

Minnesota Attorney General: Administrative Rules Proceedings

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Version 3
August 20, 2018

Our File No. 737

RULE REVIEW CHECKLIST

DATE RULE RECEIVED 9/29
DATE FOR REVIEW 10/8
DATE DUE 10/13

Adopted w/a hearing _____
Adopted w/o a hearing X
Temporary rule _____

Approved _____ Disapproved 10/12 Returned to Agency _____

Resubmitted _____ Due _____
Approved _____ Disapproved _____ Returned to Agency _____

Date filed w/Secretary of State _____ Revisor approved ✓ 9/29/81
disapproved _____

✓ Rule as Adopted

✓ Rule as Proposed See SR

✓ Order Adopting 9.24.81 Date

N/A Notice of Intent to Solicit Outside Opinion

✓ Order for rulemaking
_____ Date of Hearing

✓ Certificate of Board's Authorizing Resolution

2 Notice of rulemaking
? Sufficiency

✓ Affidavit of Mailing Notice or rulemaking
8.21.81 At least 30 days prior to ~~hearing~~/adoption

✓ Mailing list Certificate

✓ Publication in State Register
8.24.81 At least 30/~~20~~ days prior to ~~hearing~~/adoption

NA Hearing Examiner's Report

Chief Hearing Examiner's Report(s)
_____ Approving H.E.'s Report
_____ Approving agency action

Agency's Findings of Fact

N/A LCRAR Report or agency Affidavit

✓ Certificate of Board's Resolution Adopting Rules

N/A Order Approving Incorporation by Reference

✓ Statement of Need and Reasonableness

N/A Petition for Adoption of a Rule

N/A Record (includes transcript or tape, exhibits, comments received by agency, requests for a hearing, and other relevant materials)

✓ Certificate of Compliance w/Rulemaking Procedures

? Affidavit of Mailing Notice of Submission to Attorney General

? Notice of Submission to the Attorney General

MINNESOTA HOUSING FINANCE AGENCY

September 25, 1981

Mr. Jerry Anderson
Special Assistant Attorney General
G-25 - Administration Building
50 Sherburne Avenue
St. Paul, Minnesota 55155

RE: In the Matter of the Proposed Amendment to and Adoption of Rules Governing Eligibility for the Home Ownership Assistance Fund Without a Public Hearing.

Dear Mr. Anderson:

Enclosed please find for your review pursuant to Minnesota Statutes Section 15.0412, Subdivision 4h, the adopted rules of the Minnesota Housing Finance Agency.

The following materials are submitted to you for your review pursuant to 1 MCAR § 1.203:

Rules as Adopted.

Order Adopting.

Certificate of Board's Resolution Adopting a Rule.

Order for Notice of Intent to Adopt a Rule Without a Public Hearing.

Certificate of Agency's Authorizing Resolution.

Notice of Intent to Adopt a Rule Without Public Hearing.

Affidavit of Mailing Notice of Intent to Adopt a Rule Without Public Hearing.

Mailing List Certificate.

Rule as Proposed.

Statement of Need and Reasonableness.

Certificate of Compliance with Rulemaking Procedures.

The Agency did not publish a Notice of Intent to Solicit Outside Opinion in

connection with their rules. No comments or requests for a hearing were received during the 30 day period.

Sincerely,

James J. Solem
Executive Director

JJS/jak

Encl.

SF-00006-02

STATE OF MINNESOTA

DEPARTMENT ATTORNEY GENERAL

Office Memorandum

TO : JAMES J. SOLEM
Executive Director
Minnesota Housing Finance Agency

DATE: October 13, 1981

ATTN : Jim Dinerstein
Special Assistant Attorney General

FROM : Ted A. Martinez
Special Assistant
Attorney General

PHONE: 296-0315

SUBJECT: In the Matter of the Proposed Amendment to and Adoption of Rules Governing Eligibility for the Home Ownership Assistance Fund Without a Public Hearing

The above-captioned rules have been rejected for the following reason:

The Notice of Intent to Adopt Rules Without a Public Hearing appears to be defective and fails to comply with Attorney General Rule 1 MCAR § 1.203 G.8 and 9. The statement regarding submission to the Attorney General and the citation to statutory authority for promulgation of the rule are not present.

After consideration of the above comments and agency action, if any, these rules may be resubmitted for review. Upon resubmission, please include two copies of a new or supplemental Order Adopting, and the original and two copies of the new Rule as Adopted. Also, please include a memorandum specifying that the rules are being resubmitted so that we may obtain our initial file in this matter.

Please be advised that pursuant to Minn. Stat. § 15.0412 subd. 4g effective July 1, 1981, "(n)o rule shall be filed with the secretary of state or published in the state register unless the revisor of statutes has endorsed on the rule that it is approved as to form." Therefore, at the time when you resubmit the new rule to this office, you must submit two copies of the same to the revisor of statutes.

If you have any questions concerning the issue raised in this memorandum. Please do not hesitate to call me.

