

1 Housing Finance Agency

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3 Adopted Permanent Rules Relating to Apartment Renovation

4 Mortgage Program

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6 Rules as Adopted

7 4900.0356 ELIGIBLE APPLICATIONS.

8 Subpart 1. Property interest. An applicant for an
9 apartment renovation mortgage loan must, at the time of
10 application, possess one of the following interests in the
11 property to be improved:

12 A. a fee title;

13 B. a fee title subject to a mortgage or other lien
14 securing a debt capable of prepayment or, at the option of the
15 agency, subordination; or

16 C. a mutually binding contract or option for the
17 purchase of fee title.

18 Subp. 2. Eligible borrowers. Natural persons, public or
19 private for profit or nonprofit corporations or entities,
20 partnerships, joint ventures, or cooperatives are eligible to
21 receive an apartment renovation mortgage loan.

22 Subp. 3. Credit risk. An applicant for an apartment
23 renovation mortgage loan must be a reasonable credit risk with
24 the capacity to pay the loan obligation, as determined by the
25 agency.

26 Subp. 4. Eligible structures. To be eligible for
27 improvements funded with an apartment renovation mortgage loan,
28 the structure:

29 A. must be in need of improvements or repairs in
30 order to bring it into compliance with Minnesota Statutes,
31 section 116J.27, subdivision 3, state energy conservation
32 standards; and

33 B. must contain a minimum of four dwelling units.

34 Subp. 5. Compliance with zoning ordinances. The structure
35 to be improved must not be in violation of applicable zoning

1 ordinances.

2 Subp. 6. Use of property restricted. The property must be
3 used primarily for residential purposes.

4 Subp. 7. Restriction of loan use. Apartment renovation
5 mortgage loan proceeds may be used to refinance existing
6 indebtedness secured by the property in conjunction with the
7 funding of the improvements contemplated by part 4900.0357.

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

11 Subp. 9. Required occupancy. At the time of loan closing
12 or initial occupancy, at least 75 percent of the dwelling units
13 in the structure to be improved must be occupied by low and
14 moderate income persons and families, defined as follows:
15 persons or families whose adjusted income does not exceed the
16 greater of \$16,000 or 66 times the gross rental for the unit;
17 provided that the gross rental for the unit is correlated by the
18 agency with fair market rents for the geographical area in which
19 the property to be improved is located, as determined and
20 adjusted from time to time by the United States Department of
21 Housing and Urban Development. The agency may provide by
22 contract with the borrower for rent levels during a
23 predetermined period after loan closing which will be affordable
24 to persons and families of low and moderate income, as defined
25 in this subpart.

26 4900.0357 ELIGIBILITY REQUIREMENTS FOR APARTMENT RENOVATION
27 MORTGAGE LOANS.

28 Subpart 1. Restrictions on loans. Improvements made with
29 apartment renovation mortgage loans shall be in compliance with
30 subparts 2 to 7.

31 Subp. 2. State energy conservation standards. In
32 accordance with Minnesota Statutes, section 462A.05, subdivision
33 21, the structure must be brought into compliance with the
34 standards established in Minnesota Statutes, section 116J.27,
35 subdivision 3, state energy conservation standards.

1 Subp. 3. Structures less than 15 years old. For
2 structures less than 15 years old, only improvements necessary
3 to achieve compliance with the state energy conservation
4 standards under Minnesota Statutes, section 462A.05, subdivision
5 21, are eligible.

6 Subp. 4. Structures 15 years old or more. For structures
7 15 years old or more, permanent general improvements as
8 described in subpart 5 are eligible in addition to the
9 improvements relating to state energy conservation standards
10 referred to in subpart 2.

11 Subp. 5. Permanent general improvements. An improvement
12 must be a permanent general improvement. Permanent general
13 improvements shall include additions, alterations, renovations,
14 or repairs upon or in connection with existing structures which
15 materially preserve or improve the basic livability, safety, or
16 utility of the property; which may include the installation or
17 replacement of appliances as well as fixtures. Permanent
18 general improvements shall not include materials, fixtures,
19 appliances, or landscaping of a type or quality exceeding that
20 customarily used in the locality for properties of the same
21 general type as the property to be improved.

22 Subp. 6. Other code and standards. An improvement must be
23 made in compliance with applicable health, fire prevention,
24 building, and housing codes and standards.

25 Subp. 7. Public improvements. Apartment renovation
26 mortgage program loan proceeds shall not be used for the
27 payment, wholly or in part, of assessments for public
28 improvements.

29 4900.0358 SELECTION CRITERIA FOR APARTMENT RENOVATION MORTGAGE
30 PROGRAM LOANS.

31 In determining whether or not to accept applications for
32 apartment renovation mortgage loans, the agency shall take the
33 following criteria into consideration:

34 A. whether the location of the structure to be
35 improved is such that it will enable the housing to be

1 successfully marketed at the proposed rents;

2 B. accessibility to schools, shopping, health care,
3 recreation and social facilities, and centers of employment;

4 C. availability of a convenient access to public
5 transportation;

6 D. availability and proximity of adequate sewer and
7 water facilities, public utilities, and paved roads;

8 E. freedom from serious adverse environmental and
9 site conditions;

10 F. the extent to which displacement of residents is
11 minimized;

12 G. rental management qualifications and financial
13 strength of the owner; and

14 H. reasonableness of property and property-related
15 costs.