

4900.2005 PURCHASE AND REHABILITATION OR REFINANCE AND REHABILITATION MORTGAGE LOANS.

Subpart 1. **Eligible property.** The property to be purchased or refinanced with a purchase and rehabilitation or refinance and rehabilitation mortgage loan must be an existing one-to-four family residential dwelling located in Minnesota. Mobile homes and trailers are not eligible for purchase and rehabilitation or refinance and rehabilitation mortgage loans.

Subp. 2. **Minimum rehabilitation.** Each property financed with a purchase and rehabilitation mortgage loan or a refinance and rehabilitation loan must require and receive rehabilitation in a dollar amount greater than or equal to the amounts in items A and B.

A. If the property to be financed is located in Anoka, Benton, Carver, Chisago, Clay, Dakota, Hennepin, Isanti, Olmsted, Ramsey, Scott, Sherburne, Stearns, Washington, or Wright county, the minimum required rehabilitation is \$5,000.

B. For properties located in all other counties, the minimum rehabilitation requirement is the lesser of \$5,000 or 15 percent of the value of the property before rehabilitation.

Subp. 3. **Eligible rehabilitation.** All rehabilitation work that is paid for out of the proceeds of a purchase and rehabilitation or refinance and rehabilitation mortgage loan must satisfy the following requirements:

A. Rehabilitation improvements must be made in order to comply with applicable state, county, and municipal health, housing, building, fire prevention, and housing maintenance codes, or other public standards applicable to housing; make the property more desirable to live in; increase the market value of the property; make the property more habitable; make the property more accessible to a person with a disability; make the property more energy efficient; or convert the property to or from a one-family residence from or to a two-to-four family residence.

B. Each rehabilitation improvement must be a permanent general improvement. Permanent general improvements include additions, alterations, renovations, or repairs upon or in connection with existing structures that materially preserve or improve the basic livability, safety, or utility of the property. Permanent general improvements do not include materials, fixtures, or landscaping of a type or quality exceeding that customarily used in the locality for properties of the same general type as the property to be improved.

C. Each rehabilitation improvement must be made in compliance with all applicable health, fire prevention, building, and housing codes and standards; provided, however, that no application for a purchase and rehabilitation or refinance and rehabilitation mortgage loan for a property may be denied solely because the improvements will not bring such property into full compliance with all such codes and standards.

Subp. 4. [Repealed, 17 SR 2105]

Subp. 5. **Borrower eligibility.** Each borrower shall meet the following requirements:

A. Each borrower shall be a person or family, including nonrelated individual adults, whose adjusted income does not exceed 115 percent of the greater of state or area median income as determined and adjusted from time to time by the United States Department of Housing and Urban Development; provided, however, that the maximum adjusted income for targeted neighborhoods may not exceed 150 percent of the greater of state or area median income as determined and adjusted from time to time by the United States Department of Housing and Urban Development. Targeted neighborhoods are specific geographic areas specified by local governments or housing and redevelopment authorities as neighborhoods to receive special emphasis in terms of rehabilitation or preservation of the housing stock.

B. Each borrower shall occupy the residence upon completion of the rehabilitation work as the borrower's primary, year-round residence.

C. Each borrower shall be a reasonable credit risk with the ability to pay the loan obligation in accordance with underwriting standards of the mortgage industry for the type of mortgage loan being provided.

Subp. 6. **Maximum mortgage amount.** The maximum mortgage amount for any purchase and rehabilitation or refinance and rehabilitation mortgage loan must not exceed the maximum mortgage amount for the Minneapolis/St. Paul Metropolitan Statistical Area for mortgage loans to be insured by the Federal Housing Administration as determined and adjusted from time to time by the United States Department of Housing and Urban Development.

Statutory Authority: *MS s 462A.06*

History: *14 SR 1214; 17 SR 2105; 19 SR 157; L 2005 c 56 s 2*

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