TAM/cae

Enc.

cc: Duane Harves
Kathy Burek

Minnesota Housing Finance Agency

Proposed Amendment to and Adoption of Rules Governing Eligibility for the Home Ownership Assistance Fund

Notice of Intent to Adopt Rules without a Public Hearing

Notice is hereby given that the Minnesota Housing Finance Agency ("agency") proposes to adopt the above-entitled rules without a public hearing. The agency has determined that the proposed adoption of these rules will be noncontroversial in nature and has elected to follow the procedures set forth in Minn. Stat. § 15.04 subd. 4h(1980).

Persons interested in these rules shall have 30 days to submit comments on the proposed rules. The proposed rules may be modified if the modifications are supported by the data and views submitted to the agency and do not result in a substantial change in the proposed language.

Unless seven or more persons submit written requests for a public hearing on the proposed rules within the 30-day comment period, a public hearing will not be held. In the event a public hearing is required, the agency will proceed according to the provisions of Minn. Stat. § 15.0412, subds. 4-4f. If a public hearing is requested, identification of the particular objection, the suggested modifications to the proposed language, and the reasons or data relied on to support the suggested modifications is desired.

Persons who wish to submit comments or a written request for a public hearing should submit such comments or request to:

Monte Aaker, Research Coordinator
Research Division
Minnesota Housing Finance Agency
Suite 200 - Nalpak Building
333 Sibley Street
St. Paul, Minnesota 55101
Telephone (612) 296-9952

Dated: August 21, 1981

James J. Solem, Executive Director

Rule as Proposed

12 MCAR S 3.133 Homeownership assistance fund ~~monthly assistance~~.

A. Monthly assistance. The agency may provide eligible recipients with interest-free monthly assistance loans in the form of monthly payments of a portion of the principal and interest installment due on the limited-unit development mortgage on qualifying property. Such payments shall not exceed ~~$75~~ $100 per month and shall decrease by ~~$5~~ $10 per month ~~(or $60~~ $120 per year~~)~~ each year. The maximum amount of monthly assistance to which a recipient is originally entitled shall be determined by the agency from time to time on the basis of the percentage of income which may reasonably be spent on mortgage payments, the interest rate charged for limited-unit development mortgage loans, and general housing and construction costs in the State of Minnesota, provided however, that the initial maximum monthly assistance which the agency shall determine to be available shall not exceed the following amounts for persons and families within the following annual adjusted income ranges~~:~~ as set forth in Exhibit 12 MCAR S 3.133 B.-1. and Exhibit 12 MCAR S 3.133 C.-2. for various potential interest rates to be charged by the agency on its limited-unit development mortgage loans.

Annual Adjusted Income Between	Initial Maximum Monthly Assistance
-11,500	75
10,000-12,000	65
10,500-12,500	55
11,000-13,000	45
11,500-13,500	35
12,000-14,000	25
12,500-16,000	15

B. Metropolitan area. Exhibit 12 MCAR S 3.133 B.-1. applies to eligible recipients whose qualifying property is in the metropolitan area as defined in Minn. Stat. S 473.121, subd. 2.

Exhibit 12 MCAR S 3.133 B.1.

Mortgage Interest Rate		Initial Maximum Monthly Assistance $100	$80	$60	$40	$20
0-	Adj. Hshld.	0-	15001-	16001-	17001-	18001-
10.59%	Income	15000	16000	17000	18000	19000
10.60-	Adj. Hshld.	0-	16001-	17001-	18001-	19001-
11.09%	Income	16000	17000	18000	19000	20000
11.10-	Adj. Hshld.	0-	17001-	18001-	19001-	20001-
11.59%	Income	17000	18000	19000	20000	21000
11.60-	Adj. Hshld.	0-	18001-	19001-	20001-	21001-
12.00%	Income	18000	19000	20000	21000	22000

C. Nonmetropolitan area. Exhibit 12 MCAR S 3.133 C.-2. applies to eligible recipients whose qualifying property is not in the metropolitan area as defined in Minn. Stat. S 473.121, subd. 2.

Exhibit 12 MCAR S 3.133 C.-2.

Mortgage Interest Rate		Initial Maximum Monthly Assistance $100	$80	$60	$40	$20
0-10.59%	Adj. Hshld. Income	0-10000	10001-11000	11001-12000	12001-13000	13001-14000
10.60-11.09%	Adj. Hshld. Income	0-11000	11001-12000	12001-13000	13001-14000	14001-15000
11.10-11.59%	Adj. Hshld. Income	0-12000	12001-13000	13001-14000	14001-15000	15001-16000
11.60-12.00%	Adj. Hshld. Income	0-13000	13001-14000	14001-15000	15001-16000	16001-17000

Rule as Adopted

12 MCAR § 3.133 Homeownership assistance fund.

A. Monthly assistance. The agency may provide eligible recipients with interest-free monthly assistance loans in the form of monthly payments of a portion of the principal and interest installment due on the limited-unit development mortgage on qualifying property. Such payments shall not exceed $100 per month and shall decrease by $10 per month or $120 per year each year. The maximum amount of monthly assistance to which a recipient is originally entitled shall be determined by the agency from time to time on the basis of the percentage of income which may reasonably be spent on mortgage payments, the interest rate charged for limited-unit development mortgage loans, and general housing and construction costs in the State of Minnesota, provided however, that the initial maximum monthly assistance which the agency shall determine to be available shall not exceed the following amounts for persons and families within the following annual adjusted income ranges as set forth in Exhibit 12 MCAR § 3.133 B.-1. and Exhibit 12 MCAR § 3.133 C.-2. for various potential interest rates to be charged by the agency on its limited-unit development mortgage loans.

