

CHAPTER 462A

HOUSING FINANCE AGENCY

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462A.03 DEFINITIONS.

[For text of subs 1 to 9, see M.S.1996]

Subd. 10. Persons and families of low and moderate income. "Persons and families of low and moderate income" means persons and families, irrespective of race, creed, national origin, sex, or status with respect to guardianship or conservatorship, 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 rules.

[For text of subs 11 to 22, see M.S.1996]

History: 1997 c 7 art 5 s 36

462A.05 SPECIFIC POWERS OF THE AGENCY.

[For text of subs 1 to 14c, see M.S.1996]

Subd. 14d. Accessibility loan program. Rehabilitation loans authorized under subdivision 14 may be made to eligible persons and households without limitations relating to the maximum incomes of the borrowers.

A person or household is eligible to receive an accessibility loan under the following conditions:

- (1) the borrower or an individual residing in the borrower's home has a permanent physical or mental condition that substantially limits one or more major life activities; and
- (2) the improvement to the housing will assist the borrower or a member of the borrower's household in residing in the housing.

[For text of subs 14e to 19, see M.S.1996]

Subd. 20. [Repealed, 1997 c 200 art 4 s 23]

[For text of subs 20a to 27, see M.S.1996]

Subd. 30. Agency investment in certain notes and mortgages. It may invest in, purchase, acquire, and take assignments of existing notes and mortgages not closed for the pur-

pose 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 6 and 9. In addition, it may invest in, purchase, acquire, and take assignments of existing federally insured mortgages for multifamily housing, not closed for the purpose of sale to the agency, from any banking institution, savings association, or other lender or financial intermediary approved by the members; provided that the multifamily housing is benefited by contracts for federal housing assistance payments.

[For text of subs 31 to 38, see M.S.1996]

Subd. 39. Equity take-out loans. The agency may make equity take-out loans to owners of section 8 project-based and section 236 rental property upon which the agency holds a first mortgage. The owner of a section 8 project-based rental property must agree to participate in the section 8 program and extend the low-income affordability restrictions on the housing for the maximum term of the section 8 contract. The owner of section 236 rental property must agree to participate in the section 236 interest reduction payments program, to extend any existing low-income affordability restrictions on the housing, and to extend any rental assistance payments for the maximum term permitted under the agreement for rental assistance payments. The equity take-out loan must be secured by a subordinate loan on the property and may include additional appropriate security determined necessary by the agency.

[For text of subd 40, see M.S.1996]

Subd. 41. Demonstration grants. The agency may make demonstration grants to owners or managers of multifamily rental property upon which the agency holds a mortgage for the purpose of developing or coordinating services that promote the tenant's ability to live independently, support the tenant's self-sufficiency, improve the relationship between the tenants and the community, or that otherwise strengthen the community.

History: 1997 c 200 art 4 s 6-9

462A.07 ADDITIONAL POWERS AND DUTIES OF THE AGENCY.

[For text of subs 1 to 6, see M.S.1996]

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

[For text of subs 8 to 16, see M.S.1996]

History: 1997 c 7 art 2 s 55

462A.071 CERTIFICATION OF HOUSING QUALIFYING FOR REDUCED PROPERTY TAX RATE.

Subdivision 1. Certification. By June 30 of each year, the agency must certify to local assessors the units of low-income rental properties that qualify for class 4d under sections 273.126 and 273.13. In making these certifications, the agency may rely on the application and supporting information supplied by the property owner as to compliance with the income limits under section 273.126, subdivision 2, and satisfaction of the minimum housing quality standards under subdivision 4.

Subd. 2. Application. (a) In order to qualify for certification under subdivision 1, the owner or manager of the property must annually apply to the agency. The application must be in the form prescribed by the agency, contain the information required by the agency, and be submitted by the date and time specified by the agency.

