

Minnesota Attorney General: Administrative Rules Proceedings

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Version 3
August 20, 2018

Our File No. 776

RULE REVIEW CHECKLIST

DATE RULE RECEIVED 1-11-82
DATE FOR REVIEW 1-20-82
DATE DUE 1-25-82

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

Approved 1-25-82 Disapproved _____ Returned to Agency 1-26-82

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

Date filed w/Secretary of State 1-25-82 Revisor approved 1/14/82 disapproved 1/14/82

✓ Rule as Adopted

✓ Rule as Proposed

✓ Order Adopting 12.17.81 Date

N/A Notice of Intent to Solicit Outside Opinion

✓ Order for rulemaking
N/A date of Hearing

✓ Certificate of Board's Authorizing Resolution

✓ Notice of rulemaking
✓ Sufficiency

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

✓ Mailing list Certificate

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

N/A Hearing Examiner's Report

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

? Agency's Findings of Fact see transmittal memo re change from Rules as Proposed

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

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

✓ Certificate of Compliance w/Rulemaking Procedures

N/A Affidavit of Mailing Notice of Submission to Attorney General

✓ Notice of Submission to the Attorney General
(see transmittal memo.

SF-00006-02

STATE OF MINNESOTA

DEPARTMENT ATTORNEY GENERAL

Office Memorandum

TO : JAMES J. SOLEM
Executive Director

DATE: January 25, 1982

ATTN: Monte Aaker, Research Coordinator

FROM : Larry D. Starns
Special Assistant Attorney General

PHONE: 297-3493

SUBJECT: In the Matter of the Adoption of Rules Amending Provisions Relating to Income Limits for Limited Unit Developments Without a Public Hearing

Enclosed herewith are the rules you have submitted for approval. These rules have been approved by this office and filed with the Secretary of State. Please note that they have not been filed with the State Register. This must be done promptly by your agency.

Upon receipt and before transmittal to your agency, however, it is important that you recheck these rules as to:

1. Affixation of stamps of the Attorney General and Secretary of State to the last page of the rules;

2. Coverage by these stamps of all rules submitted; and

3. Inclusion of all pages to the rules in the approved set.

If you have any questions in this regard, please contact me.

Encs.

cc: Ms. Kathy Burek
Mr. Duane Harves

LDS:drw

MINNESOTA HOUSING FINANCE AGENCY

January 7, 1982

RECEIVED
JAN 1 1 1982
ATTORNEY GENERAL
ADMINISTRATIVE AGENCIES

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 Income Limits for Limited Unit Development 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:

Rule as Adopted.

Order Adopting.

Certificate of Board's Resolution Adopting a Rule.

Order for Notice of Intent to Adopt a Rule Without 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.

Written Comment.

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 requests for a hearing were received during the 30 day period.

The only change in the rule as proposed has been made in response to the written comment from the Department of Veterans Affairs.

Sincerely,

Monte Aaker

Monte Aaker
Research Coordinator

MA/bmw
Encl.

STATE OF MINNESOTA
DEPARTMENT OF VETERANS AFFAIRS
VETERANS SERVICE BUILDING
SAINT PAUL, MINN. 55155

OFFICE OF THE
COMMISSIONER
(612) 296-2783

REPLY TO: (612) 296-_____

September 15, 1981

Mr. Monte Aaker
Research Coordinator
Minnesota Housing Finance Agency
333 Sibley Street
St. Paul, MN 55101

Dear Mr. Aaker:

With regard to the proposed rules governing income limits for limited unit developments, I would like to suggest that the maximum adjusted income for downpayment assistance loans under the Vietnam Era Veterans Downpayment Assistance Program be included in this change.

Veterans' organizations and Veterans Service Officers have expressed enthusiastic endorsement for an increase in the income limits. The Minnesota Housing Finance Agency has indicated that it would not oppose a change, and in fact, expressed its support.

In light of the above, I propose the following regarding maximum adjusted income limits for the Vietnam Era Veterans Downpayment Assistance Program authorized by Minnesota Statutes 462A.05, Subdivision 19 (1980):

$22,000 for regions 1-10
$27,000 for region 11

Thank you for your consideration.

Yours truly,

Ronald J. Lavell
Deputy Commissioner

kk

AN EQUAL OPPORTUNITY EMPLOYER

Minnesota Housing Finance Agency

Adopted Rule Governing Income Limits for Limited Unit Developments

Rule as Adopted

12 MCAR S 3.002

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

1. With respect to limited-unit mortgage loans pursuant to Chapter Four of these rules, development cost loans pursuant to Chapter Three of these rules, planning grants pursuant to Chapter Five of these rules, and American Indian housing loans pursuant to Chapter Eight of these rules, which loans and grants are intended for a limited-unit development, or a dwelling unit in a planned unit development or a condominium, those persons and families whose adjusted income does not exceed the amounts set forth in Exhibit 12 MCAR S 3.002 O.-1. or such lower amount as shall be required to assure that the interest on obligations of the agency will be exempt from federal income taxation. "Metropolitan area" has the meaning given it in Minn. Stat. S 473.121, subd. 2~~.~~ ;

Exhibit 12 MCAR S 3.002 0.-1.

