

commissioner shall consider the application and hear the applicants and witnesses that appear in favor of or against the granting of the application of the proposed bank. If an application is contested, 50 percent of an additional fee equal to the actual costs incurred by the department of commerce in approving or disapproving the application, payable to the state treasurer and credited by the treasurer to the general fund, must be paid by the applicant and 50 percent equally by the intervening parties.

Subd. 5. APPROVAL, DISAPPROVAL, AFTER HEARING. If, upon the hearing or upon other information submitted, it appears to the commissioner that the application should be granted, the commissioner shall, not later than 90 days after the hearing, and after the applicants have otherwise complied with the provisions of law applicable to the organization of a bank, including the provisions herein contained, make and file in the commissioner's office a written order directing the issuance of a certificate of authorization as provided by law. If the certificate of authorization is not activated within a period of 12 months from date of issuance, the commissioner may upon written notice to the applicants request a new hearing. If the commissioner decides that the application should not be granted, the commissioner shall deny the application and make a written order to that effect, file it in the commissioner's office, and forthwith give notice thereof by certified mail to one of the incorporators named in the application for the proposed bank, addressed to the incorporator at the address stated in the application. Thereupon the commissioner shall refuse to issue the certificate of authorization to the proposed bank.

Sec. 2. EFFECTIVE DATE.

This article is effective the day following final enactment, and applies to pending applications at that time if any notice of the filing of the application has not been fully published.

Approved June 1, 1987

CHAPTER 350—H.F.No. 508

An act relating to housing; providing for administration of the state's low-income housing credit; authorizing the Minnesota housing finance agency to participate in certain housing construction projects and in certain nonprofit corporations; authorizing the sale or rental of certain housing property; providing definitions; providing for the issuance of certain bonds and notes; amending Minnesota Statutes 1986, sections 462A.03, subdivision 14; 462A.05, subdivisions 14, 21, and by adding subdivisions; 462A.06, subdivisions 7 and 12; 462A.08, subdivisions 1 and 3; and 462A.18, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 462A.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Section 1. Minnesota Statutes 1986, section 462A.03, subdivision 14, is amended to read:

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.

Sec. 2. Minnesota Statutes 1986, section 462A.05, subdivision 14, is amended to read:

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 for rehabilitation of owner occupied residential housing 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.

Sec. 3. Minnesota Statutes 1986, section 462A.05, subdivision 21, is amended to read:

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

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

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 and, in addition, is at least 15 years old, 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.

Sec. 4. Minnesota Statutes 1986, section 462A.05, is amended by adding a subdivision to read:

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 section 6, (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.

Sec. 5. Minnesota Statutes 1986, section 462A.05, is amended by adding a subdivision to read:

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 section 6, 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.

Sec. 6. Minnesota Statutes 1986, section 462A.05, is amended by adding a subdivision to read:

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

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, previously financed by the agency, which 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.

Sec. 7. Minnesota Statutes 1986, section 462A.06, subdivision 7, is amended to read:

Subd. 7. It may, subject to the provisions of section 6, (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 or foreclosure, where such acquisition is necessary or appropriate to protect any loan in which the agency has an interest and may sell, transfer and convey any such property to a buyer and, in the event such sale, transfer or conveyance cannot be effected with reasonable promptness or at a reasonable price, may lease such property to a tenant, 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.

Sec. 8. Minnesota Statutes 1986, section 462A.06, subdivision 12, is amended to read:

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

Sec. 9. Minnesota Statutes 1986, section 462A.08, subdivision 1, is amended to read:

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Subdivision 1. The agency from time to time may issue its negotiable bonds and notes in such principal amount as, in the opinion of the agency, shall be necessary to provide sufficient funds for achieving its purposes, including the making of eligible loans and the purchase of eligible securities, the payment of interest on bonds and notes of the agency, the establishment of reserves to secure such bonds and notes, and the payment of all other expenditures of the agency incident to and necessary or convenient to carry out its corporate purposes and powers.