(b) Each application must include:

(1) the property tax identification number;

(2) the number, type, and size of units the applicant seeks to qualify as low-income housing under class 4d;

(3) the number, type, and size of units in the property for which the applicant is not seeking qualification, if any;

(4) a certification that the property has been inspected by a qualified inspector within the past three years and meets the minimum housing quality standards or is exempt from the inspection requirement under subdivision 4;

(5) a statement indicating the building is in compliance with the income limits;

(6) an executed agreement to restrict rents meeting the requirements specified by the agency or executed leases for the units for which qualification as low-income housing as class 4d under section 273.13 is sought and the rent schedule; and

(7) any additional information the agency deems appropriate to require.

(c) The applicant must pay a per-unit application fee to be set by the agency. The application fee charged by the agency must approximately equal the costs of processing and reviewing the applications. The fee must be deposited in the general fund.

Subd. 3. Agreement to restrict rents. The agency may prescribe one or more standard form agreements to restrict rents that meet the requirements of section 273.126, subdivision 3. The agreements must be in recordable form. The agency may require applicants to execute a rent restriction agreement in this form as a condition of entering an agreement to restrict rents.

Subd. 4. Minimum housing quality standards. (a) To qualify for taxation under class 4d under section 273.13, a unit must meet both the housing maintenance code of the local unit of government in which the unit is located, if such a code has been adopted, and the housing quality standards adopted by the United States Department of Housing and Urban Development.

(b) In order to meet the minimum housing quality standards, a building must be inspected by an independent designated inspector at least once every three years. The inspector must certify that the building complies with the minimum standards. The property owner must pay the cost of the inspection.

(c) The agency may exempt from the inspection requirement housing units that are financed by a governmental entity and subject to regular inspection or other compliance checks with regard to minimum housing quality. Written certification must be supplied to show that these exempt units have been inspected within the last three years and comply with the requirements under the public financing or local requirements.

Subd. 5. Housing inspectors. (a) Housing inspections required by this section may be conducted only by persons designated by the agency. The agency may designate one or more persons to conduct inspections for all or part of the state. A designated inspector may charge a fee for an inspection up to a maximum amount approved by the agency. The inspector must be independent of the owner or manager of the inspected property.

(b) The agency must maintain a list of persons eligible to conduct housing inspections under this section.

Subd. 6. Section 8 and tax credit units. (a) The agency may deem units as meeting the requirements of section 273.126 and this section, if the units either:

(1) are subject to a housing assistance payments contract under section 8 of the United States Housing Act of 1937, as amended; or

(2) are rent and income restricted units of a qualified low-income housing project receiving tax credits under section 42(g) of the Internal Revenue Code of 1986, as amended.

(b) The agency may certify these deemed units under subdivision 1 based on a simplified application procedure that verifies the unit's qualifications under paragraph (a).

Subd. 7. Monitoring compliance. (a) The agency must monitor compliance by building owners with the requirements of section 273.126 and this section. The agency must annually conduct on-site examinations of a sample of the buildings receiving class 4d taxation to monitor compliance. The agency may contract with third parties to monitor compliance.

(b) An inspector, designated by the agency under subdivision 5, shall notify the agency if, in conducting an inspection under subdivision 4, the inspector finds that:

- (1) a unit is receiving class 4d taxation;
- (2) the unit is not in compliance with the requirements of subdivision 4; and
- (3) the owner or manager fails or refuses to cure the violations within a reasonable time after receiving notification of the violation.

Subd. 8. Penalties. (a) The penalties provided by this subdivision apply to each unit that received class 4d taxation for a year and failed to meet the requirements of section 273.126 and this section.

(b) If the owner or manager does not comply with the rent restriction agreement, or does not comply with the income restrictions or minimum housing quality standards, a penalty applies equal to the increased taxes that would have been imposed if the property had not been classified under class 4d for the year in which restrictions were violated.

(c) If the agency finds that the violations were inadvertent and insubstantial, a penalty of \$50 per unit per year applies in lieu of the penalty specified under paragraph (b). In order to qualify under this paragraph, violations of the minimum housing quality standards must be corrected within a reasonable period of time and rent charged in excess of the agreement must be rebated to the tenants.

(d) The agency may abate the penalties under this subdivision for reasonable cause.

