

1 Minnesota Housing Finance Agency
 2
 3 Adopted Rules Governing the Rental Rehabilitation Loan Program
 4
 5 Rules as Adopted
 6

7 Chapter Six A:

8 Rental Rehabilitation Loans

9 12 MCAR S 3.053 Eligible applications.

10 A. Property interest. Each applicant for a rental
 11 rehabilitation loan must individually or in the aggregate
 12 possess at least a one-third interest in a fee, or a contract
 13 for deed, or a life estate in the property to be improved.
 14 However, occupancy of the property by the applicant shall not be
 15 required.

16 B. Credit risk. Each applicant must be a reasonable credit
 17 risk with the ability to pay the loan obligation as determined
 18 by the agency or by the lending institution, if any, servicing
 19 the loan on behalf of the agency pursuant to 12 MCAR S 3.013.

20 C. Eligible improvements. To be eligible, the structure
 21 must be in need of repairs in order to bring it into compliance
 22 with Minn. Stat. S 116H.129, subd. 3, state energy conservation
 23 standards. For structures less than 15 years old, only
 24 improvements necessary to bring the structure into compliance
 25 with the state energy conservation standards are eligible.
 26 Further explanation of this requirement is in 12 MCAR S 3.054.

27 D. Compliance with zoning ordinances. The structure to be
 28 improved must not be in violation of applicable zoning
 29 ordinances or other applicable land use guides.

30 E. Use of property restricted. The property must be used
 31 primarily for residential purposes and must consist primarily of
 32 comprehensive living units including kitchen and bathroom
 33 facilities. Mobile homes and trailers shall not be eligible for
 34 rental rehabilitation loans.

35 F. Restriction on loan use. Rental rehabilitation loan
 36 proceeds must be used to finance only improvements upon or in

1-25-82

1 connection with existing structures.

2 G. Time of completion. All improvements must be reasonably
3 capable of being completed within nine months of the date of the
4 first disbursement of funds pursuant to the rental
5 rehabilitation loan except for delays due to causes beyond the
6 applicant's reasonable control, such as fire, strike, and
7 shortage of materials.

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

11 I. Required occupancy. The structure to be improved must be
12 occupied at the time of loan closing primarily by persons and
13 families of low and moderate income. Structures containing six
14 rental units or fewer must be occupied by persons and families
15 of low and moderate income in at least one of the units in the
16 case of a one-unit or two-unit rental structure, two of the
17 units in the case of a three-unit rental structure, three of the
18 units in the case of a four-unit rental structure, four of the
19 units in the case of a five-unit or six-unit rental structure,
20 and at least 75 percent of the rental units in the case of
21 rental structures containing more than six units.

22 12 MCAR S 3.054 Eligible improvements.

23 A. Restrictions in general. Improvements made with rental
24 rehabilitation loan proceeds shall be in compliance with 1.-3.

25 1. The structure must be brought into compliance with the
26 standards established in Minn. Stat. S 116H.129, subd. 3, state
27 energy conservation standards.

28 2. For structures less than 15 years old, only
29 improvements necessary to bring the structure into compliance
30 with the state energy conservation standards are eligible.

31 3. For structures more than 15 years old, permanent
32 general improvements as described in B. are eligible if the
33 structure has been or will be brought into compliance with the
34 state energy conservation standards.

35 B. Permanent general improvements. Each improvement must be
36 a permanent general improvement. Permanent general improvements

1 shall include additions, alterations, renovations, or repairs
2 upon or in connection with existing structures which materially
3 preserve or improve the basic livability, safety, or utility of
4 the property. However, conversions of structures, or portions
5 thereof, from nonresidential use to residential use are not
6 eligible. Permanent general improvements shall not include
7 materials, fixtures, or landscaping of a type or quality
8 exceeding that customarily used in the locality for properties
9 of the same general type as the property to be improved.

10 C. Other codes and standards. Each improvement must be made
11 in compliance with all applicable health, fire prevention,
12 building, and housing codes and standards, but no application
13 for a rental rehabilitation loan for property occupied by the
14 owner shall be denied solely because the improvements will not
15 bring the property into full compliance with all codes and
16 standards, except that the property must be brought into
17 compliance with state energy conservation standards as specified
18 in A.1.

19 D. Public improvements. Rental rehabilitation loan proceeds
20 shall not be used for the payment, wholly or in part, of
21 assessments for public improvements; provided, however, that the
22 proceeds may be used for improvements which will bring an
23 individual sewage disposal system located on the property,
24 including septic systems, into compliance with local, state, or
25 federal environmental and sanitary standards.

26 E. Warranty. All contracts covering all or any portion of
27 an improvement must contain an agency approved warranty of
28 workmanship and materials.