

## CHAPTER 462A

### HOUSING FINANCE AGENCY LAW OF 1971

462A.03	Definitions.	462A.203	Housing preservation program.
462A.05	Specific powers of the agency.	462A.21	Housing development fund; advances, use repayment.
462A.057	Minnesota rural and urban homesteading program.	462A.28	Home equity conversion loan counseling program.
462A.07	Additional powers and duties of the agency.		

#### 462A.03 DEFINITIONS.

*[For text of subds 1 to 11, see M.S.1988]*

Subd. 12. "Eligible security" means any security payable from or evidencing an interest in mortgages, all or a portion of which secure loans financing residential housing.

*[For text of subds 13 to 20, see M.S.1988]*

Subd. 21. City. "City" has the meaning given in section 462C.02, subdivision 6.

**History:** 1989 c 270 s 1; 1989 c 328 art 1 s 3

#### 462A.05 SPECIFIC POWERS OF THE AGENCY.

*[For text of subds 1 to 3a, see M.S.1988]*

Subd. 4. It may purchase and enter into commitments for the purchase of eligible securities, certificates of deposit, time deposits, or existing mortgage loans from banks, savings and loan associations, insurance companies, or other financial intermediaries, provided that the agency shall first determine that all or a portion of the proceeds of such instruments will be utilized to make loans for residential housing as defined in section 462A.03, subdivision 7, or all or a portion of the instruments are backed by or otherwise evidence an interest in existing mortgages securing mortgage loans to finance residential housing. In the case of eligible securities backed by existing mortgages, the proceeds must be used in whole or in part either for making loans for residential housing or for preserving the use of existing residential housing by persons and families of low and moderate income.

*[For text of subds 5 to 14, see M.S.1988]*

Subd. 14a. It may make loans to persons and families of low and moderate income to rehabilitate or to assist in rehabilitating existing residential housing owned and occupied by those persons or families. No loan shall be made unless the agency determines that the loan will be used primarily for rehabilitation work necessary for health or safety, essential accessibility improvements, or to improve the energy efficiency of the dwelling. No loan for rehabilitation of owner occupied residential housing shall be denied solely because the loan will not be used for placing the residential housing in full compliance with all state, county or municipal building, housing maintenance, fire, health or similar codes and standards applicable to housing. The amount of any loan shall not exceed the lesser of (a) \$9,000, or (b) the actual cost of the work performed, or (c) that portion of the cost of rehabilitation which the agency determines cannot otherwise be paid by the person or family without the expenditure of an unreasonable portion of the income of the person or family. In making loans, the agency shall determine the circumstances under which and the terms and conditions under which all or any portion of the loan will be repaid and shall determine the appropriate security for the repayment of the loan. Loans pursuant to this subdivision may be made with or without interest or periodic payments. No loan under this subdivision shall be denied solely on the basis of the inability of the applicant to make

periodic loan payments. Loans made without interest or periodic payments need not be repaid by the borrower if the property for which the loan is made has not been sold, transferred, or otherwise conveyed nor has it ceased to be the principal place of residence of the borrower, within ten years after the date of the loan.

*[For text of subd 14b, see M.S.1988]*

Subd. 14c. **Neighborhood preservation.** It may agree or enter commitments to purchase, make, or participate in making loans described in subdivision 14 for programs approved by the agency for the preservation of designated neighborhoods. To achieve the policy of economic integration stated in section 462A.02, subdivision 6, the programs may authorize loans to borrowers having ownership interests in properties in the neighborhood who are not eligible mortgagors as defined in section 462A.03, subdivision 13. The aggregate original principal balances of noneligible mortgagor loans in a neighborhood benefiting from financing under this subdivision must not exceed 25 percent of the total amount of neighborhood preservation loan funds allocated to the neighborhood under the program.