Mortgage Interest Rate	Nonmetropolitan Area Maximum Adjusted Income	Metropolitan Area Maximum Adjusted Income
0-10.59%	$19,000	$24,000
10.60-11.09%	$20,000	$25,000
11.10-11.59%	$21,000	$26,000
11.60-12.00%	$22,000	$27,000

2. With respect to limited-unit mortgage loans to veterans and veterans' dependents to assist in making down payments pursuant to Minn. Stat. S 462A.05, subd. 19, those persons and families whose adjusted income does not exceed $22,000 for the nonmetropolitan area and $27,000 for the metropolitan area regardless of the interest rate on the mortgage loan for which down payment assistance has been given;

Reletter. Reletter 12 MCAR S 3.002 0.2.-4. as 0.3.-5.

OFFICE OF THE REVISOR OF STATUTES

AR0060
1-14-82

Certificate of Approval of Adopted Rules

Agency: Minnesota Housing Finance Agency

Rule Numbers: 12 MCAR S 3.002

Rule Title: Adopted Rule Governing Income Limits for Limited Unit Developments

Type of Rules: Permanent X

Temporary _____

Documents Incorporated by Reference:

The attached Rules are approved as to form.

APPROVED AS TO LEGALITY
January 25, 1982
WARREN SPANNAUS, ATTORNEY GENERAL
BY Terry D. Peters
SPECIAL ASSISTANT ATTORNEY GENERAL

Steven C. Cross
Revisor of Statutes

STATE OF MINNESOTA
DEPARTMENT OF STATE
FILED
JAN 25 1982
Joan Anderson Growe
Secretary of State
3:10PM

Name: Ann L. Bateson
Ann L. Bateson

Title: Deputy Revisor

Phone: 296-1536

Rule as Adopted

12 MCAR § 3.002

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

1. With respect to limited-unit mortgage loans pursuant to Chapter Four of these rules, development cost loans pursuant to Chapter Three of these rules, planning grants pursuant to Chapter Five of these rules, and American Indian housing loans pursuant to Chapter Eight of these rules, which loans and grants are intended for a limited-unit development, or a dwelling unit in a planned unit development or a comdominium, those persons and families whose adjusted income does not exceed the amounts set forth in Exhibit 12 MCAR § 3.002 O.-1. or such lower amount as shall be required to assure that the interest on obligations of the agency will be exempt from federal income taxation. "Metropolitan area" has the meaning given it in Minn. Stat. § 473.121, subd. 2. With respect to limited-unit mortgage loans to veterans and veterans' dependents to assist in making down payments pursuant to Minn. Stat. § 462A.05, Subdivision 19, those persons and families whose adjusted income does not exceed $22,000 for the Non-Metropolitan area and $27,000 for the Metropolitan Area regardless of the interest rate on the mortgage loan for which down payment assistance has been given.

Exhibit 12 MCAR § 3.002 O.-1.

Mortgage Interest Rate	Non-Metropolitan Area Maximum Adjusted Income	Metropolitan Area Maximum Adjusted Income
0-10.59%	$19,000	$24,000
10.60-11.09%	$20,000	$25,000
11.10-11.59%	$21,000	$26,000
11.60-12.00%	$22,000	$27,000

OFFICE OF THE REVISOR OF STATUTES
Disapproval of Form of Rules

__X__ The form of the attached rules is not approved. The revisor requests the changes described below before the rules will be approved.

page 1, line 13, after "subd. 2" strike the period and insert an underlined semi-colon

page 1, lines 13-18, move the text beginning with "With" and ending with "given." to after the exhibit and underline it. Insert "2." before "With"

page 1, line 9, correct the misspelled "comdominium"

page 1, after line 28 insert: "Relettering. Reletter 12 MCAR S 3.002 0.2.-4, as 0.3.-5."

page 1, line 15, delete "Subdivision " and insert "subd."

Steven C. Cross
Revisor of Statutes

Name: Ann L. Bateson
Ann L. Bateson

Title: Deputy Revisor

Phone: 296-1536

- - - -

Rule as Proposed

12 MCAR S 3.002

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

1. With respect to limited-unit mortgage loans pursuant to Chapter Four of these rules, development cost loans pursuant to Chapter Three of these rules, planning grants pursuant to Chapter Five of these rules, and American Indian housing loans pursuant to Chapter Eight of these rules, which loans and grants are intended for a limited-unit development, or a dwelling unit in a planned unit development or a condominium, those persons and families whose adjusted income does not exceed ~~$19,000 in the metropolitan area as defined in Minn. Stat. S 473.121, subd. 2 and $17,500 in the remainder of the state~~ the amounts set forth in Exhibit 12 MCAR S 3.002 O.-1. or such lower amount as shall be required to assure that the interest on obligations of the agency will be exempt from federal income taxation; and. "Metropolitan area" has the meaning given it in Minn. Stat. S 473.121, subd. 2.

