

1 Housing Finance Agency
 2
 3 Adopted Rules Governing Home Energy Loans
 4
 5 Rules as Adopted

6 HOME ENERGY LOANS

7 4900.0590 DEFINITIONS.

8 Subpart 1. Scope. For the purposes of parts 4900.0590 to
 9 4900.0594, the following terms have the meanings given them.

10 Subp. 2. Borrower. "Borrower" means one or more persons
 11 who apply for and receive a loan under parts 4900.0590 to
 12 4900.0594. A borrower must be a person or family, but need not
 13 be of low and moderate income.

14 Subp. 3. Home energy loan. "Home energy loan" means a
 15 loan made to a borrower, the proceeds of which are used for
 16 energy conservation improvements in an eligible property.

17 Subp. 4. Persons and families of low and moderate
 18 income. "Persons and families of low and moderate income" means
 19 persons and families whose adjusted income does not exceed
 20 \$24,000, or such lower amount as the agency may establish to
 21 assure that the interest on obligations of the agency will be
 22 exempt from federal income taxation.

23 4900.0591 ELIGIBLE BORROWERS.

24 Subpart 1. Interest in property. A borrower shall
 25 individually or in the aggregate possess at least a one-third
 26 interest in a fee title, a contract for deed, or a life estate
 27 in the property to be improved.

28 Subp. 2. Credit review. A borrower shall be a reasonable
 29 credit risk, and shall be able to pay the loan obligation, as
 30 determined by the agency under part 4900.0080, or by a lending
 31 institution that originates a loan for sale to the agency.

32 Subp. 3. Principal place of residence. A borrower shall
 33 occupy the property to be improved as his or her principal place
 34 of residence.

35 4900.0592 ELIGIBLE PROPERTIES.

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1 The property to be improved by a home energy loan is
2 restricted as follows:

3 A. The property to be improved may not contain more
4 than one dwelling unit.

5 B. The property to be improved may not be in
6 violation of applicable zoning ordinances or other land use
7 guides.

8 C. Not more than 15 percent of the total area of the
9 property to be improved may be used primarily in a trade or
10 business.

11 D. The property to be improved may not be used as
12 investment property or as a recreational home.

13 E. ~~Mobile-homes-are-not-eligible-for-a-home-energy~~
14 loan A manufactured or factory-made house is eligible for home
15 energy loans only if it is permanently fixed to land by way of a
16 foundation and is taxed as real property.

17 4900.0593 OTHER REQUIREMENTS.

18 Subpart 1. In general. Improvements made with home energy
19 loan funds must satisfy the following requirements:

20 A. Improvements made with the proceeds of a home
21 energy loan must be a permanent improvement made upon or in
22 connection with an existing structure, and must improve the
23 energy efficiency of the structure or be directly related to
24 energy efficiency.

25 B. An improvement must be made in compliance with all
26 applicable health, fire prevention, building, or housing codes
27 and standards; provided, however, that no application for a home
28 energy loan may be denied solely because the improvements will
29 not bring the property into full compliance with these codes and
30 standards.

31 C. The proceeds of a home energy loan must be used
32 only to finance new improvements and may not be used to
33 refinance an existing loan or mortgage.

34 D. A borrower shall agree to complete all
35 improvements within nine months of the date of the loan.

36 Subp. 2. Conventional financing not available. At the

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1 time of application conventional financing must not be available
2 from private lenders upon equivalent terms and conditions.

3 Subp. 3. Qualifications of income. In order for a
4 borrower to obtain the preference for persons or families of low
5 and moderate income, all persons who, individually or
6 collectively, possess the type of ownership upon which the
7 application is based, or whose income is to be included for
8 purposes of determining the adjusted income, and spouses of
9 these shall join in the application and shall execute the loan
10 note.

11 4900.0594 PREFERENCE FOR PERSONS AND FAMILIES OF LOW AND
12 MODERATE INCOME.

13 The agency may, in its sole discretion, give preference to
14 persons and families of low and moderate income by:

15 A. providing home energy loans to these persons and
16 families at lower rates of interest;

17 B. providing allocations of funds specifically for
18 use by these persons and families; and

19 C. other methods as the agency deems appropriate.