

Sec. 21. Minnesota Statutes 1980, Section 61A.25, is amended by adding a subdivision to read:

Subd. 8. RESERVE CALCULATION; PLANS NOT COVERED BY OTHER SUBDIVISIONS. In the case of a plan of life insurance or annuity for which the minimum reserves cannot be determined by the methods described in subdivisions 4, 4a, and 7, the reserves which are held under any plan must:

(a) be appropriate in relation to the benefits and the pattern of premiums for that plan, and

(b) be computed by a method which is consistent with the principles of section 61A.25, as determined by rules adopted by the commissioner.

Sec. 22. **EFFECTIVE DATE.**

Sections 1 and 2 are effective the day after final enactment.

Approved March 22, 1982

CHAPTER 590 — H.F.No. 1365

An act relating to cities; authorizing city rehabilitation loan programs for small and medium sized commercial buildings; and providing for the issuance of revenue bonds to finance the programs; authorizing a housing and commercial rehabilitation interest reduction program; amending Minnesota Statutes 1980, Sections 462.421, Subdivision 14; 462.445, by adding subdivisions; and 462.545, Subdivision 1; proposing new law coded in Minnesota Statutes, Chapter 459.

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

Section 1. **[459.31] PROGRAMS FOR MUNICIPAL COMMERCIAL REHABILITATION LOANS.**

Subdivision 1. FINDINGS AND PURPOSE. The legislature of the state of Minnesota finds that in many cities within the state there are small and medium sized commercial buildings which are physically deteriorating and in need of rehabilitation; that there is a need for city programs for the rehabilitation of these commercial buildings; that some owners of small and medium sized commercial buildings are unable to afford rehabilitation loans in the private mortgage market and that the health, safety and general welfare and the preservation of the quality of life of the residents of Minnesota cities are dependent upon the preservation and rehabilitation of these commercial buildings.

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

Subd. 2. AUTHORIZATION. To accomplish the purposes specified in subdivision 1, the governing body of any city, however organized, may, by ordinance, establish and provide for the administration of a commercial building loan program to rehabilitate and preserve small and medium sized commercial buildings located within its boundaries, upon making the following findings:

(1) that commercial buildings in the city are physically deteriorating, underused, economically inefficient or functionally obsolete, and in need of rehabilitation to meet applicable building codes;

(2) that there is a need for a comprehensive program for the rehabilitation of the buildings to prevent economic and physical blight and deterioration, to increase the municipal tax base, and, if the city has adopted a comprehensive plan, to assist in the implementation of the comprehensive plan of the municipality;

(3) that some owners of small and medium sized commercial buildings in the city are unable to afford rehabilitation loans on terms available in the private mortgage market or to obtain rehabilitation loans on any terms because the private mortgage market is severely restricted; and

(4) that the health, safety and general welfare and the preservation of the quality of life of the residents of the city are dependent upon the preservation and rehabilitation of the small and medium sized commercial buildings. In no case shall any governing body include the making of grants as a part of a program authorized by this section. The program may include provisions for loans for rehabilitation and preservation purposes, secured by mortgages on the property with respect to which the loans are made, or by other security acceptable to the governing body of the city. Except as hereinafter provided, the loans may be made on terms and conditions as authorized in the program. In approving applications for loans from a program, the following factors shall be considered:

(a) The availability and affordability of private mortgage credit;

(b) The availability and affordability of other governmental programs;

(c) Whether the building is required, pursuant to any court order, statute or ordinance, to be repaired, improved or rehabilitated; and

(d) Whether the proposed improvements will result in conformance with building and zoning codes and improvement of the aesthetic quality of existing commercial areas.

Subd. 3. LIMITATIONS. A loan program shall be operated within the following limitations:

(1) The terms and conditions of all loans made under the program shall be fixed so that the sum of all repayments of principal and interest on them, not then delinquent, and all fees and charges collected, together with other sums to be

contributed by the city, shall, over the duration of the program, be estimated to be equal to or greater than the sum of all estimated costs of the program, as determined by the program administrator and approved by the governing body of the city, including administrative costs, mortgage foreclosure costs, and principal and interest payments on bonds issued to finance the program to the extent not paid from bond proceeds;

(2) No loan shall be made for a period exceeding 20 years;

(3) No loan shall exceed 80 percent of the estimated market value of the property to be rehabilitated upon completion of the rehabilitation, less the principal balance of any prior mortgage existing on the property at the time the loan is made; and

(4) No loan shall be made in excess of \$200,000 for the rehabilitation of any particular small or medium sized commercial building.

