

4900.3721 LOANS.

Subpart 1. **Loan type and term.** The agency shall award housing trust fund program loans in the form of a deferred loan unless an amortizing loan is requested by the borrower and deemed financially feasible by the agency. The agency will base its determination of financial feasibility on whether the rental housing will generate enough cash flow to support the amortizing loan. In making this determination, the agency will consider the rental housing's projected income less its projected expenses. The term of the loan is 30 years from the date of the loan closing; however, the agency may adjust the loan term based on any of the following factors:

- A. requirements and conditions of other funding sources related to loan term;
- B. the existence of a leasehold mortgage on the property benefited by the loan; or
- C. economic analysis by agency staff demonstrating that the housing will not have sufficient value at the end of the loan term to allow the borrower to repay the loan.

Subp. 2. **Interest rate and repayment.** Housing trust fund program loans bear interest at a rate of zero percent unless a higher interest rate is necessary to allow housing trust fund program funds to be used with other funding sources. Principal and interest, if any, are due and payable at the end of the 30-year term.

Statutory Authority: *MS s 462A.06*

History: *26 SR 1511*

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