

4900.3433 TERMS AND CONDITIONS OF FINANCIAL ASSISTANCE, USE OF PROPERTY, AND REPAYMENT REQUIREMENTS.

Subpart 1. **Interest rate.** The agency shall not charge interest on the financial assistance.

Subp. 2. **Ownership and use requirements.** The financial assistance is subject to the terms and conditions in items A to F pertaining to ownership and use of the property.

A. The applicant must intend to own and use the property for the purposes identified in the application.

B. The applicant may contract with an eligible nonprofit organization for the management of the property.

C. The applicant may use the property for purposes other than those identified in the application only after it has repaid the amount of the original financial assistance to the agency.

D. If the applicant uses the financial assistance to purchase land only, or purchases land and buildings and later demolishes the buildings, the applicant may lease the vacant land to an eligible nonprofit organization for a term of up to 99 years at a nominal annual rental amount.

E. If the applicant uses the financial assistance to purchase property consisting of land and buildings, the applicant may sell any buildings situated on the land to an eligible nonprofit organization, provided that:

- (1) the applicant retains ownership of the land;
- (2) the applicant sells the buildings for fair market value;
- (3) the applicant complies with the repayment requirements provided in subpart 3; and
- (4) the applicant annually determines that the buildings are owned by an eligible nonprofit organization and are being used for land trust activities.

F. The applicant may lease buildings situated on the land which received the financial assistance to an eligible nonprofit organization for a nominal annual rental amount, provided that:

- (1) the lease does not exceed ten years;
- (2) the applicant has the absolute and unconditional option to cancel the lease at the end of any three-year period; and

(3) the applicant is required to annually determine that the property is being used for land trust activities, and is benefiting persons and families of low and moderate income.

For those applications not containing evidence of the conditions cited in item F, the annual rental amount must at least equal the total amount of financial assistance attributable to the cost of buildings divided by the number of years of the useful life of the buildings.

Subp. 3. **Repayment requirements.** The financial assistance is subject to the repayment requirements in items A and B.

A. If the applicant sells all of the property, the sale must be at fair market value and the applicant must repay the lesser of either the net proceeds of the sale or the amount owing to the agency at the time of the sale. The amount repaid shall be considered to be payment in full of the entire outstanding balance of the financial assistance owed the agency.

If the applicant sells part of the property, the sale must be at fair market value and the applicant must repay the lesser of either the net proceeds of the sale or the amount owing to the agency at the time of the sale. The amount repaid shall be credited against the outstanding balance of the financial assistance owed the agency.

B. If the applicant owns and uses the property for the purposes identified in the application for a period of 20 years from the date the financial assistance is first supplied to the applicant, the outstanding balance of the financial assistance owed to the agency shall be considered to have been paid in full.

Statutory Authority: *MS s 462A.06*

History: *18 SR 390*

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