Subd. 4. ADMINISTRATION. The municipality may administer the program directly or may contract with any qualified public or private nonprofit agency or enterprise for some or all of the services required. The ordinance establishing the program shall provide for the adoption of program regulations which shall include a definition of "small and medium sized commercial buildings", loan eligibility and loan priority criteria, loan amount limitations and other provisions as deemed necessary.

Sec. 2. [459.32] HOUSING AND REDEVELOPMENT AUTHORITY ACTING ON BEHALF OF CITY.

A housing and redevelopment authority of a city or county may exercise any or all of the powers conferred by sections 1 to 3 on behalf of a city, if the city by ordinance authorizes it.

Sec. 3. [459.33] BONDS FOR MUNICIPAL COMMERCIAL REHABILITATION LOAN PROGRAM.

Subdivision 1. REVENUE BONDS. Notwithstanding any contrary provision of other law or charter, the governing body of any city operating a program under section 1 may, by resolution, authorize, issue and sell revenue bonds or obligations payable solely from all or a portion of the revenues derived from or other contributions to the program. The bonds or obligations shall mature as determined by resolution of the governing body of the city in accordance with the limitations of section 1, subdivision 3.

The bonds or obligations may

(a) be issued in one or more series,

(b) bear a date or dates,

(c) bear interest at a rate or rates,

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- (d) be in the denomination or denominations,
- (e) be either coupon or registered,
- (f) carry conversion or registration privileges,
- (g) have rank or priority,
- (h) be executed in the manner,
- (i) be payable at the place or places, and
- (j) be subject to the terms of redemption, with or without premium,

as the resolution, its trust indenture or mortgage may provide. The bonds or obligations may be sold at public or private sale at the price or prices the governing body of the city by resolution shall determine, and notwithstanding any contrary provision of any other law, shall be fully negotiable. In any suit, action, or proceedings involving the validity or enforceability of any bonds or obligations of the city or their security, any bond reciting in substance that it has been issued by the city to aid in financing a commercial rehabilitation loan program shall be conclusively deemed to have been issued for that purpose, and the program shall be conclusively deemed to have been authorized, established and carried out in accordance with the purposes and provisions of section 1. Neither the city nor any council member, board member, director, commissioner, officer, employee or agent of the governing body of the city nor any person executing the bonds shall be liable personally on the bonds by reason of their issuance. The bonds or obligations may be further secured by a pledge or mortgage on the property with respect to which loans are made and in aid of which the bonds are issued and by covenants as the governing body of the city shall deem by resolution to be necessary and proper to secure payment of the bonds. The bonds or obligations, and they shall so state on their face, shall not be payable from nor charged upon any funds other than the revenues and properties pledged or mortgaged to their payment, nor shall the issuing city be subject to any liability on them or have the powers to obligate itself to pay or pay the bonds from funds other than the revenues and properties pledged and mortgaged and no holder of the bonds or obligations shall ever have the right to compel any exercise of any taxing power of the issuing city or any other public body to pay the principal of or interest on the bonds or obligations, nor to enforce payment of them against any property of the city or other public body other than that expressly pledged or mortgaged for their payment.

Subd. 2. USE OF BOND PROCEEDS. The proceeds of the revenue bonds or obligations may be used

- (a) to make loans in accordance with a program,
- (b) to establish a fund from which loans may be made in accordance with a program,

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- (c) to establish reserves for the payment of the bonds and interest on them,
- (d) to pay all of the interest coming due on the bonds until the money derived from loan repayments is sufficient for the purpose, and
- (e) to pay costs of issuance.

Subd. 3. SECURITY FOR BONDS. The city may pledge any mortgages securing loans made under the program and all principal and interest payments to be received under them to the payment of revenue bonds or obligations issued under this section, may make other covenants with respect to them, future mortgages or other matters as deemed necessary for the security of the revenue bonds or obligations, and may assign all of its rights under the mortgages to a trustee for bond holders and enter into an indenture of trust for this purpose, containing other terms and provisions and conferring powers on the trustee as considered necessary for the security of the bonds or obligations.

Subd. 4. ADDITIONAL SECURITY FOR BONDS. The governing body of the city shall not amend the regulations adopted by ordinance and in effect at the time any bonds or obligations authorized by sections 1 to 3 are issued, to the detriment of the holder of the bonds or obligations.

Sec. 4. [459.34] OTHER LEGISLATION.

The authority granted in sections 1 to 3 is in addition to all existing power and authority of any city.