B. Metropolitan area. Exhibit 12 MCAR § 3.133 B.-1. applies to eligible recipients whose qualifying property is in the metropolitan area as defined in Minn. Stat. §473.121, subd. 2.

Exhibit 12 MCAR § 3.133 B.1.

Initial Maximum

Monthly Assistance

Mortgage Interest Rate		$100	$80	$60	$40	$20
0-	Adj. Hshld.	0-	15001-	16001-	17001-	18001-
10.59%	Income	15000	16000	17000	18000	19000
10.60-	Adj. Hshld.	0-	16001-	17001-	18001-	19001-
11.09%	Income	16000	17000	18000	19000	20000
11.10-	Adj. Hshld.	0-	17001-	18001-	19001-	20001-
11.59%	Income	17000	18000	19000	20000	21000
11.60-	Adj. Hshld.	0-	18001-	19001-	20001-	21001-
12.00%	Income	18000	19000	20000	21000	22000

C. Nonmetropolitan area. Exhibit 12 MCAR § 3.133 C.-2. applies to eligible recipients whose qualifying property is not in the metropolitan area as defined in Minn. Stat. § 473.121, subd.2.

Exhibit 12 MCAR § 3.133 C.-2.

Initial Maximum

Monthly Assistance

Mortgage Interest Rate		$100	$80	$60	$40	$20
0-	Adj. Hshld.	0-	10001-	11001-	12001-	13001-
10.59%	Income	10000	11000	12000	13000	14000
10.60-	Adj. Hshld.	0-	11001-	12001-	13001-	14001-
11.09%	Income	11000	12000	13000	14000	15000
11.10-	Adj. Hshld.	0-	12001-	13001-	14001-	15001-
11.59%	Income	12000	13000	14000	15000	16000
11.60-	Adj. Hshld.	0-	13001-	14001-	15001-	16001-
12.00%	Income	13000	14000	15000	16000	17000

OFFICE OF THE REVISOR OF STATUTES

Certificate of Approval of Adopted Rules

Agency: Minnesota Housing Finance Agency

Rule Numbers: 12 MCAR S 3.133

Rule Title: Adopted Rule Governing Eligibility for the Home Ownership assistance fund

Type of Rules: Permanent X

Temporary _____

Documents Incorporated by Reference:

The attached Rules are approved as to form.

Steven C. Cross
Revisor of Statutes

Name: Ann L. Bateson
Ann L. Bateson

Title: Deputy Revisor

Phone: 296-1536

STATE OF MINNESOTA

MINNESOTA HOUSING FINANCE AGENCY

Proposed Amendment to and Adoption of Rules Governing Eligibility for the Home Ownership Assistance Fund Without a Public Hearing.

ORDER ADOPTING RULES

Notice of the Agency's intent to adopt the above-entitled rules without a public hearing was published in the State Register on August 24, 1981, and was sent by United States mail to all persons on the list maintained by the Agency pursuant to Minnesota Statutes section 15.0412, subdivision 4 on August 21, 1981. After affording interested and affected persons an opportunity to submit comments for 30 days after Notice, receiving fewer than seven written requests for a public hearing within the 30-day comment period, reviewing and considering the comments, and determining the need for and reasonableness of the above-captioned rules.

NOW, THEREFORE, IT IS ORDERED that these rules identified as Rules of the Minnesota Housing Finance Agency Relating to the Eligibility for the Home Ownership Assistance Fund are adopted this 24th day of September, 1981 pursuant to authority vested in the Agency by Minnesota Statutes section 462A.06, subdivision 4 and 11.

James J. Solem, Executive Director

STATE OF MINNESOTA

MINNESOTA HOUSING FINANCE AGENCY

In the Matter of the Proposed Amendment to and Adoption of Rules Governing Eligibility for the Home Ownership Assistance Fund Without a Public Hearing

ORDER FOR NOTICE OF INTENT TO ADOPT RULES WITHOUT PUBLIC HEARING

IT IS ORDERED this 23rd day of July, 1981 that a Notice of Intent to Adopt Rules Without Public Hearing in the above-entitled matter be given to all persons who have registered their names with the Minnesota Housing Finance Agency for that purpose and be published in the State Register.