(e) Penalties assessed under paragraph (c) are payable to the agency and must be deposited in the general fund. If an owner or manager fails to timely pay a penalty imposed under paragraph (c), the agency may choose to:

- (1) impose the penalty under paragraph (b); or
- (2) certify the penalty under paragraph (c) to the auditor for collection as additional taxes.

The agency shall certify to the county auditor penalties assessed under paragraph (b) and clause (2). The auditor shall impose and collect the certified penalties as additional taxes which will be distributed to taxing districts in the same manner as property taxes on the property.

Subd. 9. Tax court review. (a) An owner may appeal to tax court as provided in section 271.06:

- (1) a denial of a request for certification of a property as qualifying for class 4d taxation;
- (2) imposition of a penalty under this section; or
- (3) denial of a request to abate a penalty.

(b) The county attorney shall represent the public in opposing the appeal.

Subd. 10. Interagency contracting authority. The agency may contract with the department of revenue or any other state agency or a private entity to carry out administrative functions under this section.

Subd. 11. Rulemaking. (a) The agency may adopt administrative rules under chapter 14 to carry out the provisions of this section, including establishing standards for abating penalties, violations that are inadvertent and insubstantial, selection of inspectors, selection of persons to monitor compliance, and establishing rent restriction agreement terms.

(b) Pending final rulemaking, and in order to implement this section by January 1, 1998, the agency shall be allowed to make determinations regarding selection of inspectors, rent restriction agreement terms, fees, application information, application deadlines, required documentation, exemptions from inspection requirements, and deeming of eligibility. Any determinations adopted under this authority expire on January 1, 1999.

History: 1997 c 231 art 1 s 15

NOTE: This section, as added by Laws 1997, chapter 231, article 1, section 15, is effective for taxes payable in 1999 and subsequent years. Laws 1997, chapter 231, article 1, section 22.

462A.13 BONDS AND NOTES; PURCHASE 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, either at initial issuance or at a subsequent date, for cancellation or as an investment of funds of the agency until required for its authorized purposes. If so purchased, the notes or bonds shall be purchased at a price not exceeding (a) if the notes or bonds are then redeemable, the redemption price then applicable plus accrued interest to the purchase date, 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 the purchase date.

History: 1997 c 200 art 4 s 10

462A.201 HOUSING TRUST FUND ACCOUNT.

[For text of subd 1, see M.S.1996]

Subd. 2. Low-income housing. (a) 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, including temporary and transitional housing, and homes for ownership. Loans or grants for residential housing for migrant farmworkers may be made under this section. No more than 20 percent of available funds may be used for home ownership projects.

(b) A rental or limited equity cooperative permanent housing project must meet one of the following income tests:

(1) at least 75 percent of the rental and cooperative units must be rented to or cooperatively 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; or

(2) all of the units funded by the housing trust fund account must be used for the benefit of 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.

The median family income may be adjusted for families of five or more.

(c) Homes for ownership must be owned or purchased by persons and families whose income does not exceed 50 percent of the metropolitan area median income, adjusted for family size.

(d) 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 rules for awarding grants and loans under this subdivision.

[For text of subs 3 to 7, see M.S.1996]

History: 1997 c 200 art 4 s 11

462A.202 LOCAL GOVERNMENT UNIT HOUSING ACCOUNT.

[For text of subs 1 and 2, see M.S.1996]

Subd. 3a. Permanent rental housing. The agency may make loans, with or without interest, to cities and counties to finance the construction, acquisition, or rehabilitation of affordable, permanent, publicly owned rental housing located in the area designated under Presidential Declaration of Major Disaster, DR-1175. Loans made under this subdivision are subject to the restrictions of subdivision 7.

[For text of subd 6, see M.S.1996]

Subd. 7. Restrictions. (a) Except as provided in paragraphs (b), (c), (d), (e), and (f), the city must own the property financed with a loan under this section and use the property for the purposes specified in this section:

(1) the city may sell the property at its fair market value provided it repays the lesser of the net proceeds of the sale or the amount of the loan balance to the agency for deposit in the local government unit housing account; or

(2) the city may use the property for a different purpose provided that the city repays the amount of the original loan.