*[For text of subds 15 to 19, see M.S.1988]*

Subd. 20. The agency may make loans or grants to for profit, limited dividend, or nonprofit sponsors, as defined by the agency, for residential housing to be used to provide temporary or transitional housing to low- and moderate-income persons and families having an immediate need for temporary or transitional housing as a result of natural disaster, resettlement, condemnation, displacement, lack of habitable housing, or other cause defined by the agency. Loans or grants pursuant to this subdivision shall not be used for residential care facilities or for facilities that provide housing available for occupancy on less than a 24-hour continuous basis. To the extent possible, a sponsor shall combine the loan or grant with other funds obtained from public and private sources. In making loans or grants, the agency shall determine the circumstances under which and the terms and conditions under which all or any portion thereof will be repaid and the appropriate security should repayment be required.

Subd. 21. The agency may make or purchase loans to owners of rental property that is occupied or intended for occupancy primarily by low- and moderate-income tenants and which does not comply with the standards established in section 116J.27, subdivision 3, for the purpose of energy improvements necessary to bring the property into full or partial compliance with these standards. For property which meets the other requirements of this subdivision, a loan may also be used for moderate rehabilitation of the property. The authority granted in this subdivision is in addition to and not in limitation of any other authority granted to the agency in this chapter. The limitations on eligible mortgagors contained in section 462A.03, subdivision 13, do not apply to loans under this subdivision. Loans for the improvement of rental property pursuant to this subdivision may contain provisions that repayment is not required in whole or in part subject to terms and conditions determined by the agency to be necessary and desirable to encourage owners to maximize rehabilitation of properties.

*[For text of subds 22 and 23, see M.S.1988]*

Subd. 24. It may engage in housing programs for low- and moderate-income elderly, handicapped, or developmentally disabled persons, as defined by the agency, to provide grants or loans, with or without interest, for

- (1) accessibility improvements to residences occupied by elderly persons;
- (2) housing sponsors, as defined by the agency, of home sharing programs to match existing homeowners with prospective tenants who will contribute either rent or services to the homeowner, where either the homeowner or the prospective tenant is elderly, handicapped, or developmentally disabled;
- (3) the construction of or conversion of existing buildings into structures for occupancy by the elderly that contain from three to 12 private sleeping rooms with shared cooking facilities and common space; and

# MINNESOTA STATUTES 1989 SUPPLEMENT

(4) housing sponsors, as defined by the agency, to demonstrate the potential for home equity conversion in Minnesota for the elderly, in both rural and urban areas, and to determine the need in those equity conversions for consumer safeguards.

In making the grants or loans, the agency shall determine the terms and conditions of repayment and the appropriate security, if any, should repayment be required. The agency may provide technical assistance to sponsors of home sharing programs or may contract or delegate the provision of the technical assistance in accordance with section 462A.07, subdivision 12.

Housing sponsors who receive funding through these programs shall provide homeowners and tenants participating in a home sharing program with information regarding their rights and obligations as they relate to federal and state tax law including, but not limited to, taxable rental income, homestead credit under chapter 273, and the property tax refund act under chapter 290A.

*[For text of subds 25 and 26, see M.S.1988]*

Subd. 27. The agency, or the corporations referred to in subdivision 26, may acquire property or property interests under subdivisions 25 and 26 and section 462A.06, subdivision 7, for the following purposes: (1) to protect a loan or grant in which the agency or corporation has an interest; or (2) to preserve for the use of low- and moderate-income persons or families multifamily housing which was (i) previously financed by the agency, or (ii) not financed by the agency but is benefited by federal housing assistance payments or other rental subsidy or interest reduction contracts. Property or property interests acquired for the purpose specified in clause (1) may be acquired by foreclosure, deed in lieu of foreclosure, or otherwise.

Multifamily property acquired as provided in clause (2) must be managed on a fee basis by an entity other than the agency or corporation. The agency or corporation may manage the property on a temporary basis until an agreement is entered into with another entity to manage the property. The agency or corporation shall make the property available for sale at a purchase price and on terms that are mutually agreeable to the parties. In the sale of property benefited by federal housing assistance, priority must be given to a buyer who agrees to maintain the federal housing assistance.