MINNESOTA HOUSING FINANCE AGENCY

James J. Solem, Executive Director

CERTIFICATE OF AGENCY'S

AUTHORIZING RESOLUTION

I, James J. Solem, do hereby certify that I am the Executive Director of the Minnesota Housing Finance Agency, an Agency duly authorized under the laws of the State of Minnesota, and that the following is a true, complete, and correct copy of a resolution adopted at a meeting of the Agency and properly called and held on the 23rd day of July, 1981, that a quorum was present at said meeting, that a majority of those present voted for the resolution and that said resolution is set forth in the minutes of said meeting and has not been rescinded or modified.

> "RESOLVED, that James J. Solem, Executive Director of the Minnesota Housing Finance Agency, by and he hereby is authorized and directed to give public notice for the purpose of promulgating rules of the Minnesota Housing Finance Agency without a public hearing, said rules relating to the Eligibility for the Home Ownership Assistance Fund, as well as to perform any and all acts incidental thereto, including the signing of a notice of intent to adopt rules without a public hearing."

IN WITNESS WHEREOF, I have hereunto subscribed my name this 25th day of September, 1981.

James J. Solem, Executive Director

STATE OF MINNESOTA

COUNTY OF RAMSEY

In the matter of the Proposed Amendment to and Adoption of Rules Governing Eligibility for the Home Ownership Assistance Fund Without a Public Hearing

AFFIDAVIT OF MAILING

Mike Kuschke, being first duly sworn, deposes and says:

That on the 21st day of August, 1981, at the City of St. Paul, County of Ramsey, State of Minnesota, he served the attached Notice of Intent to Adopt Rules Without Public Hearing by depositing in the United States mail at said City of St. Paul, a copy thereof, properly enveloped, with postage prepaid, on all persons and associations who have requested that their names be placed on file with the State Minnesota Housing Finance Agency for the purpose of receiving notice of the proposed adoption of rules by this Agency.

Mike Kuschke

Subscribed and sworn to before me this 21st day of August, 1981.

Kathleen J. Johnson

KATHLEEN J. JOHNSON
NOTARY PUBLIC—MINNESOTA
RAMSEY COUNTY
My Comm. Expires Dec. 9, 1986

STATE OF MINNESOTA

MINNESOTA HOUSING FINANCE AGENCY

CERTIFICATE

In the Matter of the Proposed Amendment to and Adoption of Rules Governing Eligibility for the Home Ownership Assistance Fund Without a Public Hearing

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I hereby certify that the list of persons, associations, and other interested groups who have requested, pursuant to Minn. Stat. § 15.0412, subd. 4, that their names be placed on file with and maintained by the Minnesota Housing Finance Agency for the purpose of receiving notice of the proposed adoption of rules by this Agency is accurate and complete as of 1:00 p.m., this 21st day of August, 1981.

Judith A. Keiser

Judith A. Keiser

Minnesota Housing Finance Agency

Proposed Amendment to and Adoption of Rules Governing Eligibility for the Home Ownership Assistance Fund

Notice of Intent to Adopt Rules without a Public Hearing

Notice is hereby given that the Minnesota Housing Finance Agency ("agency") proposes to adopt the above-entitled rules without a public hearing. The agency has determined that the proposed adoption of these rules will be noncontroversial in nature and has elected to follow the procedures set forth in Minn. Stat. § 15.0412, subd. 4h(1980).

Persons interested in these rules shall have 30 days to submit comments on the proposed rules. The proposed rules may be modified if the modifications are supported by the data and views submitted to the agency and do not result in a substantial change in the proposed language.

Unless seven or more persons submit written requests for a public hearing on the proposed rules within the 30-day comment period, a public hearing will not be held. In the event a public hearing is required, the agency will proceed according to the provisions of Minn. Stat. § 15.0412, subds. 4-4f. If a public hearing is requested, identification of the particular objection, the suggested modifications to the proposed language, and the reasons or data relied on to support the suggested modifications is desired.

Persons who wish to submit comments or a written request for a public hearing should submit such comments or request to:

Monte Aaker, Research Coordinator
Research Division
Minnesota Housing Finance Agency
Suite 200—Nalpak Building
333 Sibley Street
St. Paul, Minnesota 55101
Telephone (612) 296-9952

Rule as Proposed

12 MCAR § 3.133 Homeownership assistance fund ~~monthly assistance~~.

A. Monthly assistance. The agency may provide eligible recipients with interest-free monthly assistance loans in the form of monthly payments of a portion of the principal and interest installment due on the limited-unit development mortgage on qualifying property. Such payments shall not exceed ~~$75~~ $100 per month and shall decrease by ~~$5~~ $10 per month ~~(or $60~~ $120 per year~~)~~ each year. The maximum amount of monthly assistance to which a recipient is originally entitled shall be determined by the agency from time to time on the basis of the percentage of income which may reasonably be spent on mortgage payments,

the interest rate charged for limited-unit development mortgage loans, and general housing and construction costs in the State of Minnesota, provided however, that the initial maximum monthly assistance which the agency shall determine to be available shall not exceed the following amounts for persons and families within the following annual adjusted income ranges: as set forth in Exhibit 12 MCAR § 3.133 B.-1. and Exhibit 12 MCAR § 3.133 C.-2. for various potential interest rates to be charged by the agency on its limited-unit development mortgage loans.