Exhibit 12 MCAR S 3.002 0.-1.

Mortgage Interest Rate	Maximum Adjusted Income, Nonmetropolitan Area	Maximum Adjusted Income, Metropolitan Area
0-10.59%	$19,000	$24,000
10.60-11.09%	$20,000	$25,000
11.10-11.59%	$21,000	$26,000
11.60-12.00%	$22,000	$27,000

PROPOSED RULES

Agency Minnesota Housing Finance Agency

Division

Agency Contact James Solem, Executive Director Phone Number 296-7608

Title: Proposed Rule Governing Limited-Unit Mortgage Loans for Housing for Persons and Families of Low and Moderate Income

Type of Rules: Permanent X Temporary ____

Incorporations by References:

Rule Number

Material Incorporated
Author
Title
Place
Publisher
Date
Cost
Places Available

See Additional references on back Yes ____ No X

Duplication of Statutory Language None apparent

Rule Number Statutory Section Duplicated

The attached rules are approved as to form.

Steven C. Cross
Revisor of Statutes

Name: Theresa M. Lauterbach

Title: Assistant Revisor

Phone: 296-0956

STATE OF MINNESOTA

MINNESOTA HOUSING FINANCE AGENCY

In the Matter of the Adoption of Rules
Amending Provisions Relating to Income
Limits for Limited Unit Developments
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 September 28, 1981, and Notice of Correction was published in the State Register on November 9, 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 November 5, 1981. After affording interested and affected persons an opportunity to submit comments for 30 days after the Corrected Notice, received 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 the 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 Income Limits for Limited Unit Developments are adopted this 17th day of December, 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 Income Limits for Limited Unit Developments 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 Income Limits for Limited Unit Developments, 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

Minnesota Housing Finance Agency

Notice of Correction of Publication of Proposed Amendment to and Adoption of Rules Governing Income Limits for Limited Unit Developments

The Notice of Intent of Proposed Amendment to and Adoption of Rules Governing Income Limits for Limited Unit Developments Without a Public Hearing published on August 24, 1981 at 6 S.R. 213 did not include certain information required in the notice by the rules adopted by the Attorney General. Accordingly, the corrected notice is published below. The rules are identical to those printed in the original notice.

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. § 15.041 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: 6

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

9

Authority for the adoption of these rules is contained in Minn. Stat. § 462A.06, subds. 4 and 11(1980). Additionally, a Statement of Need and Reasonableness that describes the need for and reasonableness of each provision of the proposed rules, and that identifies the data and information relied upon to support the proposed rules has been prepared and is available from Monte Aaker upon request.

Upon adoption of the final rules without a public hearing, the proposed rules, this Notice, the Statement of Need and Reasonableness, all written comments received, and the final rules as adopted will be delivered to a designee of the Attorney General for review as to form and legality, including the issue of substantial change. 8 Persons who wish to be advised of the submission of these rules for approval, or who wish to receive a copy of the final rules as adopted, should submit a written statement of such request to Monte Aaker.

A copy of the proposed rules is attached to this notice. Additional copies may be obtained by contacting Monte Aaker. 10

Please be advised that Minn Stat. ch. 10A requires each lobbyist to register with the State Ethical Practices Board within five (5) days after he or she commences lobbying. A lobbyist is defined in Minn. Stat. § 10A.01, subd. 11(1980) as any individual:

(a) Engaged for pay or other consideration, or authorized by another individual or association to spend money, who spends more than five hours in any month or more than $250.00, not including his own travel expenses and membership dues, in any year, for the purpose of attempting to influence legislative or administrative action by communicating or urging others to communicate with public officials; or

(b) Who spends more than $250.00, not including his own traveling expenses and membership dues, in any year for the purpose of attempting to influence legislative or administrative action by communicating or urging others to communicate with public officials.

The statute provides certain exceptions. Questions should be directed to the Ethical Practices Board, 40 State Office Building, Saint Paul, Minnesota 55155, telephone (612) 296-5615.

DATED: October 26, 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 Income Limits for Limited Unit Developments Without a Public Hearing

AFFIDAVIT OF MAILING

Judith A. Keiser, being first duly sworn, deposes and says:

That on the 5th day of November, 1981, at the City of St. Paul, County of Ramsey, State of Minnesota, she served the attached corrected 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.

