

1 Housing Finance Agency

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3 Adopted Rules Governing Solar Energy and Energy Conservation

4 Bank Programs

5

6 Rules as Adopted

7 4900.1600 SCOPE.

8 Parts 4900.1600 to 4900.1650 govern the residential energy  
9 conservation programs authorized by assistance awards from the  
10 federal Solar Energy and Energy Conservation Bank under subtitle  
11 A of title V of the Energy Security Act, United States Code,  
12 title 12, sections 3601 to 3620, and the disposition of the  
13 funds received under assistance awards and of funds received  
14 from other sources in conjunction with assistance awards.

15 4900.1610 INCORPORATION OF FEDERAL REGULATIONS.

16 Except as further defined and limited by parts 4900.1600 to  
17 4900.1650, the residential energy conservation programs are  
18 governed by the Solar Energy and Energy Conservation Bank Final  
19 Rule, Code of Federal Regulations, title 24, part 1800 as  
20 published in the Federal Register, volume 49, number 53, March  
21 16, 1984, as amended, and any waivers to the final rule obtained  
22 by the agency and published in the State Register.

23 4900.1620 DEFINITIONS.

24 Subpart 1. Scope. The following definitions apply to  
25 parts 4900.1600 to 4900.1650.

26 Subp. 2. Agency. "Agency" means the Minnesota Housing  
27 Finance Agency or its designee.

28 Subp. 3. Bank. "Bank" means the Solar Energy and Energy  
29 Conservation Bank as established under subtitle A of title V of  
30 the Energy Security Act, United States Code, title 12, sections  
31 3601-3620.

32 Subp. 4. Bank assistance. "Bank assistance" means  
33 financial assistance from the bank provided to eligible  
34 recipients according to Code of Federal Regulations, title 24,  
35 part 1800.

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1 Subp. 5. Deferred loan. "Deferred loan" means a loan  
2 without periodic payments made to an eligible deferred loan  
3 recipient from a source other than the bank. The loan's purpose  
4 must be to finance the cost of eligible energy conservation  
5 measures in a one-to-four family residential building.

6 Subp. 6. Deferred loan recipient. "Deferred loan  
7 recipient" means one or more individuals who apply for and  
8 receive both a deferred loan and bank assistance.

9 Subp. 7. Grant. "Grant" means the extension of financial  
10 assistance without interest or periodic payments made to an  
11 eligible grant recipient. The grant's purpose must be to  
12 finance the cost of eligible energy conservation measures in a  
13 one-to-four family residential building.

14 Subp. 8. Grant recipient. "Grant recipient" means one or  
15 more individuals who apply for and receive both a grant and bank  
16 assistance.

17 Subp. 9. Participating entity. "Participating entity"  
18 means an entity, including, but not limited to, a private  
19 corporation, a public utility, a foundation, a nonprofit  
20 organization, and a local government, that contributes funds to  
21 be used in conjunction with funds received from the bank.

22 Subp. 10. Passive solar subsidy. "Passive solar subsidy"  
23 means bank assistance provided to an eligible passive solar  
24 subsidy recipient to finance a portion of the purchase of a  
25 newly constructed single-family residential building that  
26 contains a passive solar space heating system.

27 Subp. 11. Passive solar subsidy recipient. "Passive solar  
28 subsidy recipient" means one or more individuals who apply for  
29 and receive a passive solar subsidy.

30 Subp. 12. Rental subsidy. "Rental subsidy" means bank  
31 assistance provided to an eligible rental subsidy recipient to  
32 finance a portion of the cost of eligible energy conservation  
33 measures in a rental property.

34 Subp. 13. Rental subsidy recipient. "Rental subsidy  
35 recipient" means one or more persons, as defined in Code of  
36 Federal Regulations, title 24, section 1800.3, who apply for and

1 receive a rental subsidy.

2 Subp. 14. Rental property. "Rental property" means an  
3 existing building that is used primarily for residential  
4 purposes, is owned by the rental subsidy recipient, and in which  
5 all dwelling units are rented or available for rental to others;  
6 provided, however, that the owner may occupy not more than one  
7 of the dwelling units in the building as his or her residence.

8 4900.1630 ENERGY CONSERVATION DEFERRED LOAN AND GRANT PROGRAM.

9 Subpart 1. Additional recipient eligibility criteria. In  
10 addition to meeting the applicable eligibility criteria in Code  
11 of Federal Regulations, title 24, section 1800.63, a deferred  
12 loan or grant recipient:

13 A. shall own and occupy the one-to-four family  
14 residential building, as defined in Code of Federal Regulations,  
15 title 24, section 1800.3, to be improved with the proceeds of a  
16 deferred loan and bank assistance or a grant and bank  
17 assistance; and

18 B. shall not be seeking, have a current commitment  
19 for, or be able to obtain within a reasonable period of time,  
20 assistance for the same eligible energy conservation  
21 improvements under subpart 5 from any of the following  
22 programs: federal Weatherization Program under United States  
23 Code, title 42, section 6863; agency home improvement loan  
24 program under parts 4900.0510 and 4900.0520; agency home  
25 improvement grant and rehabilitation loan programs under parts  
26 4900.0610 to 4900.0700; and energy conservation assistance  
27 programs available from local entities.