~~Annual Adjusted Income Between~~	~~Initial Maximum Monthly Assistance~~
~~11,500~~	~~75~~
~~10,000-12,000~~	~~65~~
~~10,500-12,500~~	~~55~~
~~11,000-13,000~~	~~45~~
~~11,500-13,500~~	~~35~~
~~12,000-14,000~~	~~25~~
~~12,500-16,000~~	~~15~~

B. Metropolitan area. Exhibit 12 MCAR § 3.133 B.-1. applies to eligible recipients whose qualifying property is in the metropolitan area as defined in Minn. Stat. § 473.121, subd. 2.

Exhibit 12 MCAR § 3.133 B.1.

Mortgage Interest Rate		Initial Maximum Monthly Assistance				
		$100	$80	$60	$40	$20
0-10.59%	Adj. Hshld. Income	0-15000	15001-16000	16001-17000	17001-18000	18001-19000
10.60-11.09%	Adj. Hshld. Income	0-16000	16001-17000	17001-18000	18001-19000	19001-20000
11.10-11.59%	Adj. Hshld. Income	0-17000	17001-18000	18001-19000	19001-20000	20001-21000
11.60-12.00%	Adj. Hshld. Income	0-18000	18001-19000	19001-20000	20001-21000	21001-22000

C. Nonmetropolitan area. Exhibit 12 MCAR § 3.133 C.-2. applies to eligible recipients whose qualifying property is not in the metropolitan area as defined in Minn. Stat. § 473.121, subd. 2.

Exhibit 12 MCAR § 3.133 C.-2.

Mortgage Interest Rate		Initial Maximum Monthly Assistance				
		$100	$80	$60	$40	$20
0-10.59%	Adj. Hshld. Income	0-10000	10001-11000	11001-12000	12001-13000	13001-14000

KEY: PROPOSED RULES SECTION — Underlining indicates additions to existing rule language. ~~Strike outs~~ indicate deletions from existing rule language. If a proposed rule is totally new, it is designated "all new material." ADOPTED RULES SECTION — Underlining indicates additions to proposed rule language. ~~Strike outs~~ indicate deletions from proposed rule language.

10.60-11.09%	Adj. Hshld. Income	0-11000	11001-12000	12001-13000	13001-14000	14001-15000
11.10-11.59%	Adj. Hshld. Income	0-12000	12001-13000	13001-14000	14001-15000	15001-16000
11.60-12.00%	Adj. Hshld. Income	0-13000	13001-14000	14001-15000	15001-16000	16001-17000

STATE OF MINNESOTA

MINNESOTA HOUSING FINANCE AGENCY

Proposed Amendment to and Adoption of Rules Governing Eligibility for the Home Ownership Assistance Fund Without a Public Hearing.

CERTIFICATE OF BOARD'S RESOLUTION ADOPTING RULES

I, Arne Carlson, do hereby certify that I am Secretary of the Minnesota Housing Finance Agency, an agency duly authorized under the laws of the State of Minnesota, and that the following is a true, complete, and correct copy of a resolution adopted at a meeting of the Agency, duly and properly called and held on the 24th day of September, 1981, that a quorum was present at said meeting, that a majority of those present voted for the resolution and that said resolution is set forth in the minutes of said meeting and has not been rescinded or modified.

> "RESOLVED, that the rules relating to Amendment to and Adoption of Rules Governing Eligibility for the Home Ownership Assistance Fund attached hereto as Exhibit A be and they hereby are approved and adopted, pursuant to authority vested in us by Minnesota Statutes section 462A.06, subdivision 4 and 11 and that James J. Solem, the Executive Director of the Agency, be and hereby is authorized to sign an order adopting these rules and further is authorized to perform the necessary acts to provide that these rules shall have the force and effect of law."

IN WITNESS WHEREOF, I have hereunto subscribed my name this 24th day of September, 1981.

Chairman

Secretary

STATE OF MINNESOTA

MINNESOTA HOUSING FINANCE AGENCY

Proposed Amendment to and Adoption of Rules Governing Eligibility for the Home Ownership Assistance Fund Without a Public Hearing.

STATEMENT OF

NEED AND REASONABLENESS

12 MCAR § 3.133.

Minnesota Statutes, Section 462A.21, subdivision 8, directs the Minnesota Housing Finance Agency (Agency) to establish a home ownership assistance fund (HAF) on terms and conditions it deems advisable, to assist persons and families of low and moderate income in paying installments of eligible loans for affordable housing.

