

1 Minnesota Housing Finance Agency

2

3 Adopted Permanent Rules Relating to Receivership Revolving Loan

4 Fund

5

6 Rules as Adopted

7 4900.0010 DEFINITIONS.

8 [For text of subps 1 to 22, see M.R.]

9 Subp. 23. Persons and families of low and moderate

10 income. "Persons and families of low and moderate income" means:

11 [For text of items A to G, see M.R.]

12 H. With respect to parts 4900.2900 to 4900.2907,

13 those persons whose income is at or below 50 percent of the

14 median income adjusted for family size of the standard

15 metropolitan statistical area.

16 4900.2900 SCOPE.

17 Parts 4900.2900 to 4900.2907 govern the implementation of

18 the receivership revolving loan fund authorized under Minnesota

19 Statutes, section 566.291.

20 4900.2901 DEFINITIONS.

21 Subpart 1. Scope. For the purposes of parts 4900.2900 to

22 4900.2907, the following terms have the meanings given.

23 Subp. 2. Agency. "Agency" means the Minnesota Housing

24 Finance Agency.

25 Subp. 3. Receiver. "Receiver" means a person appointed by

26 the court under Minnesota Statutes, section 566.29, to receive

27 and preserve the property referred to in part 4900.2902, subpart

28 3, according to the powers contained in Minnesota Statutes,

29 section 566.29.

30 4900.2902 ELIGIBILITY REQUIREMENTS.

31 Subpart 1. Receiver. A receiver is eligible for a loan

32 under the receivership revolving loan fund if the receiver meets

33 the prequalification requirements for the specific project under

34 this part and presents a certified copy of a court order in an.

1 action under Minnesota Statutes, section 566.25 or 566.34. The  
2 order must state that the prequalified receiver has been  
3 appointed to act in the case and must contain a finding that the  
4 appointment of a receiver with the power to collect funds is  
5 consistent with the statutory factors relating to the long-term  
6 economic viability of the dwelling as provided in Minnesota  
7 Statutes, section 566.29.

8 Subp. 2. Low and moderate income. In the property subject  
9 to the order, at least 50 percent of the occupied rental units  
10 must be occupied by persons and families of low and moderate  
11 income as defined in part 4900.0010, subpart 23, item H.

12 Subp. 3. Prequalification requirements. A person or  
13 entity seeking prequalification status under this part must  
14 submit an application on a form prescribed by the agency. The  
15 agency shall review the application applying the standards in  
16 parts 4900.2901 to 4900.2907 and shall promptly notify the  
17 applicant of a decision on the application. Prequalification  
18 approval shall be for a maximum of two years. A rejection of  
19 the application must set forth the reasons for the denial. The  
20 applicant may qualify for any one or more of the following  
21 categories:

- 22 A. single family or duplex dwelling;
- 23 B. fewer than ten housing units;
- 24 C. ten to 24 housing units; or
- 25 D. 24 or more housing units.

26 Subp. 4. Qualification requirements. For an applicant to  
27 qualify as a receiver, the applicant must:

- 28 A. have at least two years experience or demonstrated  
29 proficiency in residential property management;
- 30 B. be able to obtain a fidelity and forgery bond or  
31 insurance coverage in an amount at least equal to two months'  
32 gross potential income of the property;
- 33 C. comply with Minnesota real estate licensing  
34 statutes and rules;
- 35 D. have adequate financial controls;
- 36 E. have a history of managing properties according to

1 applicable federal, state, and local laws, statutes, ordinances,  
2 rules, and regulations;

3 F. complete the forms and enter into agreements as  
4 the agency may reasonably require;

5 G. demonstrate the ability to obtain liability  
6 insurance; and

7 H. have experience or demonstrated proficiency in  
8 managing properties which have undergone significant repairs and  
9 improvements.

10 Subp. 5. Properties. Receivers shall be awarded  
11 receivership revolving loans subject to the property  
12 considerations in items A to D:

13 A. probability of loan repayment;

14 B. availability of funding for necessary repairs,  
15 alterations, improvements, and operation;

16 C. probable success of retention as low-income  
17 housing; and

18 D. if items A to C have been considered, then an  
19 additional consideration may be other neighborhood  
20 revitalization factors.