*[For text of subds 28 and 29, see M.S.1988]*

Subd. 30. It may invest in, purchase, acquire, and take assignments of existing notes and mortgages not closed for the purpose of sale to the agency, from lenders that are nonprofit or nonprofit entities, as defined in the agency's rules, provided that: (1) the notes and mortgages evidence loans for the construction, rehabilitation, purchase, improvement, or refinancing of residential housing intended for occupancy and occupied by low- and moderate-income persons and families; and (2) the loan sellers utilize the funds derived from the purchases in accordance with the authority contained in section 462A.07, subdivision 12, for the purposes and objectives of sections 462A.02, 462A.03, 462A.05, 462A.07, and 462A.21; and (3) the purchases are subject to security and limitations on the costs and expenses of the loan sellers incidental to the utilization of the purchase proceeds as the agency may determine. The proceeds of the purchases authorized by this subdivision shall not be subject to the limitations of section 462A.21, subdivisions 4k, 6, 9, and 12.

Subd. 31. It may agree to purchase, make, or otherwise participate in the making and enter into commitments for the purchase, making, or participation in the making of loans to provide financing for residential housing for occupancy by persons and families of low- and moderate-income that qualifies for and will be utilized so as to obtain the benefits of low-income housing credits under section 42 of the Internal Revenue Code of 1986, as amended through December 31, 1988. The limitations on eligible mortgagors contained in section 462A.03, subdivision 13, do not apply to loans under this subdivision, and the loans may be insured or uninsured and may be made with security, or may be unsecured, as the agency deems advisable.

Subd. 32. The agency may obtain the appointment of receivers or assignments of

rents and profits under sections 559.17 and 576.01 except that the limitation relating to the minimum amounts of the original principal balances of mortgages contained in sections 576.01, subdivision 2, and 559.17, subdivision 2, clause (2), shall be inapplicable to it.

Subd. 33. The agency may establish a fund to coinsure loans, with a division of risk as determined by the agency, that are made by any banking institution, savings and loan association, or other lender approved by the agency, organized under the laws of this or any other state or of the United States having an office in this state, to low- and moderate-income purchasers of residential housing to be occupied by them, or to low- and moderate-income persons or families for improvements to residential property that they occupy as their principal place of residence, provided that loan insurance on comparable terms and conditions is not otherwise available in the areas where the borrowers' properties are situated.

Subd. 34. **Home equity conversion loans.** (a) The agency may make or purchase home equity conversion loans for low- or moderate-income elderly homeowners. Loan recipients must be at least 62 years of age, have substantial equity in their home, and have an income at or below 50 percent of the greater of statewide or area median income. The agency must inform a program participant of available home equity conversion loan counseling services before making a loan.

(b) Repayment of a home equity conversion loan may not be required until at least one of the following conditions occurs:

- (1) the sale or conveyance of the mortgaged property;
- (2) the mortgaged property is no longer the mortgagor's principal residence;
- (3) the death of the mortgagor; or
- (4) a violation of an obligation of the mortgagor under the mortgage.

For purposes of this section, an obligation of the mortgagor under the mortgage does not include immediate repayment upon completion of loan disbursements at the end of a specified term.

**History:** 1989 c 270 s 2-10; 1989 c 328 art 1 s 4-7

#### **462A.057 MINNESOTA RURAL AND URBAN HOMESTEADING PROGRAM.**

Subdivision 1. **Establishment; purpose.** There is established the Minnesota rural and urban homesteading program to be administered by the agency for grants to eligible applicants to acquire, rehabilitate, and sell eligible property. The program is directed at single family residential properties in need of rehabilitation that are sold to "at risk" homebuyers committed to strengthening the neighborhood and following a good neighbor policy.

Subd. 2. **Definitions.** For the purposes of this section, the following terms have the meanings given them.

(1) "Contract for deed" is the agreement between the homebuyer and eligible applicant as established by the agency.

(2) "Eligible organization" or "organization" means a political subdivision, non-profit or cooperative organization, as defined by the agency, housing and redevelopment authority, or other organization designated by the agency, which demonstrates the capacity to perform the duties outlined in subdivision 5.