The present annual adjusted income limits and initial maximum monthly assistance were established in 1978. The proposed adjusted income limits and initial maximum monthly assistance for eligible recipients whose qualifying property is in the metropolitan area as defined in Minnesota Statutes, Section 473.121, subdivision 2 are shown in Exhibit 1. The proposed adjusted income limits and initial maximum monthly assistance for eligible recipients whose qualifying property is in the nonmetropolitan areas is shown in Exhibit 2.

EXHIBIT 1

METROPOLITAN AREA

INITIAL MAXIMUM MONTHLY ASSISTANCE

MORTGAGE INTEREST RATE		$100	$80	$60	$40	$20
0-10.59%	ADJUSTED HOUSEHOLD INCOME	$0-$15,000	$15,001-$16,000	$16,001-$17,000	$17,001-$18,000	$18,001-$19,00
10.60-11.09%	ADJUSTED HOUSEHOLD INCOME	$0-$16,000	$16,001-$17,000	$17,001-$18,000	$18,001-$19,000	$19,001-$20,00
11.10-11.59%	ADJUSTED HOUSEHOLD INCOME	$0-$17,000	$17,001-$18,000	$18,001-$19,000	$19,001-$20,000	$20,001-$21,00
11.60-12.00%	ADJUSTED HOUSEHOLD INCOME	$0-$18,000	$18,001-$19,000	$19,001-$20,000	$20,001-$21,000	$21,001-$22,00

EXHIBIT 2

NONMETROPOLITAN AREA

INITIAL MAXIMUM MONTHLY ASSISTANCE

MORTGAGE INTEREST RATE		$100	$80	$60	$40	$20
0-10.59%	ADJUSTED HOUSEHOLD INCOME	$0-$10,000	$10,001-$11,000	$11,001-$12,000	$12,001-$13,000	$13,001-$14,00
10.60-11.09%	ADJUSTED HOUSEHOLD INCOME	$0-$11,000	$11,001-$12,000	$12,001-$13,000	$13,001-$14,000	$14,001-$15,00
11.10-11.59%	ADJUSTED HOUSEHOLD INCOME	$0-$12,000	$12,001-$13,000	$13,001-$14,000	$14,001-$15,000	$15,001-$16,00
11.60-12.00%	ADJUSTED HOUSEHOLD INCOME	$0-$13,000	$13,001-$14,000	$14,001-$15,000	$15,001-$16,000	$16,001-$17,00

It is necessary to propose a set of income limits rather than one income limit. Uncertain bond market conditions make it difficult to plan a program based on one income limit. Tables 1 and 2 illustrate the uncertainty of the bond market. These tables show the fluctuations in the Bond Buyer weekly 20 year revenue bond index for several time periods in the past year. The income limit will be based on the interest rate charged to the mortgagor.

The Agency took the income adjustments in 12 MCAR § 3.002(N) into account in the analysis leading to a determination that the rule establishing income levels needed to be amended. The typical household receiving a home mortgage loan under the existing Agency program has $2,000 in deductions. Under 12 MCAR § 3.002(N), such a household typically receives a $750 deduction for each adult ($1,500) and $500 for a child for a total of $2,000. Throughout this Statement of Need and Reasonableness both gross and adjusted income will be given, although it is the level of adjusted income which is being set in the amended rule. The difference in the two figures will always be $2,000 for the purposes of the following analyses.

Since 1978 house prices and interest rates have risen dramatically. Figure 1 shows the estimated change in median house price from 1978 to 1981. This estimate is based on actual sales price data for 1978, 1979 and 1980 collected by the Minnesota Department of Revenue. A distribution of sales prices for 1981 was generated using a 12% rate of inflation and then a median sales price was calculated.

FIGURE 1

	1978	1981	PERCENT CHANGE
METROPOLITAN AREA	$51,000	$71,000	40%
NON METROPOLITAN AREA	$37,000	$47,000	27%

In 1978 the average interest rate on all home mortgages (FHA, VA and Conventional) was 9.56%. By July of 1981 it was 14.36%, a 50% increase.

In 1978 the Agency made 6.75% mortgage loans. The Agency in 1981 will most likely impose a 12% interest rate on its mortgage loans. In 1978 a household in the metropolitan area with a 6.75% Agency mortgage, HAF monthly assistance of $75 and a gross annual income of $13,500 could have afforded a $51,000 home (then the median priced home in the metropolitan area). In 1981 that same household with a 12% Agency mortgage would need $100 in monthly assistance and a gross household income of $20,000 to afford the same $51,000 house (by 1981 only an estimated 20% of all sales in the metropolitan area will fall below $51,000).

Table 3 shows house prices for 1975 through 1980 and projected for 1981 to 1982. House pric have risen substantially since 1975 and will continue to rise in the immediate future. House prices have risen faster in the metropolitan area than in the nonmetropolitan areas in the State. By 1980 the median house price in the metropolitan area was 50% more than the median price in the nonmetropolitan areas of the State.

The analysis of the data available to the Agency has led to a separate income limit for the metropolitan area and the nonmetropolitan areas of the State. The Agency has established a dual income limit because the data show a variation in incomes and house prices sufficient that any single limit would either be too high in the nonmetropolitan areas or two low in the metropolitan area.