If the city owns and uses the property for the purposes specified in this section for a 20-year period, the agency shall forgive the loan.

(b) In cases where the property consists of land only, including land on which buildings acquired with a loan under this section are demolished by the city, the city may lease the property for a term not to exceed 99 years to a nonprofit organization to use for the purposes specified in this section.

(c) In cases where the property consists of land and buildings, the city may do the following:

(1) demolish the buildings in whole or in part and use or lease the property under paragraph (b);

(2) sell the buildings to a nonprofit organization to use for the purposes specified in this section. If sold, the city must sell the buildings for fair market value and repay the proceeds of the sale to the agency for deposit in the local government unit housing account;

(3) lease the buildings to a nonprofit organization to use for the purposes specified in this section. If leased, except as provided in paragraph (d), the annual rental must equal the amount of the loan attributable to the cost of the buildings, divided by the number of years of useful life of the buildings as determined in accordance with generally accepted accounting principles. For purposes of determining the required rental, the purchase price of land and buildings must be allocated between them based on standard valuation procedures; or

(4) contract with a nonprofit organization to manage the property.

(d) A city may lease a building to a nonprofit organization for a nominal amount under the following conditions:

(1) the lease does not exceed ten years;

(2) the city must have the option to cancel the lease with or without cause at the end of any three-year period; and

(3) the city must determine annually that the property is being used for the purposes specified in this section and that the terms of the lease, including any income limits for residents, are being met.

(e) A city may sell single-family residential housing directly to persons and families of low and moderate income.

(f) A city may lease the buildings to a partnership consisting of a nonprofit organization and a limited partner if the nonprofit organization is the general partner and the financing for the land trust project includes low-income housing tax credits. All conditions for leasing buildings to a nonprofit organization as provided under this subdivision apply to the lease authorized under this paragraph.

(g) The statutory lien created under section 16A.695 may be subordinate to liens created by other sources of financing, at the discretion of the agency.

History: 2Sp1997 c 2 s 19,20

462A.205 RENT ASSISTANCE FOR FAMILY STABILIZATION DEMONSTRATION PROJECT.

Subdivision 1. Family stabilization demonstration project. The agency, in consultation with the department of human services, may establish a rent assistance for family stabilization demonstration project. The purpose of the project is to provide rental assistance to families who, at the time of initial eligibility for rental assistance under this section, were receiving public assistance, and had a caretaker parent participating in a self-sufficiency

program and at least one minor child and to provide rental assistance to families who, at the time of initial eligibility for rental assistance under this section, were receiving public assistance, and had a caretaker parent who had earned income and with at least one minor child. The demonstration project is limited to counties with high average housing costs. The program must offer two options: a voucher option and a project-based voucher option. The funds may be distributed on a request for proposal basis.

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

(a) "Caretaker parent" means a parent, relative caretaker, or minor caretaker as defined by the aid to families with dependent children program, sections 256.72 to 256.87, or its successor program.

(b) "County agency" means the agency designated by the county board to implement financial assistance for current public assistance programs and for the Minnesota family investment program statewide.

(c) "Counties with high average housing costs" means counties whose average federal section 8 fair market rents as determined by the Department of Housing and Urban Development are in the highest one-third of average rents in the state.

(d) "Designated rental property" is rental property (1) that is made available by a self-sufficiency program for use by participating families and meets federal section 8 existing quality standards, or (2) that has received federal, state, or local rental rehabilitation assistance since January 1, 1987, and meets federal section 8 existing housing quality standards.

(e) "Earned income" for a family receiving rental assistance under this section means cash or in-kind income earned through the receipt of wages, salary, commissions, profit from employment activities, net profit from self-employment activities, payments made by an employer for regularly accrued vacation or sick leave, and any other profit from activity earned through effort or labor.

