c) In preparing the distribution plans, the metropolitan council and the agency shall estimate the number of households in the metropolitan area and in greater Minnesota, respectively, who are paying more than 50 percent of their income for rent and the cost of providing sufficient rental or other assistance so that no household pays more than 50 percent of its income for rent. In addition, the metropolitan council and the agency shall identify the nature and scope of existing programs which primarily serve families at 60 percent of the median income and individuals at 30 percent of the median income. In preparing the estimate, the metropolitan council and the agency shall rely on existing and available data and shall report the results to the legislature no later than January 31, 1991.

History: 1987 c 350 s 13; 1988 c 542 s 6; 1990 c 368 s 4-7; 1990 c 552 s 1

462A.223 MINNESOTA HOUSING FINANCE AGENCY; DESIGNATED AGENCY.

Subdivision 1. Credits to qualified nonprofit organizations. The agency is designated as a housing credit agency with authority to provide low-income housing credits for projects involving qualified nonprofit organizations under sections 501(c)(3) and 501(c)(4) of the Internal Revenue Code of 1986. The agency shall provide the ten percent minimum amount of the state ceiling required by section 42 of the Internal Revenue Code of 1986 for application to such projects.

Subd. 2. Designated agency. The agency is designated as a housing credit agency to allocate the portion of the state ceiling for low-income housing tax credits (1) not reserved to cities and counties under section 462A.222; (2) not accepted for allocation by eligible cities and counties; (3) returned to the agency for allocation; and (4) not otherwise reserved to the agency for allocation under subdivision 1. Low-income housing tax credits shall be allocated by the agency as provided in section 462A.222. The agency shall make no allocation for projects located within the jurisdiction of the cities or counties that have received tax credits under section 462A.222, subdivision 1, except from the percentage set-aside for projects involving a qualified nonprofit organization as provided under section 42 of the Internal Revenue Code of 1986, as amended through December 31, 1989, until the amounts reserved to the cities and counties for allocation have been allocated or committed or returned to the agency for allocation.

History: 1987 c 350 s 14; 1990 c 368 s 8

462A.225 STATE REGISTER NOTICE.

The agency shall publish in the State Register all data relating to the state ceiling, state demographer population and rental unit estimates, and other information or procedures specified in section 42 of the Internal Revenue Code of 1986, applicable United States Treasury Department regulations, and this subdivision, that the agency considers pertinent to the distribution of low-income housing credits. Publications under this section are not subject to chapter 14.

History: 1987 c 350 s 15

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

462A.235 COMMISSIONER OF COMMERCE; DUTIES.

The commissioner of commerce shall strongly encourage all financial institutions organized under chapter 47 to cooperate with the Minnesota housing finance agency to effectuate the purposes of the Minnesota housing finance agency law of 1971, as amended.

History: 1976 c 254 s 14; 1983 c 289 s 114 subd 1; 1984 c 655 art 1 s 92

462A.236 RULES.

The agency may adopt emergency and permanent rules for the efficient administration of section 462A.05, subdivisions 14b, 18a, and 23. The emergency rules need not be adopted in compliance with chapter 14 and are effective for 360 days or until the permanent rules are adopted, whichever occurs first. The emergency rules are effective upon adoption by the agency and shall be published in the State Register as soon thereafter as possible.

History: 1983 c 301 s 210; 1984 c 640 s 32

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.

History: 1971 c 702 s 24

462A.26 [Repealed, 1977 c 401 s 24]

462A.27 MS 1983 Supp [Renumbered 462A.236]

462A.28 HOME EQUITY CONVERSION LOAN COUNSELING PROGRAM.

Subdivision 1. **Program administration.** The agency shall select and contract with a nonprofit corporation to administer a home equity conversion loan counseling program for senior homeowners. The organization selected must meet the following requirements:

- (1) its primary purpose is to assist elderly persons in obtaining and maintaining affordable housing;
- (2) it is knowledgeable about reverse mortgage programs;
- (3) it has experience in counseling older persons on housing, including knowledge of alternative living arrangements for older persons; and
- (4) it has knowledge of existing public support programs for older persons.

Subd. 2. **Program responsibilities.** The organization selected to administer the counseling program in subdivision 1 must perform the following program responsibilities with program clients:

- (1) conduct a review of reverse mortgage programs, including the advantages, disadvantages, and alternatives;
- (2) explain the effects of the mortgage on the client's estate and public benefits;
- (3) explain the lending process; and
- (4) discuss the client's supplemental income needs.

History: 1989 c 328 art 1 s 18

462A.29 INTERAGENCY COORDINATION ON HOMELESSNESS.

The agency shall coordinate services and activities of all state agencies relating to homelessness. The agency shall coordinate an investigation and review of the current system of service delivery to the homeless. The agency may request assistance from other agencies of state government as needed for the execution of the responsibilities under this section and the other agencies shall furnish the assistance upon request.

History: 1990 c 520 s 2