

Minnesota Attorney General: Administrative Rules Proceedings

Copyright Notice:

This material may be protected by copyright law (U.S. Code, Title 17). Researchers are liable for any infringement. For more information, visit www.mnhs.org/copyright.

Version 3
August 20, 2018

Our File No. 947 TEMP

RULE REVIEW CHECKLIST

DATE RULE RECEIVED 8-26-83
DATE FOR REVIEW
DATE DUE 9-2

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

Approved 9-1-83 Disapproved Returned to Agency

Resubmitted Due
Approved Disapproved Returned to Agency

Date filed w/Secretary of State Revisor approved 8.29.83 disapproved

---

✓ Rule as Adopted

✓ Rule as Proposed See SR

✓ Order Adopting 8.25.83 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
7.22.83 At least ~~30~~ 20 days prior to hearing/adoption

✓ Mailing list Certificate

✓ Publication in State Register
7.25.83 ✓ 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

LCRAR Report or agency Affidavit

✓ Certificate of Board's Resolution Adopting Rules

N/A Order Approving Incorporation by Reference

Statement of Need and Reasonableness

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

MINNESOTA HOUSING FINANCE AGENCY

August 26, 1983

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

RE: In the Matter of the Proposed Adoption of Temporary Rules Governing Accessory Apartment Loans

Dear Mr. Starns:

Enclosed please find for your review pursuant to Minnesota Statutes, Sections 14.29 through 14.36, the adopted temporary rules of the Minnesota Housing Finance Agency.

The following materials are submitted to you for your review pursuant to 1 MCAR Section 1.204:

Temporary rule as adopted;

Order Adopting;

Certificate of Board's Resolution Adopting the Rule;

Order for Publication;

Certificate of Agency's Authorizing Resolution;

Rule as Proposed;

Notice of Rulemaking (copy of cover sheet with attached proposed rules);

Mailing List Certificate;

Affidavit of Mailing; and

Certificate of Compliance with rulemaking procedures.

The adopted temporary rules are identical to the proposed rules. The Agency did not receive any comments during the 20 day period.

Sincerely,

James J. Solem
Executive Director

JJS/jak

333 Sibley Street, St. Paul, Minnesota 55101 (612) 296-7608
Equal Opportunity Housing and Equal Opportunity Employment
Encl.

SF-00006-02

STATE OF MINNESOTA

DEPARTMENT ATTORNEY GENERAL

Office Memorandum

TO : James J. Solem, Executive Director

Attn: Karl J. Herman, Special Assistant Attorney General

DATE: 9/1/83

FROM : Martha J. Casserly
Special Assistant
Attorney General

MJC

PHONE: 296-4347

SUBJECT: In the Matter of the Proposed Adoption of Temporary Rules Governing Accessory Apartment Loans.

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;

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.
MJC/ls
cc: Ms. Kathy Burek
Mr. Duane Harves

AG copy

Minnesota Housing Finance Agency

Adopted Temporary Rules Governing Accessory Apartment Loans

Temporary Rules as Adopted

Chapter Six C

Accessory Apartment Loans

12 MCAR S 3.058 [Temporary] Definitions.

A. Scope. For the purposes of this chapter, the following terms have the meanings given them.

B. Accessory apartment loan. "Accessory apartment loan" means a loan the proceeds of which are used to construct an additional dwelling unit within a structure, or to improve not more than two rental dwelling units located in a structure that was originally built as a single-family residence and that, at the time of the loan application, contains a total of not more than three dwelling units.

C. Borrower. "Borrower" means one or more persons who apply for and receive an accessory apartment loan and who are the makers of a note in evidence of the loan.

D. Dwelling unit. "Dwelling unit" means a housing unit that includes self-contained cooking, sleeping, and bathroom facilities, and is located in the structure. A dwelling unit may be occupied by either a tenant or the owner of the structure.

E. Rental dwelling unit. "Rental dwelling unit" means a dwelling unit that is occupied by a person or household other than the owner of the structure and for which rent in cash or in kind is received by the owner.

F. Structure. "Structure" means a building that was originally built as a single-family residence and that satisfies the eligibility requirements of 12 MCAR S 3.059 E. [Temporary].

12 MCAR S 3.059 [Temporary] Eligibility requirements.

A. Property interest. A borrower shall individually or in the aggregate possess at least a one-third interest in a fee ownership of, a contract for deed for, or a life estate in the

property on which the structure to be improved is located.

B. Occupancy. If the proceeds of an accessory apartment loan are used to construct an additional dwelling unit, at least one of the borrowers shall occupy the structure as his or her principal residence at the time of loan application or shall occupy one dwelling unit within the structure within 60 days of the date of the note in evidence of the loan.

If the proceeds from an accessory apartment loan are used to improve one or more dwelling units, at least one of the borrowers shall occupy one of the dwelling units as his or her principal residence at the time of loan application.

