

1 Housing Finance Agency

2

3 Adopted Permanent Rules Relating to Single Family Mortgage

4 Revenue Bond Authority

5

6 Rules as Adopted

7 4900.3210 DEFINITIONS.

8 [For text of subps 1 to 6, see M.R.]

9 Subp. 7. **Housing pool.** "Housing pool" means the amount of
10 the annual volume cap allocated under Minnesota Statutes,
11 section 474A.061, which is available for the issuance of
12 residential rental project bonds or mortgage bonds.

13 Subp. 8. **Metropolitan area.** "Metropolitan area" means the
14 metropolitan area as defined in Minnesota Statutes, section
15 473.121, subdivision 2.

16 [For text of subps 9 to 16, see M.R.]

17 4900.3220 ELIGIBLE PROGRAMS.

18 [For text of subps 1 and 2, see M.R.]

19 Subp. 3. **House price limits.** House price limits for homes
20 that are security for mortgages under eligible programs may not
21 exceed:

22 A. the greater of agency house price limits or the
23 median house purchase price in the city for which the bonds are
24 to be sold up to a maximum of 80 percent of the safe harbor
25 limits for existing housing provided under section 143(e) of the
26 Internal Revenue Code of 1986, as amended through December 31,
27 1990; or

28 B. for a new construction affordability initiative as
29 described in subpart 4, item D, the greater of 115 percent of
30 the agency house price limits or 90 percent of the median house
31 purchase price in the city for which the bonds are to be sold up
32 to a maximum of 80 percent of the safe harbor limitation for
33 existing housing provided under section 143(e) of the Internal
34 Revenue Code of 1986 as amended through December 31, 1990.

35 House price limits may exceed the agency house price limits only

1 if a subsidy is used to reduce the effective purchase price of
2 the property to the above levels.

3 If the agency's house price limits are lowered during the
4 origination period, cities may use the house price limits in
5 effect at the time the bonds were issued for the duration of the
6 origination period. If the agency's house price limits are
7 raised during the origination period, cities may use the higher
8 house price limits for the duration of the origination period.

9 Cities requesting house price limits higher than the
10 agency's house price limits must include data establishing the
11 median purchase price in the city in the application. The data
12 may be provided in the form of an independent study conducted by
13 the city which reflects at least six months of real estate
14 activity pertaining to closed house sales within the city during
15 the previous 12-month period. Data may be accumulated from
16 multiple listing services, appraisers or real estate agents,
17 filings pertaining to closed real estate sales, records from the
18 county auditor pertaining to real estate sales, or other sources
19 that are demonstrated to provide accurate data pertaining to
20 city real estate activity.

21 **Subp. 4. Limits on new construction in metropolitan area.**
22 During the first ten months of an origination period, the agency
23 or cities may not make mortgage loans for the purchase of newly
24 constructed housing in the metropolitan area unless one of the
25 following conditions is met:

26 A. The newly constructed housing is located in a
27 redevelopment area.

28 B. The new housing is replacing a structurally
29 substandard structure or structures.

30 C. The new housing is located on a parcel purchased
31 by the city or conveyed to the city under Minnesota Statutes,
32 section 282.01, subdivision 1.

33 D. The new housing is part of a housing affordability
34 initiative, other than those financed with the proceeds from the
35 sale of mortgage revenue bonds, in which federal, state, or
36 local assistance is used to substantially improve the terms of

1 financing or to substantially write down the purchase price of
2 the new housing. A housing affordability initiative must meet
3 one or more of the following criteria:

4 [For text of subitems (1) to (5), see M.R.]

5 [For text of subps 5 to 8, see M.R.]

6 4900.3230 APPLICATION FOR MORTGAGE REVENUE BOND AUTHORITY.

7 Subpart 1. **General.** Cities may apply to the agency for
8 mortgage revenue bond authority from the housing pool as
9 provided in subparts 2 and 3, except that no city in an
10 entitlement county may apply for or be allocated authority to
11 issue bonds from the housing pool. Upon application and
12 selection for mortgage revenue bond authority, cities may elect
13 to either issue mortgage revenue bonds for eligible programs on
14 their own behalf or through joint powers agreements, or have the
15 agency issue bonds on their behalf.

16 Subp. 2. **Application period.** In the event that bonding
17 authority is available in the housing pool on the dates
18 prescribed, cities may submit applications to the agency for
19 single-family mortgage revenue bond authority for eligible
20 programs after April 1 through April 15, and after July 1
21 through July 15, of each year.

22 Subp. 3. **Application requirements.** Cities that wish to
23 apply for single-family mortgage revenue bond authority may do
24 so by providing the information described in this subpart. The
25 agency may develop a form and format by which the information
26 may be provided, but also will accept submittals from cities
27 that do not meet the agency developed form and format and meet
28 the requirements of this subpart.

29 [For text of items A and B, see M.R.]

30 C. The city must request a specific allocation from
31 the housing pool which may not exceed the lesser of \$4,000,000
32 or 20 percent of the total amount available for allocation on
33 the first Tuesday after the first Monday in April. The minimum
34 allocation that may be requested shall be \$250,000.

35 [For text of item D, see M.R.]

1 E. The city must submit an application deposit by
2 check payable to the Department of Finance equal to one percent
3 of the requested allocation from the housing pool.

4 4900.3250 APPLICANT SELECTION.

5 [For text of subpart 1, see M.R.]

6 Subp. 2. **Notification to finance commissioner.** Upon the
7 establishment of an agreement with cities, the agency shall
8 forward to the commissioner of finance the amounts allotted to
9 each applicant under the agreement. The agency shall also
10 forward the application fee. The agreement must specify the
11 amount allotted to each applicant. A copy of the agreement
12 forwarded to the commissioner of finance shall be sent to each
13 applicant.

14 [For text of subp 3, see M.R.]

15 4900.3270 AGENCY ISSUANCE ON BEHALF OF CITIES.

16 Subpart 1. **Agency bond issuance.** The agency may issue
17 bonds on behalf of participating cities pursuant to part
18 4900.3250, subpart 3. The agency shall request an allocation
19 from the commissioner of finance for all cities who choose to
20 have the agency issue bonds on their behalf and the commissioner
21 shall allocate the requested amount to the agency. The agency
22 may request an allocation at any time after the first Monday in
23 April and through the last Monday in July, but may request an
24 allocation no later than the last Monday in July.

25 [For text of subps 2 to 4, see M.R.]

26 4900.3290 CITY ISSUANCE ON ITS OWN BEHALF.

27 Subpart 1. **City bond issuance.** A city may choose to issue
28 bonds on its own behalf or through a joint powers agreement and
29 may request an allocation from the commissioner of finance. If
30 the total amount requested by all applicants exceeds the amount
31 available in the housing pool, the city may not receive a
32 greater amount than it would have received under the agreement
33 forwarded by the agency to the commissioner. No city may
34 request or receive an allocation under this subpart until the

1 agreement under part 4900.3250, subpart 1, has been forwarded to
2 the commissioner. On or after the first Monday in April and
3 through the last Monday in July, no city may receive an
4 allocation from the housing pool which has not first applied to
5 the agency. The commissioner of finance shall allocate the
6 requested amount to the city or cities subject to the limits
7 under this subpart.

8 [For text of subp 2, see M.R.]