(f) "Family or participating family" means:

(1) a family with a caretaker parent who is participating in a self-sufficiency program and with at least one minor child;

(2) a family that, at the time it began receiving rent assistance under this section, had a caretaker parent participating in a self-sufficiency program and had at least one minor child;

(3) a family with a caretaker parent who is receiving public assistance and has earned income and with at least one minor child; or

(4) a family that, at the time it began receiving rent assistance under this section, had a caretaker parent who had earned income and at least one minor child.

(g) "Gross family income" for a family receiving rental assistance under this section means the gross amount of the wages, salaries, social security payments, pensions, workers' compensation, reemployment insurance, public assistance payments, alimony, child support, and income from assets received by the family.

(h) "Local housing organization" means the agency of local government responsible for administering the Department of Housing and Urban Development's section 8 existing voucher and certificate program or a nonprofit or for-profit organization experienced in housing management.

(i) "Public assistance" means aid to families with dependent children, or its successor program, family general assistance, or its successor program, or family work readiness, or its successor program.

(j) "Self-sufficiency program" means a program operated by an employment and training service provider as defined in chapter 256J, an employability program administered by a community action agency, or courses of study at an accredited institution of higher education pursued with at least half-time student status.

Subd. 3. Local housing organization. The agency may contract with a local housing organization to administer the rent assistance under this section. The agency may pay the local housing organization an administrative fee. The administrative fee may not exceed \$40 per unit per month.

Subd. 4. Amount and payment of rent assistance. (a) This subdivision applies to both the voucher option and the project-based voucher option.

(b) Within the limits of available appropriations, eligible families may receive monthly rent assistance for a 36-month period starting with the month the family first receives rent assistance under this section. The amount of the family's portion of the rental payment is equal to at least 30 percent of gross income.

(c) The rent assistance must be paid by the local housing organization to the property owner.

(d) Subject to the limitations in paragraph (e), the amount of rent assistance is the difference between the rent and the family's portion of the rental payment.

(e) In no case:

(1) may the amount of monthly rent assistance be more than \$250 for housing located within the metropolitan area, as defined in section 473.121, subdivision 2, or more than \$200 for housing located outside of the metropolitan area;

(2) may the owner receive more rent for assisted units than for comparable unassisted units; nor

(3) may the amount of monthly rent assistance be more than the difference between the family's portion of the rental payment and the fair market rent for the unit as determined by the Department of Housing and Urban Development.

Subd. 4a. Additional authorized expenses. In addition to the monthly rent assistance authorized under subdivision 4, rent assistance may include up to \$200 for a security deposit for housing located outside the metropolitan area, as defined in section 473.121, subdivision 2, and up to \$250 for a security deposit for housing located within the metropolitan area.

Subd. 5. Voucher option. At least one-half of the appropriated funds must be made available for a voucher option. Under the voucher option, the Minnesota housing finance agency, in consultation with the department of human services, will award a number of vouchers to self-sufficiency program administrators for participating families and to county agencies for participating families with earned income. Families may use the voucher for any rental housing that is certified by the local housing organization as meeting section 8 existing housing quality standards.

Subd. 6. Project-based voucher option. A portion of the appropriated funds must be made available for a project-based voucher option. Under the project-based voucher option, the Minnesota housing finance agency, in consultation with the department of human services, will award a number of vouchers to self-sufficiency program administrators and to county agencies for participating families who live in designated rental property that is certified by a local housing organization as meeting section 8 existing housing quality standards.

Subd. 7. Property owner. In order to receive rent assistance payments, the property owner must enter into a standard lease agreement with the family which includes a clause providing for good cause evictions only. Otherwise, the lease may be any standard lease agreement. The agency and local housing organizations must make model lease agreements available to participating families and property owners.

Subd. 8. Authorized leverage of money. The agency may leverage federal program money with program money from the family stabilization demonstration project authorized under this section.

Subd. 9. Vouchers for families with a caretaker parent with earned income. (a) Applications to provide the rental assistance for families with a caretaker parent with earned income under either the voucher or project-based option must be submitted jointly by a local housing organization and a county agency. The application must include a description of how the caretaker parent participants will be selected.

