

1 Housing Finance Agency

2

3 Adopted Permanent Rules Relating to Urban Indian Housing Program

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5 Rules as Adopted

6 4900.1500 SCOPE OF RULES.

7 The rules provided in parts 4900.1500 to 4900.1586 shall
8 govern the implementation of the urban Indian housing loan
9 program established in Minnesota Statutes, section 462A.07,
10 subdivision 15.

11 4900.1520 THE URBAN INDIAN HOUSING LOAN PROGRAM.

12 The urban Indian housing loan program provides loans for
13 housing for American Indian persons and families residing in
14 urban areas of the state. The program is implemented in whole
15 or in part directly by the agency or through administrators
16 selected by the agency. The eligible areas within the state of
17 Minnesota are the metropolitan area as defined in Minnesota
18 Statutes, section 473.121, subdivision 2 and any city with a
19 population greater than 50,000 persons. To the extent
20 practicable, the agency shall allocate urban Indian loan program
21 funds equitably among eligible areas, based upon American Indian
22 population estimates, but maintains the authority to reallocate
23 funds at its discretion based on varying loan demand.

24 4900.1540 RECIPIENTS OF LOANS.

25 Each program must provide for loans for the construction,
26 purchase, or rehabilitation of residential housing. Except as
27 otherwise provided herein and by part 4900.0340, each person or
28 family initially occupying a dwelling unit financed pursuant to
29 the act, program, and parts 4900.1500 to 4900.1586 shall be an
30 American Indian as defined by Minnesota Statutes, section
31 254A.02, subdivision 11, or 462A.07, or an American Indian
32 family as defined by part 4900.0920, and of low and moderate
33 income, as defined by part 4900.1574. Developers of multifamily
34 housing developments need not be American Indians of low and

1 moderate income. In obtaining assistance under this program,
 2 Indian persons and families shall not be discriminated against
 3 on the basis of tribal affiliation or tribal enrollment.

4 4900.1572 HOMEOWNERSHIP MORTGAGE PARTICIPATION COMPONENT.

5 The agency may arrange to leverage urban Indian housing
 6 loan program funds, interest free, with other funds from the
 7 agency or another private or public source in order to reduce
 8 the interest rate on individual mortgage loans to affordable
 9 levels. A maximum of 30 percent of the total financing provided
 10 for each individual mortgage may be provided from urban Indian
 11 housing loan program funds. The mortgage note or coupon rate is
 12 established for each individual mortgage loan in the following
 13 manner:

14 Y_s = Interest rate for the independent funding source
 15 S = Funding source's percentage of total mortgage loan
 16 I = Urban Indian program's percentage of total mortgage loan
 17 S/F = Servicing fee
 18 $(Y_s \times S) + (I \times S/F) = \text{note or coupon rate}$

19 Examples of sources of funds that may be leveraged with
 20 urban Indian program funds include, but are not limited to,
 21 proceeds from agency mortgage revenue bond sales, proceeds from
 22 municipal or county mortgage revenue bond sales, mortgage
 23 commitments from private mortgage lenders or secondary mortgage
 24 market organizations, or mortgage commitments from nonprofit,
 25 public, or governmental sources. In cases in which mortgage
 26 revenue bond proceeds are used, all requirements or restrictions
 27 imposed on the use by the bond issuer, except as may be
 28 specifically modified by the issuer to facilitate the purpose of
 29 the urban Indian housing program, must be in full force and
 30 effect and complied with. In cases in which sources of funds
 31 are provided from other than mortgage revenue bond proceeds, the
 32 following requirements or restrictions are also imposed unless
 33 specifically waived by the commissioner or agency.

34 A. Recipients may not have had an ownership interest
 35 in a principal residence for three years directly before the

1 date of mortgage loan closing as provided in Internal Revenue
2 Code, section 103A.

3 B. Recipients must intend to occupy the property as a
4 principal residence within 60 days of loan closing.

5 C. Both recipients and properties to be mortgaged
6 must meet mortgage industry underwriting standards pertaining to
7 the type of mortgage being provided, for example, FHA, VA, or
8 conventional mortgage.

9 The agency shall establish a maximum purchase price
10 limitation for homes to be financed under this part that in no
11 instance may exceed the amount provided under the agency's
12 mortgage revenue bond programs.