C. Credit worthiness. A borrower shall be a reasonable credit risk and shall be able to pay the loan obligation as determined under 12 MCAR S 3.013.

D. Borrower eligibility. A borrower shall meet either of the following standards to be eligible for an accessory apartment loan:

1. a borrower shall be a person or household of low or moderate income as defined in 12 MCAR S 3.002 0.5.; or

2. a borrower shall agree to rent all of the dwelling units that he or she does not occupy at a rate not to exceed the current United States Department of Housing and Urban Development(HUD) Fair Market Rents for Existing Dwellings in the section 8 program under the United States Housing Act of 1937, United States Code, title 42, sections 1437 et seq. as amended through December 31, 1982, as determined and adjusted from time to time by HUD, for a period of at least one year from the date the dwelling unit is first occupied by a renter.

E. Eligibility of structure. The structure to be improved or modified with the proceeds of an accessory apartment loan must comply with applicable zoning ordinances or other applicable land use guides upon completion of the construction or improvements.

If a borrower qualifies for a loan by satisfying the requirement in D.1., the structure to be modified or improved must have been completed and occupied as a residence for at

least 90 days at the time of the loan application.

If a borrower qualifies for a loan solely by satisfying the requirements in D.2., the structure to be modified or improved must be at least 15 years old at the time of loan application.

12 MCAR S 3.060 [Temporary] Eligible improvements.

A. Permanent general improvements. Proceeds from an accessory apartment loan must be used to finance only permanent general improvements. Permanent general improvements include additions, alterations, renovations, or repairs upon or in connection with existing structures. Permanent general improvements do not include materials, fixtures, or landscaping of a type or quality exceeding that customarily used in the locality for properties of the same general type as the structure to be modified or improved.

B. Loan proceed restrictions. The proceeds from an accessory apartment loan must be used to finance only improvements or modifications to, or in connection with, an existing structure. The proceeds from an accessory apartment loan may be used as follows:

1. To add not more than one dwelling unit to a structure that is a single-family residence at the time of the loan application; or

2. To improve a structure that, at the time of the loan application, contains one or two rental dwelling units in addition to a dwelling unit occupied by the owner of the structure. Use of the proceeds from an accessory apartment loan for the type of structure described in B.2. is restricted to improvements that will bring all rental dwelling units into compliance with local zoning ordinances and other applicable health, fire prevention, building, and housing codes and standards.

The proceeds from an accessory apartment loan must not be used to pay for assessments for public improvements except if the improvements will bring an individual sewage disposal system (including septic system) located on the property on which the structure is located into compliance with local, state, or

federal environmental and sanitary standards.

C. Energy conservation. If an existing or newly constructed rental dwelling unit does not comply with the state energy conservation standards for rental housing, the proceeds from an accessory apartment loan must be used to bring the rental dwelling unit into compliance with these standards.

D. Time of completion. Improvements or construction financed in whole or in part by an accessory apartment loan must be completed within nine months of the date of the first disbursement of the loan except for delays due to causes beyond the borrower's reasonable control, such as fire, strike, and shortage of materials.

12 MCAR S 3.061 [Temporary] Other requirements.

A. Unavailability of financing. At the time of application for an accessory apartment loan, conventional financing for this purpose must not be available from private lenders upon equivalent terms and conditions.

B. Other codes and standards. Following the completion of construction or improvement, all rental dwelling units must comply with all applicable health, fire prevention, building, and housing codes and standards. However, an accessory apartment loan shall not be denied solely because the construction or improvements to be financed by it will not bring the entire structure into full compliance with these codes and standards.

C. Warranty of workmanship and materials. Contracts for construction or improvement of a dwelling unit that are financed in whole or in part by the proceeds from an accessory apartment loan must contain a warranty of workmanship and materials that is approved by the agency.

APPROVED AS TO FORM AND LEGALITY

September 1 1983

HUBERT H. HUMPHREY, III
ATTORNEY GENERAL

BY Martha J Cassady
SPECIAL ASSISTANT ATTORNEY GENERAL

STATE OF MINNESOTA
DEPARTMENT OF STATE
FILED
SEP 1 1983
Joan Anderson Growe
Secretary of State

10:15 A.M.

STATE OF MINNESOTA

MINNESOTA HOUSING FINANCE AGENCY

In the Matter of the Proposed Adoption
of Temporary Rules Governing Accessory
Apartment Loans

ORDER ADOPTING
TEMPORARY RULES

The above-entitled matter was published in the State Register on July 25, 1983, as a proposed temporary rule pursuant to Minnesota Statutes Sections 14.29 through 14.36. After affording interested and affected persons an opportunity to submit written data and views within 20 days of the publication date, reviewing and considering the data and views, and determining that the above-captioned rules are needed and reasonable.