Judith A Keiser

Subscribed and sworn to before me this 5th day of November, 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 Income
Limits for Limited Unit Developments
without a Public Hearing

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 3:00 p.m., this 5th day of November, 1981.

Judith A. Keiser

(a) Engaged for pay or other consideration, or authorized by another individual or association to spend money, who spends more than five hours in any month or more than $250.00, not including his own travel expenses and membership dues, in any year, for the purpose of attempting to influence legislative or administrative action by communicating or urging others to communicate with public officials; or

(b) Who spends more than $250.00, not including his own traveling expenses and membership dues, in any year for the purpose of attempting to influence legislative or administrative action by communicating or urging others to communicate with public officials.

The statute provides certain exceptions. Questions should be directed to the Ethical Practices Board, 40 State Office Building, Saint Paul, Minnesota 55155, telephone (612) 296-5615.

Lowell E. Torseth, Executive Secretary

Rule as Proposed

4 MCAR § 7.004 Fees.

C. The fee for licensure, or renewal of licensure, as an architect, professional engineer, land surveyor, or landscape architect shall ~~be $15~~ not exceed $25 per year. The initial license fee shall be prorated at six month intervals during each biennium not to exceed the amount indicated. The fee for months 24 to 18 ~~shall be $30,~~ is $50; for months 18 to 12 ~~shall be $22.50~~, $37.50; for months 12 to 6 ~~shall be $15~~, $25; and for months 6 to 0 ~~shall be $7.50~~, $12.50. The renewal fee for fiscal year 1978 shall be paid on or before June 30, 1977 and biennially on or before June 30 of each even numbered year thereafter, as required by Minn. Stat. § 326.10, subd. 4. The board may delete from the roster the name of any licensee who fails to timely pay the required renewal fee or if such renewal fee, when paid by mail, is not postmarked on or before June 30 of the year specified herein.

Minnesota Housing Finance Agency

Proposed Amendment to and Adoption of Rules Governing Income Limits for Limited Unit Developments

Notice of Correction of Previously Published "Notice of Intent to Adopt Rules without a Public Hearing"

The "Notice of Intent to Adopt Rules without a Public Hearing" published in the *State Register* along with the Proposed Amendment to and Adoption of Rules Governing Income Limits for Limited Unit Developments (6 S.R. 213, August 24, 1981) did not include certain information required in the notice by the rules adopted by the Attorney General. Accordingly, the corrected notice is published below. The rules are identical to those printed in the original notice.

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:

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.

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

Authority for the adoption of these rules is contained in Minn. Stat. § 462A.06, subds. 4 and 11(1980). Additionally, a statement of need and reasonableness that describes the need for and reasonableness of each provision of the proposed rules, and that identifies the data and information relied upon to support the proposed rules, has been prepared and is available from Monte Aaker upon request.

Upon adoption of the final rules without a public hearing, the proposed rules, this notice, the statement of need and reasonableness, all written comments received, and the final rules as adopted will be delivered to a designee of the Attorney General for review as to form and legality, including the issue of substantial change. Persons who wish to be advised of the submission of these rules for approval, or who wish to receive a copy of the final rules as adopted, should submit a written statement of such request to Monte Aaker.

A copy of the proposed rules is attached to this notice. Additional copies may be obtained by contacting Monte Aaker.

Please be advised that Minn. Stat. ch. 10A requires each lobbyist to register with the State Ethical Practices Board within five (5) days after he or she commences lobbying. A lobbyist is defined in Minn. Stat. § 10A.01, subd. 11(1980) as any individual:

(a) Engaged for pay or other consideration, or authorized by another individual or association to spend money, who spends more than five hours in any month or more than $250.00, not including *his own* travel expenses and membership dues, in any year, for the purpose of attempting to influence legislative or administrative action by communicating or urging others to communicate with public officials; or

(b) Who spends more than $250.00, not including *his own* traveling expenses and membership dues, in any year for the purpose of attempting to influence legislative or administrative action by communicating or urging others to communicate with public officials.

The statute provides certain exceptions. Questions should be directed to the Ethical Practices Board, 40 State Office Building, Saint Paul, Minnesota 55155, telephone (612) 296-5615.

October 26, 1981

James J. Solem
Executive Director

Rule as Proposed

12 MCAR § 3.002 O. "Persons and families of low and moderate income" means:

1. With respect to limited-unit mortgage loans pursuant to Chapter Four of these rules, development cost loans pursuant to Chapter Three of these rules, planning grants pursuant to Chapter Five of these rules, and American Indian housing loans pursuant to Chapter Eight of these rules, which loans and grants are intended for a limited-unit development, or a dwelling unit in a planned unit development or a condominium, those persons and families whose adjusted income does not exceed ~~$19,000 in the metropolitan area as defined in Minn. Stat. § 473.121, subd. 2 and $17,500 in the remainder of the state~~ the amounts set forth in Exhibit 12 MCAR § 3.002 O.-1. or such lower amount as shall be required to assure that the interest on obligations of the agency will be exempt from federal income taxation~~, and~~. "Metropolitan area" has the meaning given it in Minn. Stat. § 473.121, subd. 2.