13 4900.1574 LOW AND MODERATE INCOME UNDER URBAN INDIAN HOUSING
14 LOAN PROGRAM.

15 For the purpose of the urban Indian housing loan program,
16 "persons and families of low and moderate income" means
17 recipients of a limited-unit development loan whose adjusted
18 income does not exceed the amount in the following tables:

19 A. Maximum adjusted income for loans for new construction:

20 (1) in the counties of Anoka, Carver, Chisago,
21 Dakota, Hennepin, Ramsey, Scott, Washington, and Wright:

22 23	Mortgage Interest Rate	Maximum Adjusted Income
24	0 - 6.0%	\$27,000
25	6.01 - 7.0%	\$29,000
26	7.01 - 8.0%	\$31,000
27	8.01 - 9.0%	\$33,000
28	9.01 -10.0%	\$35,000
29		
30		

31 (2) in all other counties:

32 33	Mortgage Interest Rate	Maximum Adjusted Income
34	0 - 6.0%	\$18,000
35	6.01 - 7.0%	\$20,000
36	7.01 - 8.0%	\$22,000
37	8.01 - 9.0%	\$24,000
38	9.01 -10.0%	\$26,000
39		
40		

41 B. Maximum adjusted income for loans for existing
42 dwelling unit.

43 (1) in the counties of Anoka, Carver, Chisago,
44 Dakota, Hennepin, Isanti, Ramsey, Scott, Washington, and Wright:

1	Mortgage Interest	Maximum Adjusted
2	Rate	Income
3		
4	0 - 6.0%	\$23,000
5	6.01 - 7.0%	\$25,000
6	7.01 - 8.0%	\$27,000
7	8.01 - 9.0%	\$29,000
8	9.01 -10.0%	\$31,000
9		

10 (2) in all other counties:

11	Mortgage Interest	Maximum Adjusted
12	Rate	Income
13		
14	0 - 6.0%	\$13,000
15	6.01 - 7.0%	\$15,000
16	7.01 - 8.0%	\$17,000
17	8.01 - 9.0%	\$19,000
18	9.01 -10.0%	\$21,000

19 4900.1576 HOMEOWNERSHIP ASSISTANCE FUND; URBAN INDIAN HOUSING
20 LOAN PROGRAM.

21 Under the homeownership mortgage participation component of
22 the urban Indian housing loan program, recipients are eligible
23 for homeownership assistance fund loans as described in parts
24 4900.1310 to 4900.1350, except as modified by parts 4900.1500 to
25 4900.1586. All loan recipients are eligible for downpayment
26 assistance under part 4900.1300. Recipients are eligible for
27 monthly assistance under part 4900.1330 only in the event that
28 the first mortgage note or coupon rate exceeds an interest rate
29 of eight percent per annum.

30 4900.1578 ADMINISTRATION OF HOMEOWNERSHIP MORTGAGE PARTICIPATION
31 COMPONENT.

32 The agency shall affirmatively attempt to market and
33 distribute urban Indian program funds through the homeownership
34 mortgage participation component. The agency may enter into
35 contracts and agreements with mortgage lenders and other
36 entities to facilitate distribution and marketing of the
37 homeownership mortgage participation component of the urban
38 Indian housing program, and may pay for the services with urban
39 Indian housing loan program funds. The agency may also
40 reimburse itself for expenses incurred in administration of the
41 program.

42 4900.1580 ALTERNATIVE PROGRAM COMPONENTS.

43 The agency may consider alternative program components to

1 provide unique housing opportunities under the program given the
2 availability of additional resources with which to leverage
3 urban Indian housing loan program funds. The agency may
4 directly administer the components, or may select an alternate
5 administrator. An alternate administrator must be a nonprofit
6 entity or local community as defined by part 4900.0010 or an
7 Indian tribal organization eligible under parts 4900.0900 to
8 4900.1080. It is anticipated that the alternative program
9 component will deal primarily with rental and rehabilitation of
10 housing. An alternative program component may deal with a
11 limited geographical area, but in this event the statewide
12 allocation of urban Indian funds will be adjusted to reflect the
13 direction of funds to the limited geographical area.

14 4900.1582 SUBMISSION OF ALTERNATIVE PROGRAM COMPONENTS.