(b) County agencies awarded vouchers must select the caretaker parents with earned income whose families will receive the rental assistance. The county agency must notify the local housing organization and the agency if:

(1) the caretaker parent no longer has earned income and is not in compliance with the caretaker parent's employment plan or job search plan; and

(2) for a period of six months, the caretaker parent has no earned income and has failed to comply with the job search support plan or employment plan.

(c) The county agency must provide the caretaker parent who has no earned income and is not in compliance with the job search support plan or employment plan with the notice specified in Minnesota Rules, part 4900.3379. The county agency must send a subsequent notice to the caretaker parent, the local housing organization, and the Minnesota housing finance agency 60 days before the termination of rental assistance.

(d) If the local housing organization receives notice from a county agency that a caretaker parent whose initial eligibility for rental assistance was based on the receipt of earned income no longer has earned income and for a period of six months after the termination of earned income has failed to comply with the caretaker parent's job search plan or employment plan, the local housing organization must notify the property owner that rental assistance may terminate and notify the caretaker parent of the termination of rental assistance under Minnesota Rules, part 4900.3380.

(e) The county agency awarded vouchers for families with a caretaker parent with earned income must comply with the provisions of Minnesota Rules, part 4900.3377.

(f) For families whose initial eligibility for rental assistance was based on the receipt of earned income, rental assistance must be terminated under any of the following conditions:

(1) the family is evicted from the property for cause;

(2) the caretaker parent no longer has earned income and, after six months, is not in compliance with the parent's job search or employment plan;

(3) 30 percent of the family's gross income equals or exceeds the amount of the housing costs for two or more consecutive months;

(4) the family has received rental assistance under this section for a 36-month period; or

(5) the rental unit no longer meets federal section 8 existing housing quality standards, the owner refused to make necessary repairs or alterations to bring the rental unit into compliance within a reasonable time, and the caretaker parent refused to relocate to a qualifying unit.

(g) If a county agency determines that a caretaker parent no longer has earned income and is not in compliance with the parent's job search or employment plan, the county agency must notify the caretaker parent of that determination. The notice must be in writing and must explain the effect of not having earned income or failing to be in compliance with the job search or employment plan will have on the rental assistance. The notice must:

(1) state that rental assistance will end six months after earned income has ended;

(2) specify the date the rental assistance will end;

(3) explain that after the date specified, the caretaker parent will be responsible for the total housing costs;

(4) describe the actions the caretaker parent may take to avoid termination of rental assistance; and

(5) inform the caretaker parent of the caretaker parent's responsibility to notify the county agency if the caretaker parent has earned income.

History: 1997 c 200 art 4 s 12

462A.206 COMMUNITY REHABILITATION FUND ACCOUNT.

[For text of subd 1, see M.S.1996]

Subd. 2. Authorization. The agency may make grants or loans to cities or nonprofit organizations for the purposes of construction, acquisition, rehabilitation, demolition, permanent financing, refinancing, gap financing of single or multifamily housing, or full cycle home ownership services, as defined in section 462A.209, subdivision 2. Gap financing is financing for the difference between the cost of the improvement of the blighted property, including acquisition, demolition, rehabilitation, and construction, and the market value of the property upon sale. The agency shall take into account the amount of money that the city or nonprofit organization leverages from other sources in awarding grants and loans. The

agency shall also consider the extent to which the grant or loan recipient will coordinate use of the funds with its other housing-related efforts or other housing-related efforts in the recipient's geographic area. The city or nonprofit organization must indicate in its application how the proposed project is consistent with the consolidated housing plan. Not less than ten days before submitting its application to the agency, a nonprofit organization must notify the city in which the project will be located of its intent to apply for funds. The city may submit to the agency its written comments on the nonprofit organization's application and the agency shall consider the city's comments in reviewing the application. Cities and nonprofit organizations may use the grants and loans to establish revolving loan funds and to provide grants and loans to eligible mortgagors. The city or nonprofit organization may determine the terms and conditions of the grants and loans. An agency loan may only be used by a city or nonprofit organization to make loans.