Sec. 5. Minnesota Statutes 1980, Section 462.421, Subdivision 14, is amended to read:

Subd. 14. "Project" means a housing project, a housing development project or a redevelopment project, or any combination of such projects. The term "project" also may be applied to all real and personal property, assets, cash, or other funds, held or used in connection with the development or operation of the housing project, housing development project or redevelopment project, as the case may be. The term "project" also includes an interest reduction program authorized by section 462.445, subdivision 10.

Sec. 6. Minnesota Statutes 1980, Section 462.445, is amended by adding a subdivision to read:

Subd. 10. INTEREST REDUCTION PROGRAM. An authority may develop and administer an interest reduction program to assist the financing of the construction, rehabilitation, and purchase of housing units which are primarily for occupancy by individuals of low or moderate income and related and subordinate facilities. An authority may:

- (a) pay in periodic payments or in a lump sum payment any or all of the interest on loans made pursuant to chapter 462C or section 462.445, subdivision 9;

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(b) pay any or all of the interest on bonds issued pursuant to chapter 462C, or pursuant to this chapter for the purpose of making loans authorized by section 462.445, subdivision 9;

(c) pay in periodic payments or in a lump sum payment any or all of the interest on loans made by private lenders to purchasers of housing units;

(d) pay any or all of the interest due on loans made by private lenders to a developer for the construction or rehabilitation of housing units;

(e) pay in periodic payments or in a lump sum payment any or all of the interest on loans made by any person to a developer for the construction, rehabilitation, and purchase of commercial facilities which are related and subordinate to the construction, rehabilitation, or purchase of housing units which receive interest reduction assistance provided that the entire development is composed primarily of housing units;

(f) pay any or all of the interest on bonds issued pursuant to chapter 474, when the bonds are issued for a project which is related and subordinate to the construction, rehabilitation, or purchase of housing units which receive interest reduction assistance provided that the entire development is composed primarily of housing units;

(g) pay in periodic payments or in a lump sum payment any or all of the interest on loans made pursuant to sections 1 to 5 for the rehabilitation or preservation of small and medium sized commercial buildings; and

(h) pay any or all of the interest on bonds issued pursuant to section 3.

Sec. 7. Minnesota Statutes 1980, Section 462.445, is amended by adding a subdivision to read:

Subd. 11. INTEREST REDUCTION PROGRAM; LIMITATIONS. In developing the interest reduction program authorized by section 6 the authority shall consider:

(a) the availability and affordability of other governmental programs;

(b) the availability and affordability of private market financing; and

(c) the need for additional affordable mortgage credit to encourage the construction and enable the purchase of housing units within the jurisdiction of the authority.

The authority shall promulgate regulations for the interest reduction program. Interest reduction assistance shall not be provided when the authority determines that financing for the purchase of a housing unit or for the construction or rehabilitation of housing units is otherwise available from private lenders upon terms and conditions which are affordable by the applicant, as provided by the authority in its regulations.

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For the purposes of this subdivision an "assisted housing unit" is a housing unit which is rented or to be rented and which is a part of a rental housing development where the financing for the rental housing development is assisted with interest reduction assistance provided by the authority during the calendar year. If interest reduction assistance is provided for construction period interest for a rental housing development, the housing units in the housing development shall be considered assisted housing units for a period after occupancy of the housing units which is equal to the period which interest reduction assistance is provided to assist the construction financing of the rental housing development. In any calendar year when an authority provides interest reduction assistance for assisted housing units (1) at least 20 percent of the total assisted housing units within the jurisdiction of the authority shall be held available for rental to families or individuals with an adjusted gross income which is equal to or less than 80 percent of the median family income, and (2) at least an additional 55 percent of the total assisted housing units within the jurisdiction of the authority shall be held available for rental to individuals or families with an annual adjusted gross income which is equal to or less than 66 times 120 percent of the monthly fair market rent for the unit established by the United States department of housing and urban development. At least 80 percent of the aggregate dollar amount of funds appropriated by an authority within any calendar year to provide interest reduction assistance for financing of construction, rehabilitation or purchase of single family housing, as that term is defined in section 462C.02, subdivision 4, shall be appropriated for housing units which are to be sold or occupied by families or individuals with an adjusted gross income which is equal to or less than 110 percent of median family income. For the purposes of this subdivision, "median family income" means the median family income established by the United States department of housing and urban development for the nonmetropolitan county or the standard metropolitan statistical area, as the case may be. The adjusted gross income may be adjusted by the authority for family size. An authority which establishes a program pursuant to this subdivision shall on or before January 2 of each year report to the commissioner of the Minnesota department of energy, planning and development, a description of the program established and a description of the recipients of interest reduction assistance.