15 Subpart 1. **Submission by agency.** In the event that an
16 alternative program component is developed by the agency, it
17 shall prepare materials in accordance with subpart 2, item B,
18 and submit the materials to the advisory council on urban
19 Indians for review and written comment, and shall consider the
20 conclusions of the advisory council before implementing the
21 alternative program component.

22 Subp. 2. **Submission by alternate administrator.** In the
23 event that an alternative program component is developed by an
24 alternate administrator as described in part 4900.1580, a
25 proposal must be submitted by the alternate administrator to the
26 agency pertaining to the program. The agency may prescribe a
27 specific form upon which the proposal must be submitted. At a
28 minimum, each proposal for an alternative program component
29 shall contain:

30 A. Evidence that the organization submitting the
31 proposal is a nonprofit entity, local community, or Indian
32 tribal organization and evidence that the organization has the
33 capacity to successfully carry out the program.

34 B. A proposed program that describes, in adequate
35 detail as determined by the agency:

1 (1) the communities or portions of the
2 communities to be served;

3 (2) the housing needs of American Indians
4 residing in the areas to be served and the manner in which the
5 proposed program assists in meeting those needs;

6 (3) a financial description of the program,
7 including the dollar amount of program funds requested, types of
8 loans to be made, the terms of the loans and the costs of
9 program administration, and the manner in which these costs will
10 be paid;

11 (4) a description of the manner in which the
12 program will be implemented and operated, including the duration
13 of the program method of outreach and selection of loan
14 recipients, and procedures for servicing loans over the life of
15 the program; and

16 (5) the source of any funds other than the urban
17 Indian housing loan program to be included in the program of the
18 applicant, and evidence that these funds will be available.

19 C. Any additional information that the agency in its
20 reasonable discretion considers necessary after initial review
21 of the proposal to evaluate the merits of the program. The
22 agency may meet with representatives of the organizations
23 submitting proposals to review proposals and request additional
24 information.

25 4900.1584 SELECTION OF PROPOSAL; ALTERNATE ADMINISTRATOR.

26 The agency may approve an alternative program component of
27 an alternate administrator in whole or in part, and may approve
28 a program for a limited geographic area. In determining whether
29 or not to approve applications to administer programs under the
30 urban Indian program, the members shall examine the following
31 facts and make their determinations:

32 A. Any written comments received by the agency from
33 the advisory council regarding the applications for the proposed
34 programs. The agency shall consider the conclusions of the
35 advisory council on urban Indians and the reasons given in

1 support of the conclusions, including the council's evaluation
2 of the applications under the criteria in items B and C.

3 B. The extent to which the program will assist in
4 serving the housing needs of the urban Indian community.

5 Factors to be considered include:

6 (1) the extent to which the program duplicates or
7 is in conflict with other programs that provide housing for
8 urban Indians and the extent to which the program will
9 demonstrate the feasibility of alternative methods for providing
10 housing for urban Indians;

11 (2) the geographic location of the proposed
12 program and the percentage of the Minnesota urban Indian
13 community residing in the geographic area or areas to be served,
14 as determined by the agency according to population data;

15 (3) the method and cost of program
16 administration, the time required to implement the program, and
17 the capacity of the administrator to carry out the program; and

18 (4) the extent to which American Indians are
19 involved in the administration of the program, and in the
20 ownership, management, and labor force of any contractors and
21 subcontractors intended to be employed in the program.

22 C. The extent to which the use of appropriated funds
23 reduces housing costs to American Indian persons or families and
24 the extent to which the program combines the proceeds of
25 appropriated funds with proceeds of bonds of the agency, or of
26 other issues of bonds, or otherwise uses available money to
27 leverage the appropriated funds.

28 4900.1586 ADVISORY COUNCIL ON URBAN INDIANS.

29 The agency shall report to the advisory council on urban
30 Indians on a periodic basis, but annually at a minimum,
31 pertaining to the operation of the homeownership mortgage
32 participation component of the urban Indian housing loan
33 program. The agency shall consider the advice and concerns
34 expressed by the advisory council in its operation of the
35 program.

1 In the event that the agency develops or receives a
2 proposal for an alternative program component, the agency shall
3 provide a copy of the proposal to the advisory council on urban
4 Indians. The advisory council on urban Indians shall review all
5 proposals. Upon request of the advisory council, the
6 organization submitting the proposal shall present the proposal
7 before the advisory council.