NOW, THEREFORE, IT IS ORDERED that these rules identified as Rules of the Minnesota Housing Finance Agency Governing Accessory Apartment Loans are adopted this 25th day of August, 1983, pursuant to authority vested in the Agency by Minnesota Statutes Chapter 462A.03, Subdivision 10, and Chapter 462A.06, Subdivision 11.

James J. Solem, Executive Director

MINNESOTA HOUSING FINANCE AGENCY

Proposed Temporary Rules Governing Accessory Apartment Loans

Request for Public Comment

Notice is hereby given that the Minnesota Housing Finance Agency has proposed the following temporary rules for the purpose of establishing procedures for application for participation in and setting income limits for Accessory Apartment Loans, pursuant to Subdivision 10 of Chapter 462A.03 and Subdivision 11 of Chapter 462A.06 of Minnesota Statutes.

All interested persons are hereby afforded the opportunity to submit their comments on the proposed rules for 20 days immediately following publication of this material in the State Register by writing to Mary Tingerthal, Director of Home Improvement Loan Programs, Minnesota Housing Finance Agency, Suite 200, 333 Sibley Street, St. Paul, Minnesota 55101. The temporary rules may be revised on the basis of comments received. Any written material received shall became part of the record in the final adoption of the temporary rule. As required by the Administrative Procedures Act, this temporary rule will be effective for not more than 180 days and may be continued in effect for up to an additional 180 days.

Dated: July 22, 1983

James J. Solem
Executive Director

Temporary Rules as Proposed (all new material)

Chapter Six C

Accessory Apartment Loans

12 MCAR S 3.058 [Temporary] Definitions.

A. Scope. For the purposes of this chapter, the following terms have the meanings given them.

B. Accessory apartment loan. "Accessory apartment loan" means a loan the proceeds of which are used to construct an additional dwelling unit within a structure, or to improve not more than two rental dwelling units located in a structure that was originally built as a single-family residence and that, at the time of the loan application, contains a total of not more than three dwelling units.

C. Borrower. "Borrower" means one or more persons who apply for and receive an accessory apartment loan and who are the makers of a note in evidence of the loan.

D. Dwelling unit. "Dwelling unit" means a housing unit that includes self-contained cooking, sleeping, and bathroom facilities, and is located in the structure. A dwelling unit may be occupied by either a tenant or the owner of the structure.

E. Rental dwelling unit. "Rental dwelling unit" means a dwelling unit that is occupied by a person or household other than the owner of the structure and for which rent in cash or in kind is received by the owner.

F. Structure. "Structure" means a building that was originally built as a single-family residence and that satisfies the eligibility requirements of 12 MCAR S 3.059 E. [Temporary].

12 MCAR S 3.059 [Temporary] Eligibility requirements.

A. Property interest. A borrower shall individually or in the aggregate possess at least a one-third interest in a fee ownership of, a contract for deed for, or a life estate in the property on which the structure to be improved is located.

B. Occupancy. If the proceeds of an accessory apartment loan are used to construct an additional dwelling unit, at least one of the borrowers shall occupy the structure as his or her

APPROVED IN THE REVISOR OF STATUTES OFFICE BY: MVH

principal residence at the time of loan application or shall occupy one dwelling unit within the structure within 60 days of the date of the note in evidence of the loan.

If the proceeds from an accessory apartment loan are used to improve one or more dwelling units, at least one of the borrowers shall occupy one of the dwelling units as his or her principal residence at the time of loan application.

C. Credit worthiness. A borrower shall be a reasonable credit risk and shall be able to pay the loan obligation as determined under 12 MCAR S 3.013.

D. Borrower eligibility. A borrower shall meet either of the following standards to be eligible for an accessory apartment loan:

1. a borrower shall be a person or household of low or moderate income as defined in 12 MCAR S 3.002 0.5.; or

2. a borrower shall agree to rent all of the dwelling units that he or she does not occupy at a rate not to exceed the current United States Department of Housing and Urban Development(HUD) Fair Market Rents for Existing Dwellings in the section 8 program under the United States Housing Act of 1937, United States Code, title 42, sections 1437 et seq. as amended through December 31, 1982, as determined and adjusted from time to time by HUD, for a period of at least one year from the date the dwelling unit is first occupied by a renter.

E. Eligibility of structure. The structure to be improved or modified with the proceeds of an accessory apartment loan must comply with applicable zoning ordinances or other applicable land use guides upon completion of the construction or improvements.

If a borrower qualifies for a loan by satisfying the requirement in D.1., the structure to be modified or improved must have been completed and occupied as a residence for at least 90 days at the time of the loan application.

If a borrower qualifies for a loan solely by satisfying the requirements in D.2., the structure to be modified or improved must be at least 15 years old at the time of loan application.