Sec. 8. Minnesota Statutes 1980, Section 462.445, is amended by adding a subdivision to read:

Subd. 12. INTEREST REDUCTION PROGRAM; REQUIRED AGREEMENTS. (a) Under any interest reduction program authorized by subdivision 10, which provides interest reduction assistance pursuant to clauses (a) to (f), the authority shall obtain an agreement from the developer or other benefited owner of the property. The agreement shall provide that upon the benefited owner's sale or transfer of the property the authority shall be paid in an amount determined under clause (b) and that this obligation is secured by an interest in the property. The interest in the property shall consist of either a right of

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co-ownership or a lien or mortgage against the property and may be subordinate to other interests in the property. For purposes of this subdivision, "property" means property the construction, acquisition or improvement of which is financed in whole or part with the proceeds of a loan upon which the interest payments are reduced under an interest reduction program.

(b)(i) Upon transfer or sale of the property the amount required to be paid to the authority under clause (a) shall equal at least

(A) the sale price of the property, less

(B) the downpayment, any payments of principal, other payments made to construct, acquire or improve the property and any outstanding liens or mortgages securing loans, advances, or goods and services provided for the construction, acquisition or improvement of the property, less

(C) the amount, if any, which the authority determines should be allowed for the developer or other benefited property owner as a return on the developer's or other benefited property owner's investment in the property, multiplied by

(D) a fraction, the numerator of which is the interest reduction payments made by the authority and the denominator of which is the total of the downpayment, all principal and interest payments including any portion paid by the authority, and other payments made to construct, acquire or improve the property. In the case of a transfer, other than an arms-length sale, an appraisal shall be substituted for the sale price.

(ii) If the interest reduction payments are made for a bond issue, or other obligation, the proceeds of which are lent to five or more purchasers of separate housing units, the fraction under clause (b)(i)(D) may be determined on the basis of an estimate of the aggregate factors for all the borrowers of the proceeds, of the bonds or other obligations participating in the interest reduction program.

The provisions of this subdivision shall not apply to interest reduction assistance provided for construction period interest for housing units which are to be sold upon completion to purchasers who intend at the time of purchase to occupy the housing units as their principal place of residence.

Sec. 9. Minnesota Statutes 1980, Section 462.445, is amended by adding a subdivision to read:

Subd. 13. INTEREST REDUCTION PROGRAM. The authority to authorize payment of interest reduction assistance pursuant to sections 6 to 8 of this act shall expire on January 1, 1986. Interest reduction assistance payments authorized prior to January 1, 1986 may be paid after January 1, 1986.

Sec. 10. Minnesota Statutes 1980, Section 462.545, Subdivision 1, is amended to read:

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

Subdivision 1. **FINANCING PLANS AUTHORIZED.** The entire cost of a project as defined in section 462.421, subdivision 14, including administrative expense of the authority allocable to the project and debt charges and all other costs authorized to be incurred by the authority in sections 462.415 to 462.705, shall be known as the public redevelopment cost. The proceeds from the sale or lease of property in a project shall be known as the capital proceeds. Since it is the purpose of this act that authorities will sell or lease or retain the land in the redevelopment project area, in whole or in part, for a variety of purposes, depending upon the type of project, including private housing for upper or middle-income groups, or low income groups, public housing for low-income groups, commercial and other purposes, at its fair use value, except as provided in section 462.525, subdivisions 9 and 10, which may be less than the public redevelopment cost, the capital proceeds from land sold may pay back only a portion of the public redevelopment cost. For the purpose of carrying out the provisions of sections 462.515 to 462.545, including the defrayment of the differences between the public redevelopment cost and minus the capital proceeds if any, which includes the difference between any annual debt service and the annual administrative expenses of the authority allocable to the project and any annual capital proceeds, an authority may, in its discretion, finance such projects in any one, by any combination of, the following methods, which are also dealt with in sections 462.415 to ~~462.711~~ 462.705.

Sec. 11. EFFECTIVE DATE.

This act shall be effective the day following final enactment.

Approved March 22, 1982

CHAPTER 591 — S.F.No. 1443

An act relating to agriculture; prohibiting the trafficking in skunks; setting a penalty; proposing new law coded in Minnesota Statutes, Chapter 145.

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

Section 1. [145.365] TRAFFICKING IN SKUNKS.

Subdivision 1. PROHIBITION. In order to protect the public health and prevent human and domestic animal exposure to rabies, it shall be unlawful to:

- (a) Import into or export out of this state any live skunk, for sale, barter, exchange or gift for any purpose whatsoever;
- (b) Acquire, sell, barter, exchange, give, or purchase any live skunks.

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