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State of Minnesota

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HOUSE OF REPRESENTATIVES

NINETY-FIRST SESSION

H. F. No. 3454

02/17/2020 Authored by Sauke and Koegel
The bill was read for the first time and referred to the Housing Finance and Policy Division
03/16/2020 Adoption of Report: Placed on the General Register
Read for the Second Time

1.1 A bill for an act
1.2 relating to housing; extending the use of rehabilitation loans to manufactured
1.3 homes; amending Minnesota Statutes 2018, section 462A.05, subdivisions 14,
1.4 14a.

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

1.6 Section 1. Minnesota Statutes 2018, section 462A.05, subdivision 14, is amended to read:

1.7 Subd. 14. Rehabilitation loans. It may agree to purchase, make, or otherwise participate
1.8 in the making, and may enter into commitments for the purchase, making, or participation
1.9 in the making, of eligible loans for rehabilitation, with terms and conditions as the agency
1.10 deems advisable, to persons and families of low and moderate income, and to owners of
1.11 existing residential housing for occupancy by such persons and families, for the rehabilitation
1.12 of existing residential housing owned by them. The loans may be insured or uninsured and
1.13 may be made with security, or may be unsecured, as the agency deems advisable. The loans
1.14 may be in addition to or in combination with long-term eligible mortgage loans under
1.15 subdivision 3. They may be made in amounts sufficient to refinance existing indebtedness
1.16 secured by the property, if refinancing is determined by the agency to be necessary to permit
1.17 the owner to meet the owner's housing cost without expending an unreasonable portion of
1.18 the owner's income thereon. No loan for rehabilitation shall be made unless the agency
1.19 determines that the loan will be used primarily to make the housing more desirable to live
1.20 in, to increase the market value of the housing, for compliance with state, county or municipal
1.21 building, housing maintenance, fire, health or similar codes and standards applicable to
1.22 housing, or to accomplish energy conservation related improvements. In unincorporated
1.23 areas and municipalities not having codes and standards, the agency may, solely for the
1.24 purpose of administering the provisions of this chapter, establish codes and standards. Except

2.1 ~~for accessibility improvements under this subdivision and subdivisions 14a and 24, clause~~  
 2.2 ~~(1), no secured loan for rehabilitation of any owner-occupied property shall be made in an~~  
 2.3 ~~amount which, with all other existing indebtedness secured by the property, would exceed~~  
 2.4 ~~110 percent of its market value, as determined by the agency. No loan under this subdivision~~  
 2.5 for the rehabilitation of owner-occupied housing shall be denied solely because the loan  
 2.6 will not be used for placing the owner-occupied residential housing in full compliance with  
 2.7 all state, county, or municipal building, housing maintenance, fire, health, or similar codes  
 2.8 and standards applicable to housing. Rehabilitation loans shall be made only when the  
 2.9 agency determines that financing is not otherwise available, in whole or in part, from private  
 2.10 lenders upon equivalent terms and conditions. Accessibility rehabilitation loans authorized  
 2.11 under this subdivision may be made to eligible persons and families without limitations  
 2.12 relating to the maximum incomes of the borrowers if:

2.13 (1) the borrower or a member of the borrower's family requires a level of care provided  
 2.14 in a hospital, skilled nursing facility, or intermediate care facility for persons with  
 2.15 developmental disabilities;

2.16 (2) home care is appropriate; and

2.17 (3) the improvement will enable the borrower or a member of the borrower's family to  
 2.18 reside in the housing.

2.19 The agency may waive any requirement that the housing units in a residential housing  
 2.20 development be rented to persons of low and moderate income if the development consists  
 2.21 of four or less dwelling units, one of which is occupied by the owner.

2.22 Sec. 2. Minnesota Statutes 2018, section 462A.05, subdivision 14a, is amended to read:

2.23 Subd. 14a. **Rehabilitation loans; existing owner-occupied residential housing.** It may  
 2.24 make loans to persons and families of low and moderate income to rehabilitate or to assist  
 2.25 in rehabilitating existing residential housing owned and occupied by those persons or  
 2.26 families. Rehabilitation may include the replacement of manufactured homes. No loan shall  
 2.27 be made unless the agency determines that the loan will be used primarily for rehabilitation  
 2.28 work necessary for health or safety, essential accessibility improvements, or to improve the  
 2.29 energy efficiency of the dwelling. No loan for rehabilitation of owner-occupied residential  
 2.30 housing shall be denied solely because the loan will not be used for placing the residential  
 2.31 housing in full compliance with all state, county or municipal building, housing maintenance,  
 2.32 fire, health or similar codes and standards applicable to housing. The amount of any loan  
 2.33 shall not exceed the lesser of (a) a maximum loan amount determined under rules adopted  
 2.34 by the agency not to exceed \$27,000, or (b) the actual cost of the work performed, or (c)

3.1 that portion of the cost of rehabilitation which the agency determines cannot otherwise be  
3.2 paid by the person or family without the expenditure of an unreasonable portion of the  
3.3 income of the person or family. Loans made in whole or in part with federal funds may  
3.4 exceed the maximum loan amount to the extent necessary to comply with federal lead  
3.5 abatement requirements prescribed by the funding source. In making loans, the agency shall  
3.6 determine the circumstances under which and the terms and conditions under which all or  
3.7 any portion of the loan will be repaid and shall determine the appropriate security for the  
3.8 repayment of the loan. Loans pursuant to this subdivision may be made with or without  
3.9 interest or periodic payments.