Sec. 10. Minnesota Statutes 1986, section 462A.08, subdivision 3, is amended to read:

Subd. 3. ~~All notes or bonds issued hereunder shall be negotiable investment securities within the meaning and for all purposes of the uniform commercial code, subject only to any provisions of the bonds and notes for registration.~~ All notes 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 money, assets, or revenues of the agency as may be authorized by resolution or indenture.

Sec. 11. Minnesota Statutes 1986, section 462A.18, subdivision 2, is amended to read:

Subd. 2. **CONTRACTS AND SECURITY.** Notwithstanding the provisions of this section, the agency shall have power, ~~subject to the approval of the state treasurer,~~ to contract with the holders of any of its notes or bonds, as to the custody, collection, securing, investment, and payment of any moneys of the agency, or any moneys held in trust or otherwise for the payment of notes or bonds, and to carry out such contract. Moneys held in trust or otherwise for the payment of notes or bonds or in any way to secure notes or bonds and deposits of such moneys may be secured in the same manner as moneys of the agency, and all banks and trust companies are authorized to give such security for such deposits. All moneys so paid to the state treasurer as agent of the agency, from whatever source, are appropriated to the agency. The agency's notes and bonds are not subject to section 16B.06.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Sec. 12. [462A.221] DEFINITIONS.

Subdivision 1. TERMS. For purposes of sections 12 to 15, the following terms have the meaning given them.

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

Subd. 3. HOUSING AND REDEVELOPMENT AUTHORITY. "Housing and redevelopment authority" means a housing and redevelopment authority established pursuant to section 462.425, or other law, or any other municipal department, agency, or authority which exercises the powers of a housing and redevelopment authority pursuant to section 462.425 or other law.

Sec. 13. [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 the effective date of sections 12 to 15 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. 2. CREDIT FORMULA. The agency shall reserve to each eligible city and county an amount equal to the greater of (1) the product obtained by multiplying \$1.6875 by the population of the city or county, or (2) 90 percent of the total state ceiling for low-income housing credits, multiplied by a fraction that has as its numerator the number of rental units located within the city or county and that has as its denominator the total number of rental units located within the state. For purposes of this subdivision, the state demographer shall provide population and rental unit estimates to the agency.

Subd. 3. RETURN OF RESERVED CREDITS. Unused portions of the state ceiling for low-income housing credits reserved to cities and counties for allocation may be returned at any time to the agency for allocation. On or before October 1 of each calendar year, each city and county acting as a housing credit agency, or the Minneapolis/Saint Paul housing finance board, must submit a written notice to the agency of the portion of the low-income housing credit ceiling reserved to it which has not been allocated. The unallocated credit must then be allocated by the agency as provided in section 14.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Sec. 14. [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 credits (1) not reserved to cities and counties under section 13; (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 credits shall be allocated by the agency on a statewide basis. The agency shall make no allocation for projects located within the jurisdiction of the cities or counties that have received credits under section 13, subdivision 1, until the amounts reserved to the cities and counties for allocation have been allocated or returned to the agency for allocation.

Sec. 15. [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.

Sec. 16. EFFECTIVE DATE.

Sections 1 to 15 are effective the day following final enactment.

Approved June 1, 1987

CHAPTER 351—H.F.No. 534

An act relating to the collection and dissemination of data; classifying data; proposing classifications of data as private, nonpublic, and protected nonpublic; clarifying issues relating to the administration of data; amending Minnesota Statutes 1986, sections 13.03, subdivision 3; 13.04, subdivision 2; 13.05, subdivision 4; 13.38; 13.39, subdivision 3; 13.41, subdivision 4; 13.43, subdivision 1; 13.46, subdivisions 3, 4, 7, and by adding a subdivision; 13.50, subdivision 1; and 13.76; proposing coding for new law in Minnesota Statutes, chapters 13 and 241.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.