(3) "Eligible property" or "property" means a single family residential dwelling and surrounding property that is vacant, condemned, abandoned, or otherwise defined as eligible by the agency, which, if rehabilitated, may prevent or arrest the spread of blight.

(4) "Homebuyer" means an individual or family who has not owned a residential dwelling in the past three years and meets the definition of "at risk" established by the agency under subdivision 4.

(5) "Designated home ownership area" or "designated area" means a specific area where the acquisition, rehabilitation, and sale of eligible properties may take place

under this section. In the metropolitan area, as defined in section 473.121, subdivision 2, a designated area must be a specific four square block area.

(6) "Neighborhood volunteer resident advisory board" or "advisory board" means the board established by an organization under subdivision 6.

(7) "Program" means the Minnesota rural and urban homesteading program established in subdivision 1.

Subd. 3. **Grants.** The agency may award grants of up to \$300,000 to eligible organizations. The grants must be used by the organization to buy eligible properties and pay for the costs of rehabilitating those properties. Up to \$30,000 of the grant award may be used for the administrative costs of the organization and for other costs associated with the acquisition and sale of properties under this program including the payment of taxes on the property during the period between the purchase and sale of the property.

Subd. 4. **Agency powers; duties.** The agency shall:

(1) establish criteria for selecting which eligible organizations that apply for grants under this section receive the grants;

(2) establish criteria for targeting the program to homebuyers who are at risk which is defined to include families and individuals who are homeless, receiving public assistance, or otherwise cannot afford home ownership; and

(3) establish the terms and provisions of the contract for deed and other program standards as necessary.

Subd. 5. **Eligible organization; capacity.** The eligible organization must demonstrate to the agency that it has the capacity to:

(1) organize and continue an ongoing relationship with the neighborhood volunteer resident advisory boards required under subdivision 6;

(2) provide the necessary staff to administer the program on the local level for an extended period; and

(3) select and acquire property that meets the requirements established for this program and contract with businesses or organizations for the rehabilitation of the property.

Subd. 6. **Neighborhood volunteer resident advisory board.** Each organization must establish a neighborhood volunteer resident advisory board for each designated area. The advisory board must consist of residents of the designated area that reflects the racial composition of the area. In the metropolitan area, as defined in section 473.121, subdivision 2, at least 20 percent of the advisory board must be minority residents. The advisory board must:

(1) recommend to the organization properties that may be acquired for the program in the designated area; and

(2) recommend to the organization the selection of homebuyers.

Subd. 7. **Purchase and rehabilitation.** An eligible organization may acquire up to five properties in a designated area with the consent of the advisory board for that area. The organization must rehabilitate these properties to the standards established by the agency. The total maximum cost of the acquisition, rehabilitation, closing costs, and back taxes must be no greater than \$50,000 per individual property. The \$50,000 maximum may be exceeded if the excess costs over \$50,000 are attributed to rehabilitation or improvements to make the property handicapped accessible.

Subd. 8. **Sale of property to homebuyer.** The eligible organization may sell rehabilitated property to homebuyers. The terms and other provisions of the contract for deed must be established by the agency. The following requirements must be included in the contract: (1) the purchase price paid by the home buyer must be equal to the total costs of acquiring and rehabilitating the property; (2) no down payment or interest payment is required of the home buyer; and (3) the monthly payment must equal 25 percent of the home buyer's gross monthly income.

Subd. 9. **Right to repurchase.** The eligible organization may repurchase the

property if the home buyer rents, assigns, vacates, transfers, or offers to sell the property within 20 years of the purchase of the property from the organization. This option to repurchase does not apply to a transfer of the property to a surviving joint tenant or heir of the home buyer. If the organization chooses not to exercise its option to repurchase the property, the agency may repurchase the property.

The repurchase price paid by the organization or the agency may not exceed the lesser of the (1) appraised value of the property at the time of repurchase, or (2) the sum of:

(i) the total amount paid by the home owner to the organization for debt payment on the contract for deed;

(ii) the value of any major improvements to the property that are paid directly by the home buyer and were not part of the required monthly payment; and

(iii) the product of the sum of (i) and (ii), and the increase in inflation based on the housing component of the federal Consumer Price Index.