Exhibit 12 MCAR § 3.002 O.-1.

Mortgage Interest Rate	Nonmetropolitan Area Maximum Adjusted Income	Metropolitan Area Maximum Adjusted Income
0-10.59%	$19,000	$24,000
10.60-11.09%	$20,000	$25,000
11.10-11.59%	$21,000	$26,000
11.60-12.00%	$22,000	$27,000

STATE OF MINNESOTA

MINNESOTA HOUSING FINANCE AGENCY

Proposed Amendment to and Adoption of
Rules Governing Income Limits for Limited
Unit Developments 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 17th day of December, 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 Income Limits for Limited Unit Developments 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 have the force and effect of law. Resolution No. MHFA 81-29 entitled Resolution Authorizing Amendment to and Adoption of Rules Governing Income Limits for Limited Unit Developments Without a Public Hearing adopted the 24th day of September, 1981, is hereby rescinded."

IN WITNESS WHEREOF, I have hereunto subscribed my name this 17th day of December, 1981.

Chairman

Secretary

STATE OF MINNESOTA

MINNESOTA HOUSING FINANCE AGENCY

Proposed Amendment to and Adoption of
Rules Governing Income Limits for Limited
Unit Developments Without a Public Hearing.

STATEMENT OF
NEED AND REASONABLENESS

12 MCAR 3.002 (O).

Minnesota Statutes, Section 462A.03, Subdivision 10, requires that the Minnesota Housing Finance Agency (Agency) establish in its rules income limits for the purpose of defining persons and families of low and moderate income. This is established in two Agency rules. In 12 MCAR §3.003(O) maximum adjusted income limits are established. Adjusted income is, in turn, determined pursuant to a formula set in the definition in 12 MCAR § 3.002 (N). The adjusted income limits were most recently set in May of 1979 at $19,000 in the metropolitan area as defined in Minnesota Statutes, Section 473.121, subdivision 2 and at $17,500 in the nonmetropolitan areas in the State. The proposed rule defines persons and families of low and moderate income as those whose adjusted income does not exceed the amounts set forth in Exhibit 12 MCAR § 3.002 (O)-1. By its terms, the rule applies to programs for three types of housing: limited unit developments, dwelling units in a planned unit development and condominiums. The term "limited unit development" refers to new or existing residential housing intended for occupancy by a person or family of low and moderate income and by not more than 5 other families. See 12 MCAR § 3.002(V).

It is necessary to increase the income limits because interest rates and house prices have risen substantially since 1979. It is also 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. For example (see Exhibit 12 MCAR §3.002(O)) if the interest rate on the mortgages is 11.25%, the maximum income limit in the metropolitan area will be $26,000 and in the nonmetropolitan area $21,000. The Agency is not proposing either a variable rate program or a variable income limit program. The same interest rate will be charged to all mortgagors.

Exhibit 1 MCAR § 3.002(O)-1

Mortgage Interest Rate	Nonmetropolitan Area Maximum Adjusted Income	Metropolitan Area Maximum Adjusted Income
0-10.59%	$19,000	$24,000
10.60-11.09%	$20,000	$25,000
11.10-11.59%	$21,000	$26,000
11.60-12.00%	$22,000	$27,000

Minnesota Statutes, Section 462A.03, subdivision 10 specifies four criteria for the determination of persons and families of low and moderate income. They are (1) the amount of total income of such persons and families available for housing needs, (2) the size of the family, (3) the cost and condition of housing facilitities available, (4) the eligibility of such persons and families to compete successfully in the normal housing market and to pay the amounts at which private enterprise is providing sanitary, decent and safe housing. These criteria will be reviewed in more detail below.

The first criterion specified in Section 462A, subdivision 10 is "the amount of total income of such persons and families available for housing needs". The general underwriting standard in the mortgage loan industry is that the estimated monthly mortgage payment (principal, interest, taxes and insurance) should not exceed 28% of gross monthly income. The analyses below will use this standard.

The second criterion specified in the statutory definitions of persons and families of low and moderate income is the size of the family. This factor is addressed by the Agency in the formula for adjusting income under 12 MCAR § 3.002(N), which is not the subject of amendment of this rule hearing. The Agency Board did, however, take 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 analyses below.