The proposed income limits and amounts of monthly assistance will allow a household to purchase a $50,000 house in the metropolitan area and a $40,000 house in nonmetropolitan areas of the State.

TABLE 1

THE MONTHLY BOND BUYER INDEX FOR 20 YEAR REVENUE BONDS FROM 2/17/78 TO 3/20/81.

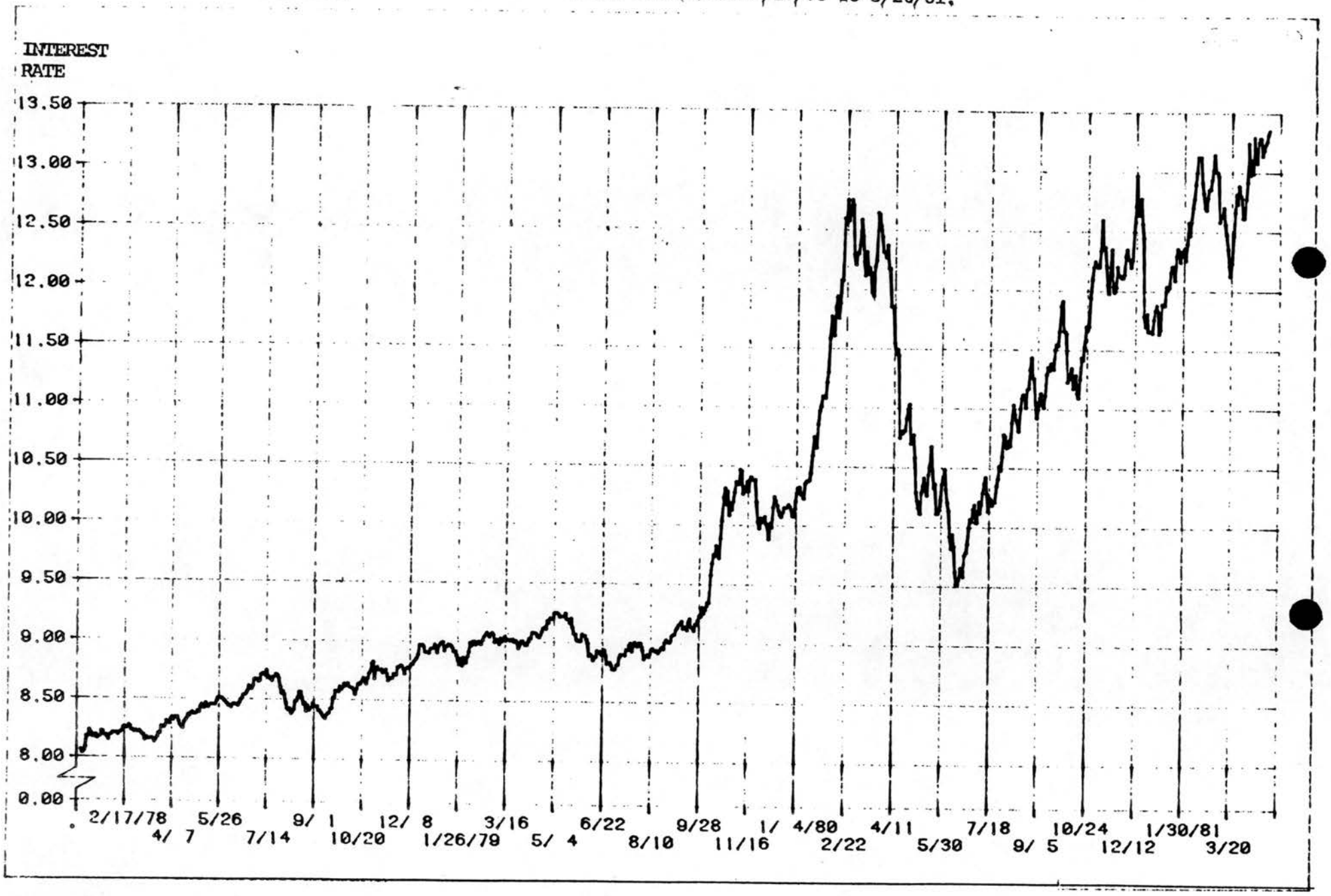


TABLE 2

THE WEEKLY BOND BUYER INDEX FOR 20 YEAR REVENUE BONDS FROM 10/10/80 TO 4/24/81.