Subd. 10. **Reports.** Each organization that receives a grant under this section shall submit an annual report to the agency by December 1 of each year that describes the use of grant funds received under this section.

The agency shall prepare and submit an annual report to the legislature and the governor by January 15 of each year, beginning in 1991, that summarizes the reports of the organizations. The agency's report may also include recommendations to improve the program.

**History:** 1989 c 328 art 1 s 8

#### 462A.07 ADDITIONAL POWERS AND DUTIES OF THE AGENCY.

*[For text of subds 1 and 2, see M.S.1988]*

Subd. 2a. It may provide underwriting, loan processing, and closing services in behalf of other lenders where those services are not otherwise available and the loans relate to residential housing for occupancy by low- and moderate-income persons and families. The agency may charge fees for those services in amounts determined by the members to be reasonable.

*[For text of subds 3 to 13, see M.S.1988]*

Subd. 14. It may engage in housing programs for low- and moderate-income American Indians developed and administered separately or in combination by the Minnesota Chippewa tribe, the Red Lake band of Chippewa Indians, and the Sioux communities as determined by such tribe, band, or communities. In furtherance of the policy of economic integration stated in section 462A.02, subdivision 6, it may engage in housing programs for American Indians who intend to reside on reservations and who are not persons of low and moderate income, provided that the aggregate dollar amount of the loans for each lender's fiscal year shall not exceed an amount equal to 25 percent of the total dollar amount of all loans made by that lender during the lender's fiscal year at the time of loan application. In developing such housing programs, the tribe, band, or communities shall take into account the housing needs of all American Indians residing both on and off reservations within the state. A plan for each such program, which specifically describes the program (a) content, (b) utilization of funds, (c) administration, (d) operation, (e) implementation and other matter, as determined by the agency, must be submitted to the agency for its review and approval prior to the making of eligible loans pursuant to section 462A.21. All such programs must conform to rules promulgated by the agency concerning program administration, including but not limited to rules concerning costs of administration; the quality of housing; interest rates, fees, and charges in connection with making eligible loans; and other matters determined by the agency to be necessary in order to effectuate the purposes of this subdivision and section 462A.21, subdivisions 4b and 4c. All such programs must provide for a reasonable balance in the distribution of funds appropriated for the

purpose of this section between American Indians residing on and off reservations within the state. Nothing in this section shall preclude such tribe, band, or communities from requesting and receiving cooperation, advice, and assistance from the agency as regards program development, operation, delivery, financing, or administration. As a condition to the making of such eligible loans, the Minnesota Chippewa tribe, the Red Lake band of Chippewa Indians, and the Sioux communities shall:

(a) enter into a loan agreement and other contractual arrangements with the agency for the purpose of transferring the allocated portion of loan funds as set forth in section 462A.26 and to insure compliance with the provisions of this section and this chapter, and

(b) shall agree that all of their official books and records related to such housing programs shall be subjected to audit by the legislative auditor in the manner prescribed for agencies of state government.

The agency shall submit a biennial report concerning the various housing programs for American Indians, and related receipts and expenditures as provided in section 462A.22, subdivision 9, and such tribe, band, or communities to the extent that they administer such programs, shall be responsible for any costs and expenses related to such administration provided, however, they shall be eligible for payment for costs, expenses, and services pursuant to subdivision 12 and section 462A.21. The agency may provide or cause to be provided essential general technical services as set forth in subdivision 2, and general consultative project assistance services, including, but not limited to, management training, and home ownership counseling as set forth in subdivision 3. Members of boards, committees, or other governing bodies of the tribe, band, and communities administering the programs authorized by this subdivision must be compensated for those services as provided in section 15.0575. Rules promulgated under this subdivision may be promulgated as emergency rules under chapter 14.