28 Subp. 2. Restrictions on eligibility. The following are  
29 restrictions on eligibility:

30 A. Grants may be made available only to families, as  
31 defined in Code of Federal Regulations, title 24, section  
32 1800.3, whose annual incomes are not in excess of 80 percent of  
33 the median area income, as defined in Code of Federal  
34 Regulations, title 24, section 1800.3.

35 B. Deferred loans may be made available to families,  
36 as defined in Code of Federal Regulations, title 24, section

1 1800.3, whose annual incomes are not in excess of 150 percent of  
2 the median area income, as defined in Code of Federal  
3 Regulations, title 24, section 1800.3.

4 C. If the agency determines that sufficient funds are  
5 not available to adequately make available bank assistance to  
6 persons who meet the qualifications in subpart 1, and subpart 2,  
7 items A and B, the agency may limit the availability of bank  
8 assistance to families who meet the qualifications of subpart 1,  
9 and subpart 2, item A, and may limit the maximum assistance as  
10 provided in subpart 3 and items eligible for financing as  
11 provided in subpart 5. Notice of these limitations must be  
12 published in the State Register.

13 Subp. 3. Maximum assistance. The combined maximum amount  
14 of financial assistance provided to a deferred loan recipient  
15 from a deferred loan and bank assistance, or to a grant  
16 recipient from a grant and bank assistance, may not exceed  
17 \$5,000.

18 Subp. 4. Type of financial assistance. Bank assistance  
19 provided to a deferred loan recipient must be in the form of a  
20 reduction of principal as defined in Code of Federal  
21 Regulations, title 24, section 1800.15. Bank assistance  
22 provided to a grant recipient must be in the form of a grant as  
23 defined in Code of Federal Regulations, title 24, section  
24 1800.19.

25 Subp. 5. Items eligible for financing. In addition to the  
26 eligible energy conservation measures in Code of Federal  
27 Regulations, title 24, section 1800.65, the proceeds of a  
28 deferred loan or a grant may be used to finance the cost of a  
29 loan or grant processing fee established or approved by the  
30 agency.

31 Subp. 6. Repayment. A deferred loan or grant recipient  
32 shall enter into an agreement with the agency, or may be  
33 required to enter into an agreement with a participating entity,  
34 for repayment of the deferred loan and bank assistance or grant  
35 and bank assistance. If the agreement is with the agency, the  
36 agreement must provide that in the event the property improved

1 with the proceeds of the deferred loan or grant and bank  
2 assistance is sold, transferred, or otherwise conveyed, or  
3 ceases to be the deferred loan or grant recipient's principal  
4 place of residence within five years from the date upon which  
5 the deferred loan or grant application was approved by the  
6 agency, the deferred loan or grant recipient shall repay all or  
7 a portion of the loans or grants. The agency or participating  
8 entity may place a lien or other security device on the improved  
9 property as security for repayment of the loans.

10 Subp. 7. Notice of fund availability. From time to time,  
11 the agency shall publish a notice of fund availability in the  
12 State Register prior to the date upon which it first accepts  
13 applications for deferred loans or grants and bank assistance.  
14 The notice must include the names and addresses of agents  
15 authorized by the agency to process and submit applications, the  
16 date upon which applications will first be accepted, and the  
17 specific items that constitute a valid application.

18 Subp. 8. Submission of applications. The agency shall  
19 accept applications for deferred loans or grants and for bank  
20 assistance only if submitted through one of its authorized  
21 agents identified in its notice of fund availability.

22 The agency shall review applications for both deferred  
23 loans or grants and bank assistance to determine their  
24 compliance with Code of Federal Regulations, title 24, part  
25 1800. The agency may accept or reject applications for bank  
26 assistance and for deferred loans or grants funded by the agency  
27 based on the requirements in this part. Applications for  
28 deferred loans or grants funded by a participating entity other  
29 than the agency must be accepted or rejected based on criteria  
30 established by the participating entity.

31 Subp. 9. Selection of applications. The agency shall fund  
32 qualifying applications for bank assistance on a first-come,  
33 first-served basis, based upon the date on which a valid  
34 application is received by the agency, and until the available  
35 funds are exhausted.

36 If, on the day that the funds are exhausted, sufficient

1 funds are not available to fund all applications received on  
2 that day, the applications to be funded must be selected by lot  
3 from among the applications received on that day.

4 4900.1640 RENTAL PROPERTIES ENERGY CONSERVATION PROGRAM.