The third criterion specified in the statute is the cost and condition of housing facilities available. Table 3 shows actual house prices for 1975 through 1980 and projected prices for 1981 through 1982. House prices have risen substantially since 1975 and should 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 proposed set of income limits will allow a household in the metropolitan area to purchase a $60,000 house (the proposed existing price limit) and a $50,000 house in the nonmetropolitan areas of the State (the proposed existing house price limit).

Next, table 4 shows the relationship between interest rates and income limits in the metropolitan area (the same relationship also exists for these interest rates and the proposed income limits for the nonmetropolitan areas of the State). For example, with a 10.5% loan a household with a gross annual income of $26,000 or an adjusted income of $24,000 could afford a $60,000 house. However, a household with a 12% loan would need an adjusted income of $27,000 (gross of $29,000) to afford a house price of $60,000.

Table 5 shows the availability of housing and the relationship between house prices, interest rates and income. This table shows the maximum house price that a household with a gross income of $26,000 (adjusted $24,000) could afford at various interest rates. For every 1% increase in interest rate the maximum house price drops approximately $3,000. The table also shows that the number of houses sold drops rapidly with decreases in price.

In 1980 approximately 43% of all houses in the metropolitan area sold below $60,000, but only 7% sold below $41,000.

The proposed income limits are designed to provide an adequate selection of affordable houses.

The fourth criterion specified in the statute is the ability of such persons and families to compete in the normal housing market. In both tables 4 and 5 the Agency has included the current FHA/VA interest rate of 16.5%. As table 5 shows the purchase of a $60,000 house

with a 16.5% mortgage requires a gross annual income of $38,000; or as table 6 shows a household with a gross income of $26,000 ($24,000 adjusted) and a 16.5% mortgage could only afford a $41,000 house. In 1980 a detached house selling for under $41,000 in the metropolitan area was probably not safe, decent and sanitary. It is obvious then that families with incomes in the ranges proposed in this amended rule could not compete in the normal housing market.

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.