*[For text of subds 15 and 16, see M.S.1988]*

**History:** 1989 c 270 s 11,12

#### **462A.203 HOUSING PRESERVATION PROGRAM.**

**Subdivision 1. Establishment.** The agency may establish a housing preservation program for the purpose of making housing preservation grants to cities. Cities may use the grants to establish revolving loan funds for the acquisition, improvement, or rehabilitation of residential buildings for the purpose of preserving eligible housing. To achieve the policy of economic integration stated in section 462A.02, subdivision 6, the aggregate original principal balances of noneligible mortgagor loans must not exceed 25 percent of the total amount of housing preservation loan funds allocated to a city provided that the mortgagor's income must not exceed 110 percent of the area median income. Housing preservation loans may not be made for housing located within a targeted neighborhood designated under a neighborhood revitalization program.

**Subd. 2. Eligibility requirements.** A city's application for a housing preservation grant must include a geographic description of the area for which the grant will be used. A city may designate only one area for each grant application submitted, but may submit more than one application. The application must include a city council resolution certifying that the designated area meets the following requirements:

- (1) at least 70 percent of the single-family housing is at least 35 years old;
- (2) at least 60 percent of the single-family housing is owner-occupied;
- (3) the average market value of the area's owner-occupied housing is not more than 100 percent of the purchase price limit for existing homes eligible for purchase in the area under the agency's home mortgage loan program; and
- (4) the geographic area consists of contiguous parcels of land.

**Subd. 3. Local match.** In order to qualify for a program grant, a city must match every dollar of state money with one dollar of city matching funds. City matching funds may consist of:

- (1) money from the general fund or a special fund of the city;
- (2) money paid or repaid to a city from the proceeds of a grant that the city has received from the federal government, a profit or nonprofit corporation, or another entity or individual;
- (3) the greater of the fair market value or the cost to the city of acquiring land, buildings, equipment, or other real or personal property that a city contributes, grants, or loans to a profit or nonprofit corporation, or other entity or individual in connection with the implementation of the housing preservation program;
- (4) money to be used to install, reinstall, repair, or improve the infrastructure facilities of an eligible area;
- (5) money contributed by a city to pay issuance costs or to otherwise provide financial support for revenue bonds or obligations issued for a project or program related to the implementation of a housing preservation program; and
- (6) money derived from fees received by a city in connection with its community development activities that are to be used in implementing a housing preservation program.

Subd. 4. **Advisory committee.** Before a city may make any loans under the housing preservation program, the city must establish an advisory committee to advise and assist the city in implementing the housing preservation program.

**History:** 1989 c 328 art 1 s 9

#### 462A.21 HOUSING DEVELOPMENT FUND; ADVANCES, USE REPAYMENT.

*[For text of subds 1 to 3, see M.S.1988]*

Subd. 3a. **Capacity building revolving loan fund.** It may establish a revolving loan fund for predevelopment costs for nonprofit organizations and local government units engaged in the construction or rehabilitation of low- and moderate-income housing, and for the purposes specified in sections 462A.05, subdivision 5; and 462A.07, subdivisions 2, 3, 3a, 5, 5a, 6, 7, 11, and 16. The agency may delegate the authority to administer the revolving loan fund for designated areas in the state to existing nonprofit organizations. Nonprofit entities selected to exercise such delegated powers must have sufficient professional housing development expertise, as determined by the agency, to evaluate the economic feasibility of an applicant's proposed project. Loans to nonprofit organizations or local government units under this subdivision may be made with or without interest as determined by the agency.

Subd. 3b. **Capacity building grants.** It may make capacity building grants to nonprofit organizations, local government units, Indian tribes, and Indian tribal organizations to expand their capacity to provide affordable housing and housing-related services. The grants may be used to assess housing needs and to develop and implement strategies to meet those needs, including the creation or preservation of affordable housing and the linking of supportive services to the housing. The agency shall adopt rules specifying the eligible uses of grant money. Funding priority must be given to those applicants that include low-income persons in their membership, have provided housing-related services to low-income people, and demonstrate a local commitment of local resources, which may include in-kind contributions. Grants under this subdivision may be made only with specific appropriations by the legislature.