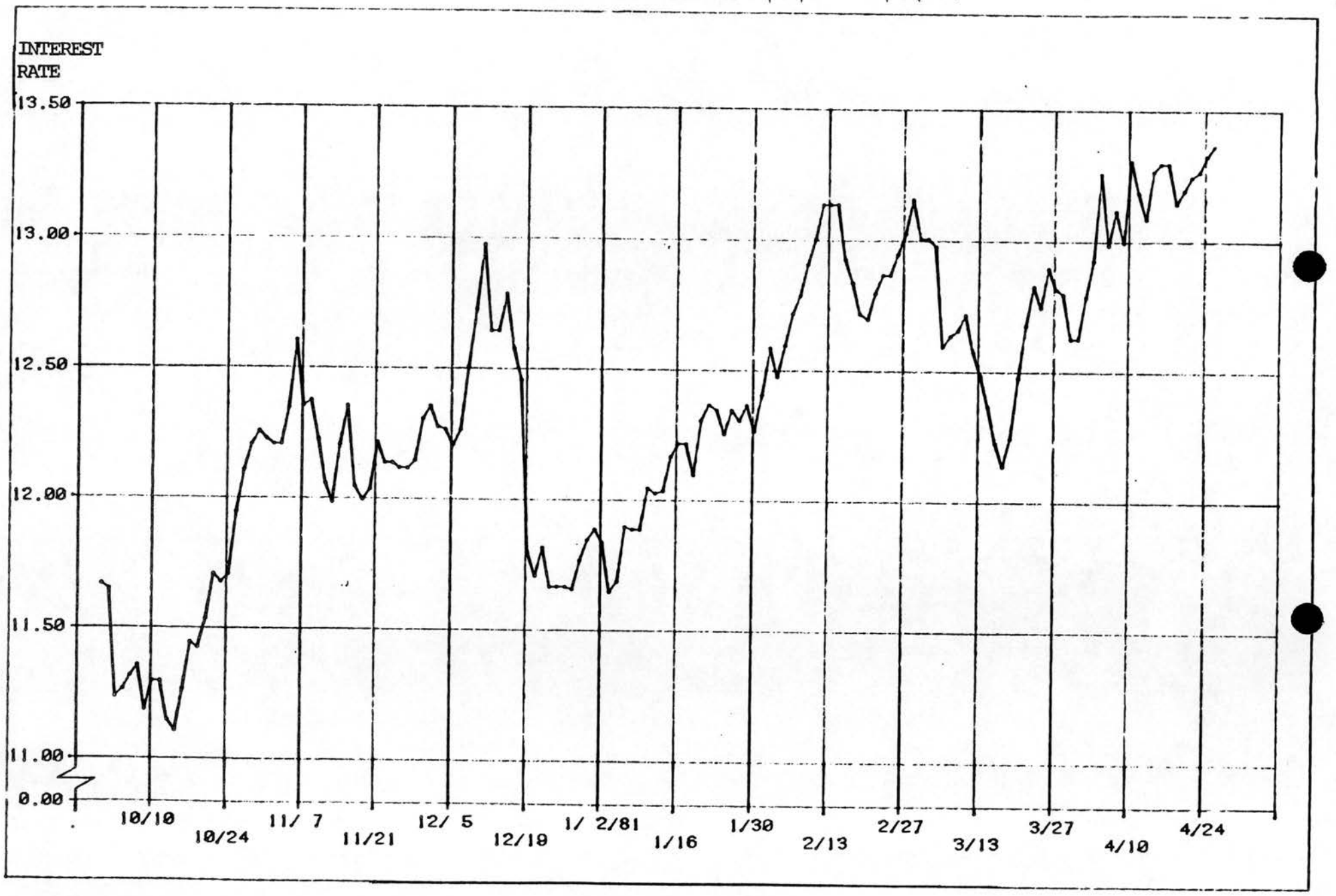


TABLE 3

MEDIAN HOUSE PRICES IN THE METROPOLITAN AREA FROM 1975 - 1982

1975	1976	1977	1978	1979	1980	1981	1982
$35,000	$38,000	$43,000	$51,000	$59,000	$63,000	$71,000	$79,000

MEDIAN HOUSE PRICES IN THE NONMETROPOLITAN AREA FROM 1975 - 1982

1975	1976	1977	1978	1979	1980	1981	1982
$24,000	$28,000	$33,000	$37,000	$40,000	$41,000	$47,000	$53,000

NOTE: House prices for the years 1975 to 1980 are based on Certificates of Real Estate filed with the Department of Revenue. House prices for the years 1981 to 1982 were projected using actual sales price data from 1980. A 12% rate of inflation was assumed. New distributions of sales prices were generated and then the median prices were calculated

STATE OF MINNESOTA

MINNESOTA HOUSING FINANCE AGENCY

In the Matter of the Proposed Amendment to and Adoption of Rules Governing Eligibility for the Home Ownership Assistance Fund Without a Public Hearing

STATEMENT OF COMPLIANCE WITH RULEMAKING PROCEDURES

I, Special Assistant Attorney General, James E. Dinerstein do hereby declare that I have examined the rules and all related documents and that, based on my examination and my personal familiarity with the applicable procedures, the Administrative Procedure Act, the rules of the Office of Administrative Hearings, and the rules of the Attorney General have been followed. Any exception are noted below.

James E. Dinerstein
Special Assistant Attorney General

Dated: 9/25/81