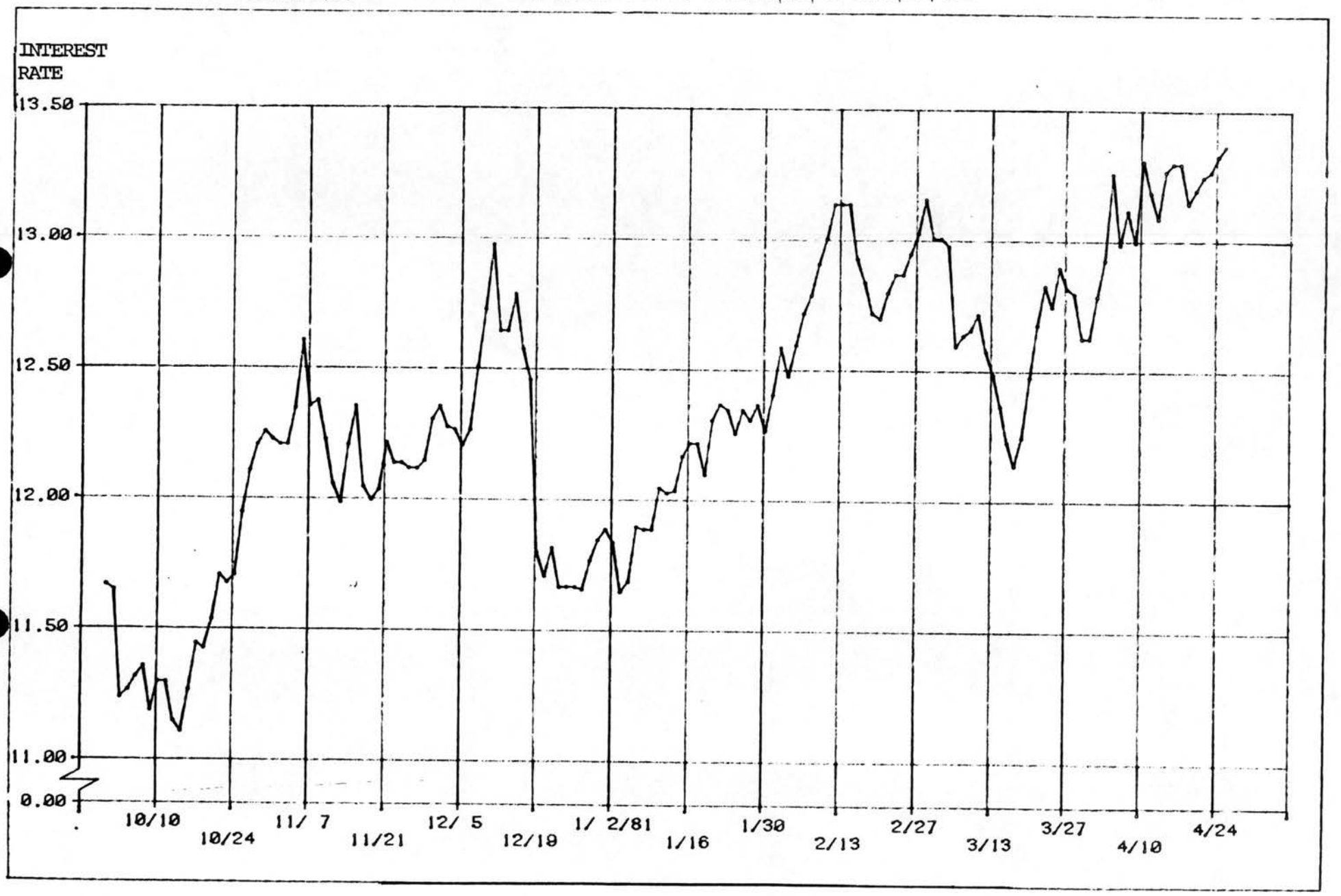


TABLE 3

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

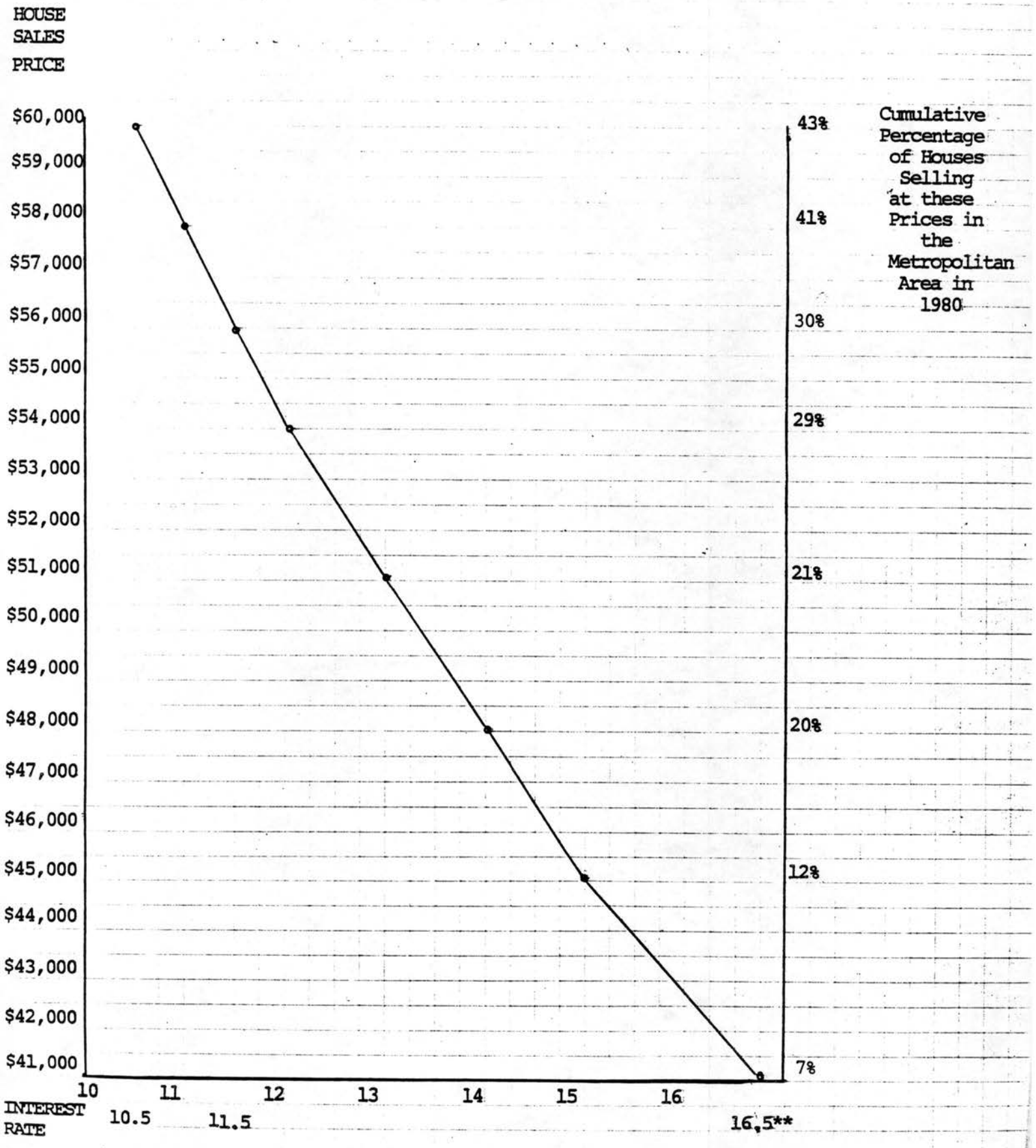
MEDIAN HOUSE PRICES IN THE NONMETROPOLITAN AREA FROM 1975 - 1982

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 value 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.

