

4900.0356 ELIGIBLE APPLICATIONS.

Subpart 1. **Property interest.** An applicant for an apartment renovation mortgage loan must, at the time of application, possess one of the following interests in the property to be improved:

- A. a fee title;
- B. a fee title subject to a mortgage or other lien securing a debt capable of prepayment or, at the option of the agency, subordination; or
- C. a mutually binding contract or option for the purchase of fee title.

Subp. 2. **Eligible borrowers.** Natural persons, public or private for profit or nonprofit corporations or entities, partnerships, joint ventures, or cooperatives are eligible to receive an apartment renovation mortgage loan.

Subp. 3. **Credit risk.** An applicant for an apartment renovation mortgage loan must be a reasonable credit risk with the capacity to pay the loan obligation, as determined by the agency.

Subp. 4. **Eligible structures.** To be eligible for improvements funded with an apartment renovation mortgage loan, the structure:

- A. must be in need of improvements or repairs in order to bring it into compliance with Minnesota Statutes, section 216C.27, subdivision 3, state energy conservation standards; and
- B. must contain a minimum of four dwelling units.

Subp. 5. **Compliance with zoning ordinances.** The structure to be improved must not be in violation of applicable zoning ordinances.

Subp. 6. **Use of property restricted.** The property must be used primarily for residential purposes.

Subp. 7. **Restriction of loan use.** Apartment renovation mortgage loan proceeds may be used to refinance existing indebtedness secured by the property in conjunction with the funding of the improvements contemplated by part 4900.0357.

Subp. 8. **Unavailability of financing.** At the time of application, conventional financing must not be available from private lenders upon equivalent terms and conditions.

Subp. 9. **Required occupancy.** At the time of loan closing or initial occupancy, at least 75 percent of the dwelling units in the structure to be improved must be occupied by low- and moderate-income persons and families, defined as follows: persons or families whose adjusted income does not exceed the greater of \$16,000 or 66 times the gross rental for the unit; provided that the gross rental for the unit is correlated by the agency with fair market rents for the geographical area in which the property to be improved is located, as

determined and adjusted from time to time by the United States Department of Housing and Urban Development. The agency may provide by contract with the borrower for rent levels during a predetermined period after loan closing which will be affordable to persons and families of low and moderate income, as defined in this subpart.

Statutory Authority: *MS s 462A.06*

History: *11 SR 2077; L 1987 c 312 art 1 s 10 subd 1*

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