

4900.1331 HOMEOWNERSHIP ASSISTANCE FUND.

Subpart 1. **Purpose of program.** The homeownership assistance fund is established to assist persons and families of low and moderate income as specified in part 4900.1345, subpart 2, in the purchase of affordable housing according to parts 4900.1300 to 4900.1390. Toward this end, the agency may provide assistance directly to home buyers, may use funds to provide additional security for eligible loans, may provide administrative fees to entities assisting at-risk home buyers in achieving homeownership through the homeownership assistance fund, and may provide additional security for bonds issued by the agency.

Subp. 2. **Use of fund; general.** Homeownership assistance fund money may only be used in conjunction with first mortgage loans made or purchased by the agency, except for special initiatives designed to encourage the development or redevelopment of neighborhoods or communities in cooperation with money from community sources. However, within this limitation, money may be combined with funds from outside sources, including funds from other federal, state, and local government agencies or instrumentalities, private foundations, mortgage insuring entities, the Federal Housing Finance Board, or other public or private sources.

Subp. 3. **Fund recapture.** The agency must provide for a reasonable likelihood of recapturing the homeownership assistance money for later use except fees as provided for under part 4900.1375, subpart 11. Homeownership assistance fund money under part 4900.1375, subparts 2 to 9, must be secured by a lien on the property being purchased with an appropriate repayment provision.

Subp. 4. **Default.** A homeownership assistance fund loan under part 4900.1375, subparts 2 to 11, is in default if the recipient defaults in the timely observance and performance of a condition or covenant of the first mortgage loan or of the homeownership assistance fund loan, or sells, assigns, rents, or transfers the property, whether by deed, contract for deed, or otherwise. A transfer of the property to a surviving joint tenant, if any, by reason of the death of the recipient does not constitute a default.

In the event of default, the homeownership assistance fund loan is immediately due and payable in its entirety, at the option of the agency, and is subject to interest from the date of default until the date of payment at the same rate of interest as the first mortgage loan on the property.

Statutory Authority: *MS s 14.05; 462A.06*

History: *14 SR 2632; 20 SR 2252(NO. 42); 24 SR 1332*

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