21 4900.2903 APPLICATION PROCESS.

22 Subpart 1. With prequalification. Applicants who intend  
23 to apply as prequalified receivers must follow the procedures in  
24 items A to E:

25 A. become prequalified as an eligible receiver  
26 according to the selection criteria in part 4900.2902, subparts  
27 3 and 4, for a specified line of credit amount subject to fund  
28 availability and court appointment;

29 B. submit to the agency a project approval  
30 application that includes information on scope of work, estimate  
31 of funds needed, and evidence that funding needed for repairs  
32 has been secured;

33 C. the project must be approved by the agency  
34 according to the selection criteria under part 4900.2902,  
35 subpart 3;

1 D. submit a court order; and

2 E. complete and submit a loan commitment agreement to  
3 the agency.

4 Subp. 2. Without prequalification. Applicants who do not  
5 intend to apply as prequalified receivers must follow the  
6 procedures in items A to E:

7 A. submit a loan application;

8 B. submit to the agency a project approval  
9 application that includes information on scope of work, estimate  
10 of funds needed, and evidence that funding needed for repairs  
11 has been secured;

12 C. the project and receiver must be approved by the  
13 agency according to the selection criteria under part 4900.2902;

14 D. submit a court order; and

15 E. complete and submit a loan commitment agreement to  
16 the agency.

17 4900.2904 FEES.

18 Subpart 1. Property management fees. Property management  
19 fees may be disbursed at the greater of \$150 per building or a  
20 rate of:

21 A. \$40 per unit per month for buildings containing  
22 ten or fewer units;

23 B. \$30 per unit per month for buildings containing 11  
24 to 20 units; or

25 C. \$25 per unit per month for buildings containing 21  
26 or more units.

27 Subp. 2. Supplemental management fees. Supplemental  
28 management fees for coordination of repairs and bids may be  
29 disbursed in an amount equal to the greater of \$1,000 or:

30 A. ten percent of repairs totaling \$50,000 or less;  
31 plus

32 B. eight percent of repairs over \$50,000 and up to  
33 \$100,000; plus

34 C. six percent of repairs over \$100,000 and up to  
35 \$250,000; plus

1 D. four percent of repairs over \$250,000.

2 The schedule in items A to D reflects maximum loan amounts.  
3 Administrators are not precluded from expending additional fees  
4 from rent, other loans, or revenues from the property.

5 In the event there is no progress in the court-ordered  
6 repairs, improvements, or alterations for any six-month period,  
7 the agency may, in its sole option and discretion, terminate any  
8 future disbursements of any and all remaining undisbursed loan  
9 proceeds.

10 4900.2905 ADMINISTRATIVE EXPENSES.

11 Administrative expenses that are eligible for payment under  
12 parts 4900.2901 to 4900.2907 include both property management  
13 and repair coordination expenses. Property management expenses  
14 are the cost of operating the premises including, but not  
15 limited to, personnel, rent collection, ongoing tenant  
16 management, court costs, and transportation.

17 Repair coordination expenses funded by a supplemental  
18 management fee include, but are not limited to, personnel and  
19 costs of posting bonds, legal fees, financial record keeping,  
20 operating statement, audits, construction consultants' fees,  
21 transportation, and permits.

22 In addition, eligible administrative expenses include such  
23 other expenses as are approved by the court supervising the  
24 tenant remedy action.

25 4900.2906 DISBURSEMENT OF FUNDS.

26 The agency shall disburse loan proceeds monthly within 14  
27 days of submission of invoices consistent with the approved  
28 application.

29 4900.2907 REPAYMENT.

30 The loan shall be a personal obligation of the property  
31 owners and a loan repayment agreement with terms acceptable to  
32 the agency for a maximum term of ten years must be executed  
33 before the termination of the receivership; or, an assignment of  
34 rents shall be executed in an amount sufficient to repay the

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1 debt within a maximum term of ten years; or, a lien shall be  
2 placed against the property. Any one or a combination of the  
3 above may be used at the request of the agency to secure  
4 repayment of the loan.