[For text of subd 3, see M.S.1996]

Subd. 4. Designated areas. For the purposes of focusing resources, a city or a nonprofit organization located in a metropolitan statistical area must designate neighborhoods within which the grants or loans may be used, and a city or nonprofit organization located outside of a metropolitan statistical area must designate a geographic area within which the grants or loans may be used.

Subd. 5. [Repealed, 1997 c 200 art 4 s 23]

History: 1997 c 200 art 4 s 13,14

462A.2065 REPORT ON LOSS OF HOUSING.

Each year, the commissioner shall report to the chair of the house of representatives housing and housing finance division and to the chair of the senate jobs, energy, and community development committee, the information provided in the reports made to the commissioner under section 469.0305.

History: 1997 c 200 art 4 s 15

462A.207 MORTGAGE FORECLOSURE PREVENTION AND EMERGENCY RENTAL ASSISTANCE PROGRAM.

Subdivision 1. Establishment. The agency shall, within the limits of available appropriations, establish a mortgage foreclosure prevention and assistance program to provide assistance to low-income and moderate-income persons who are facing the loss of their housing due to circumstances beyond their control. Priority for assistance under this section must be given to persons and families at or below 60 percent of area median income, adjusted for family size, as determined by the department of housing and urban development.

Subd. 2. Administration. The agency may contract with community-based, nonprofit organizations that meet the requirements specified in this section to provide mortgage foreclosure assistance. Preference must be given to nonprofit organizations that demonstrate the greatest ability to leverage program money with other sources of funding, or to organizations serving areas without access to mortgage foreclosure assistance. The agency may require an organization to match program money with other money or resources.

Subd. 3. Organization eligibility. A nonprofit organization must be able to demonstrate that it is qualified to deliver program services, has relevant expertise in mortgage foreclosure prevention, and is able to perform the duties required under the program. An organization must provide the agency with a detailed description of how the proposed program would be administered, including the qualifications of staff. An organization may not be part of, nor affiliated with, a mortgage lender nor provide assistance to a household which occupies a housing unit owned or managed by the organization.

Subd. 4. Selection criteria. The agency shall take the following criteria into consideration when determining whether an organization is qualified to administer the program:

- (1) the prior experience of the nonprofit organization in establishing, administering, and maintaining a mortgage foreclosure prevention program;
- (2) the documented familiarity of the organization regarding mortgage foreclosure prevention procedures and other services available to assist with preventing the loss of housing;

- (3) the reasonableness of the proposed budget in meeting the program objectives;
- (4) the documented ability of the organization to provide financial assistance; and
- (5) the documented ability of the organization to provide mortgage foreclosure prevention or other financial counseling.

[For text of subd 5, see M.S.1996]

Subd. 6. Assistance. (a) Program assistance includes general information, screening, assessment, referral services, case management, advocacy, and financial assistance to borrowers who are delinquent on mortgage or contract for deed payments.

(b) Not more than one-half of program funding may be used for mortgage or financial counseling services.

(c) Financial assistance consists of payments for delinquent mortgage or contract for deed payments, future mortgage or contract for deed payments for a period of up to six months, property taxes, assessments, utilities, insurance, home improvement repairs, future rent payments for a period of up to six months, and relocation costs if necessary, or other costs necessary to prevent foreclosure.

(d) An individual or family may receive the lesser of six months or \$4,500 of financial assistance.

[For text of subs 7 and 8, see M.S.1996]

History: 1997 c 200 art 4 s 16–20

462A.21 HOUSING DEVELOPMENT FUND; ADVANCES, USE REPAYMENT.

[For text of subs 1 to 4j, see M.S.1996]

Subd. 4k. [Repealed, 1997 c 200 art 4 s 23]

[For text of subs 4l to 10, see M.S.1996]

Subd. 12. [Repealed, 1997 c 200 art 4 s 23]

Subd. 12a. Program money transfer. 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.

[For text of subd 13, see M.S.1996]

Subd. 14. [Repealed, 1997 c 200 art 4 s 23]

[For text of subs 15 to 23, see M.S.1996]

History: 1997 c 200 art 4 s 21