*[For text of subds 4 to 4b, see M.S.1988]*

Subd. 4c. It may establish a revolving loan fund and may make eligible loans, pursuant to subdivision 4b, to American Indians as provided in section 462A.07, subdivision 14, and may pay the costs and expenses necessary and incidental to the development and operation of such programs.

*[For text of subds 4d to 4j, see M.S.1988]*

Subd. 4k. **Housing development fund.** The agency may make grants for residential



# MINNESOTA STATUTES 1989 SUPPLEMENT

housing for low-income persons under section 462A.05, subdivision 28, and may pay the costs and expenses for the development and operation of the program.

Subd. 4l. It may expend money for the purposes of section 462A.05, subdivision 33, and may pay the costs and expenses for the development and operation of the program.

*[For text of subds 5 to 8a, see M.S.1988]*

Subd. 8b. **Family rental housing.** It may establish a family rental housing assistance program to provide loans or direct rental subsidies for housing for families with incomes of up to 60 percent of area median income. Priority must be given to those developments with resident families with the lowest income. The development may be financed by the agency or other public or private lenders. Direct rental subsidies must be administered by the agency for the benefit of eligible families. Financial assistance provided under this subdivision to recipients of aid to families with dependent children must be in the form of vendor payments whenever possible. Loans and direct rental subsidies under this subdivision may be made only with specific appropriations by the legislature.

Subd. 8c. **Rental housing for individuals.** It may establish a rental housing assistance program for persons of low income or with a mental illness to provide loans or direct rental subsidies for housing for individuals with incomes of up to 30 percent of area median income. Priority must be given to developments with the lowest income residents. Housing for the mentally ill must be operated in coordination with social service providers who provide services to tenants. The developments may be financed by the agency or other public or private entities. Direct rental subsidies must be administered by the agency for the benefit of eligible tenants. Financial assistance provided under this subdivision must be in the form of vendor payments whenever possible. Loans and direct rental subsidies under this subdivision may be made only with specific appropriations by the legislature.

*[For text of subds 9 to 10, see M.S.1988]*

Subd. 12. **Temporary housing.** It may make loans or grants for the purpose of section 462A.05, subdivision 20, and may pay the costs and expenses necessary and incidental to the loan or grant program authorized therein.

Subd. 12a. **Program money transfer.** Grants authorized under section 462A.05, subdivisions 20, 28, and 29, may be made only with specific appropriations by the legislature, but unencumbered balances of money appropriated for the purpose of loans or grants for agency programs under these subdivisions may be transferred between programs created by these subdivisions or in accordance with section 462A.20, subdivision 3.

*[For text of subds 13 and 14, see M.S.1988]*

Subd. 15. **Rural and urban homesteading program.** It may make grants to eligible organizations for the Minnesota rural and urban homesteading program under section 462A.057 and may pay the costs and expenses necessary and incidental to the grant program.

**History:** 1989 c 270 s 13-15; 1989 c 328 art 1 s 10-17

## **462A.28 HOME EQUITY CONVERSION LOAN COUNSELING PROGRAM.**

Subdivision 1. **Program administration.** The agency shall select and contract with a nonprofit corporation to administer a home equity conversion loan counseling program for senior homeowners. The organization selected must meet the following requirements:

- (1) its primary purpose is to assist elderly persons in obtaining and maintaining affordable housing;
- (2) it is knowledgeable about reverse mortgage programs;

(3) it has experience in counseling older persons on housing, including knowledge of alternative living arrangements for older persons; and

(4) it has knowledge of existing public support programs for older persons.

Subd. 2. **Program responsibilities.** The organization selected to administer the counseling program in subdivision 1 must perform the following program responsibilities with program clients:

(1) conduct a review of reverse mortgage programs, including the advantages, disadvantages, and alternatives;

(2) explain the effects of the mortgage on the client's estate and public benefits;

(3) explain the lending process; and

(4) discuss the client's supplemental income needs.

**History:** 1989 c 328 art 1 s 18