5 Subpart 1. Eligible rental subsidy recipient. A rental  
6 subsidy recipient shall meet the applicable eligibility criteria  
7 in Code of Federal Regulations, title 24, section 1800.63.

8 Subp. 2. Type of financial assistance. Bank assistance  
9 provided to rental subsidy recipients may be either in the form  
10 of a reduction of principal, as defined in Code of Federal  
11 Regulations, title 24, section 1800.15 or a grant as defined in  
12 Code of Federal Regulations, title 24, section 1800.19, based on  
13 the eligibility standards in Code of Federal Regulations, part  
14 1800.

15 Subp. 3. Energy conservation standards. To the extent  
16 necessary, the proceeds of a rental subsidy must be used to  
17 finance, in whole or in part, improvements that will bring the  
18 rental property into compliance with the state energy  
19 conservation standards for rental housing.

20 Subp. 4. Notice of fund availability. From time to time,  
21 the agency shall publish a notice of fund availability in the  
22 State Register prior to the date upon which it will first accept  
23 applications for rental subsidies. The notice must include the  
24 names and addresses of lending institutions authorized by the  
25 agency to process and submit requests for rental subsidy  
26 funding, the address of the agency, the date upon which the  
27 authorized lending institutions and the agency, if applicable,  
28 will first accept applications, and the specific items that  
29 constitute a valid application.

30 Subp. 5. Submission of applications. Applications for  
31 rental subsidies may be submitted directly to the agency only if  
32 so specified in the notice as described in subpart 4. If not so  
33 specified, applications must be submitted to one of the  
34 authorized lending institutions identified in its notice of fund  
35 availability.

36 Subp. 6. Selection of applications. Qualifying

1 applications for rental subsidies will be funded on a  
2 first-come, first-served basis, based on the date on which the  
3 agency receives a request for rental subsidy funding directly or  
4 from a lending institution, and until the available funds are  
5 exhausted.

6 If, on the day that the funds are exhausted, sufficient  
7 funds are not available to fund all applications received on  
8 that day, the applications to be funded must be selected by lot  
9 from among the applications received on that day.

10 4900.1650 PASSIVE SOLAR NEW CONSTRUCTION PROGRAM.

11 Subpart 1. Eligibility. In addition to meeting the  
12 applicable eligibility criteria in Code of Federal Regulations,  
13 title 24, section 1800.43, a passive solar subsidy recipient  
14 shall intend to own and occupy the residential building, the  
15 construction of which is partially financed by a passive solar  
16 subsidy.

17 Subp. 2. Eligible properties. The passive solar subsidy  
18 may be used only in conjunction with permanent financing for a  
19 newly constructed single-family residential property that  
20 includes a passive solar space heating system.

21 Subp. 3. Type of financial assistance. Bank assistance  
22 provided to passive solar subsidy recipients must be in the form  
23 of a reduction of principal, as defined in Code of Federal  
24 Regulations, title 24, section 1800.15.

25 Subp. 4. Access to property. A passive solar subsidy  
26 recipient shall enter into an agreement with the agency to allow  
27 the agency to install monitoring equipment in a residential  
28 building whose construction is partially financed by a passive  
29 solar subsidy. The recipient shall also agree to allow the  
30 agency access to the building to monitor its energy performance  
31 for five years from the date on which permanent financing on the  
32 property is closed.

33 Subp. 5. Notice of fund availability. From time to time,  
34 the agency shall publish a notice of fund availability in the  
35 State Register prior to the date upon which it will first accept  
36 applications for passive solar subsidies. The notice must

1 include the last date upon which the agency will accept  
2 applications, the specific materials that constitute a valid  
3 application, the specific design standards upon which  
4 applications will be evaluated, the amount of the review fee to  
5 be charged by the agency, and if applicable, the maximum annual  
6 income of applicants to be given selection priority as set forth  
7 in subpart 6.

8       Subp. 6. Selection of applications. Applications that are  
9 received prior to the deadline announced by the agency, that  
10 fulfill the basic standards in the notice of fund availability,  
11 and that meet the other eligibility requirements in this part  
12 are eligible applications.

13       If the agency receives more eligible applications than can  
14 be financed with the available funds, the agency shall use the  
15 following method to select those applicants who will receive a  
16 passive solar subsidy:

17           A. The agency shall first award funds to all eligible  
18 applicants with certified annual adjusted incomes of \$38,000 or  
19 less.

20           B. If there are more applications from eligible  
21 applicants with annual adjusted incomes of \$38,000 or less than  
22 can be financed with the funds available, the applications to be  
23 funded will be selected by lot.

24           C. After funds are awarded to all eligible applicants  
25 with adjusted incomes of \$38,000 or less, if funds remain  
26 available, the agency may award funds to applicants with  
27 adjusted incomes of greater than \$38,000, with the applications  
28 to be funded to be selected by lot, if necessary.