TABLE 4

The maximum house price a household with a $26,000 annual income could afford at various mortgage loan interest rates*

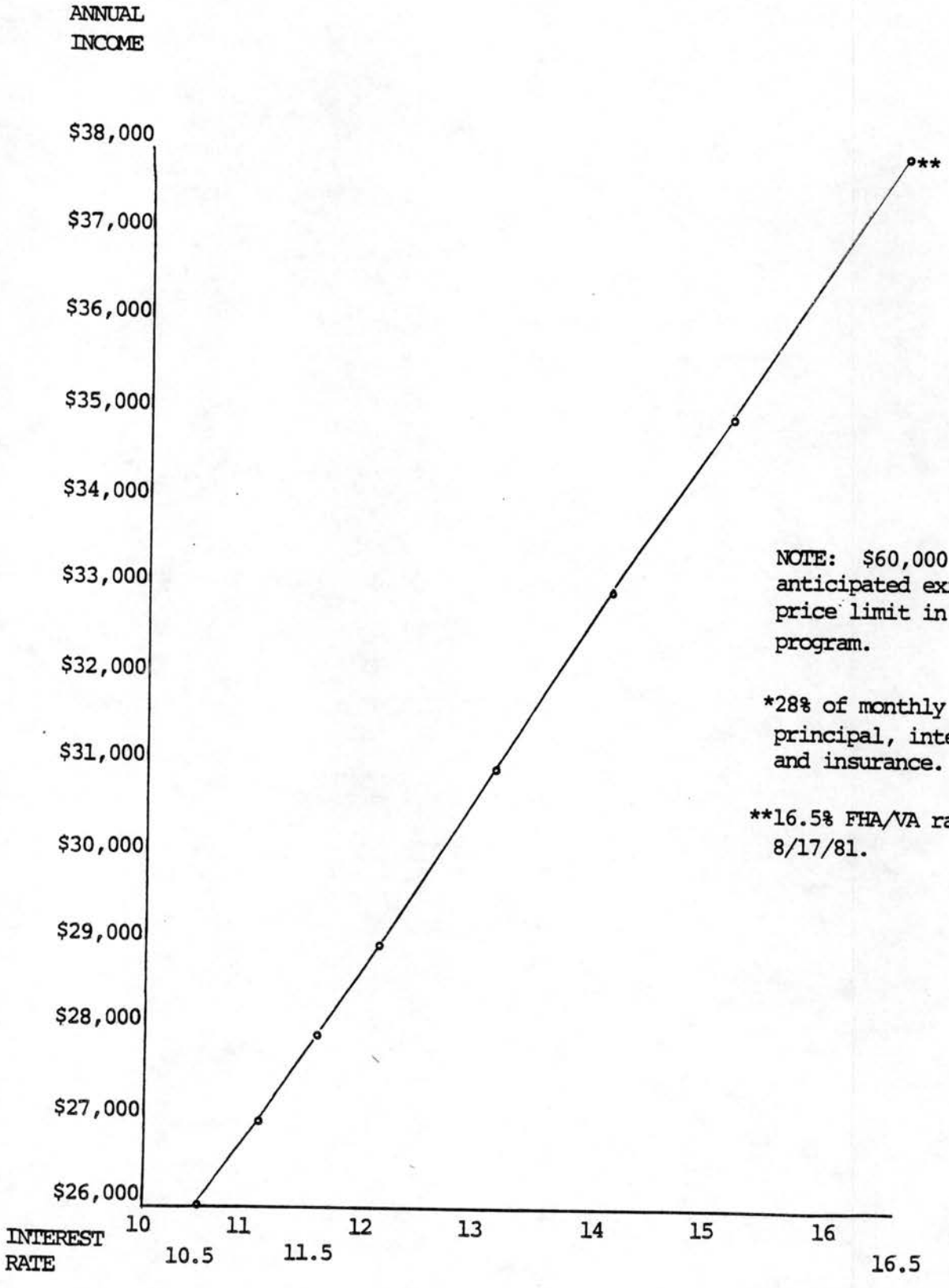


*28% monthly income for principal, interest, taxes and insurance.

**FHA/VA rates as of 8/17/81.

TABLE 5

Annual income required to purchase a $60,000 house at various interest rates*



NOTE: $60,000 anticipated existing house price limit in next Agency program.

*28% of monthly income for principal, interest, taxes and insurance.

**16.5% FHA/VA rate as of 8/17/81.

STATE OF MINNESOTA

MINNESOTA HOUSING FINANCE AGENCY

In the Matter of the Proposed Amendment to the Adoption of Rules Governing the Income Limits for Limited Unit Developments

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 exceptions are noted below.

James E. Dinerstein
Special Assistant Attorney General

Dated: January 5, 1982