APPROVED IN THE REVISOR OF STATUTES OFFICE

12 MCAR S 3.060 [Temporary] Eligible improvements.

A. Permanent general improvements. Proceeds from an accessory apartment loan must be used to finance only permanent general improvements. Permanent general improvements include additions, alterations, renovations, or repairs upon or in connection with existing structures. Permanent general improvements do not include materials, fixtures, or landscaping of a type or quality exceeding that customarily used in the locality for properties of the same general type as the structure to be modified or improved.

B. Loan proceed restrictions. The proceeds from an accessory apartment loan must be used to finance only improvements or modifications to, or in connection with, an existing structure. The proceeds from an accessory apartment loan may be used as follows:

1. To add not more than one dwelling unit to a structure that is a single-family residence at the time of the loan application; or

2. To improve a structure that, at the time of the loan application, contains one or two rental dwelling units in addition to a dwelling unit occupied by the owner of the structure. Use of the proceeds from an accessory apartment loan for the type of structure described in B.2. is restricted to improvements that will bring all rental dwelling units into compliance with local zoning ordinances and other applicable health, fire prevention, building, and housing codes and standards.

The proceeds from an accessory apartment loan must not be used to pay for assessments for public improvements except if the improvements will bring an individual sewage disposal system (including septic system) located on the property on which the structure is located into compliance with local, state, or federal environmental and sanitary standards.

C. Energy conservation. If an existing or newly constructed rental dwelling unit does not comply with the state energy conservation standards for rental housing, the proceeds from an

APPROVED IN THE REVISOR OF STATUTES OFFICE BY:

accessory apartment loan must be used to bring the rental dwelling unit into compliance with these standards.

D. Time of completion. Improvements or construction financed in whole or in part by an accessory apartment loan must be completed within nine months of the date of the first disbursement of the loan except for delays due to causes beyond the borrower's reasonable control, such as fire, strike, and shortage of materials.

12 MCAR S 3.061 [Temporary] Other requirements.

A. Unavailability of financing. At the time of application for an accessory apartment loan, conventional financing for this purpose must not be available from private lenders upon equivalent terms and conditions.

B. Other codes and standards. Following the completion of construction or improvement, all rental dwelling units must comply with all applicable health, fire prevention, building, and housing codes and standards. However, an accessory apartment loan shall not be denied solely because the construction or improvements to be financed by it will not bring the entire structure into full compliance with these codes and standards.

C. Warranty of workmanship and materials. Contracts for construction or improvement of a dwelling unit that are financed in whole or in part by the proceeds from an accessory apartment loan must contain a warranty of workmanship and materials that is approved by the agency.

APPROVED IN THE
REVISOR OF STATUTES
OFFICE BY:

OFFICE OF THE REVISOR OF STATUTES

Proposed Rule

RD371T

Agency: Minnesota Housing Finance Agency

Division:

Agency Contact: Judy Keiser

Rule Numbers: 12 MCAR SS 3.058-3.061

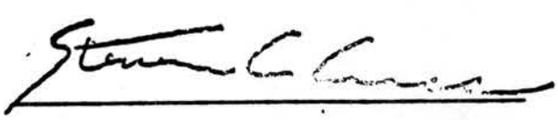
Title: Temporary Proposed Rules Governing Accessory Apartment Loans

Type of Rules: Temporary

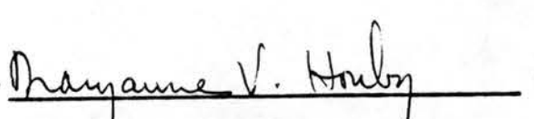
Incorporations by Reference: None
Rule Number: Material Incorporated:

Duplication of Statutory Language: None
Rule Number: Statutory Section Duplicated:

The attached rules are approved as to form.



Steven C. Cross
Revisor of Statutes



Maryanne V. Hruby
Assistant Revisor
Phone: 297-2948
Date: July 7, 1983

STATE OF MINNESOTA

MINNESOTA HOUSING FINANCE AGENCY

In the Matter of the Proposed Adoption of Temporary Rules Governing Accessory Apartment Loans

ORDER FOR PUBLICATION OF TEMPORARY RULES

It is ordered this 23rd day of June, 1983 that the proposed temporary rules in the above-entitled matter be published in the State Register.

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 June, 1983, 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, be and he hereby is authorized and directed to give public notice for the purpose of promulgating Temporary Rules of the Minnesota Housing Finance Agency, said rules relating to Governing Accessory Apartment Loans as well as perform any and all acts incidental thereto."

IN WITNESS WHEREOF, I have hereunto subscribed my name this 23rd day of June, 1983.

James J. Solem, Executive Director

In the Matter of the Proposed Adoption
of Temporary Rules Governing Accessory
Apartment Loans

AFFIDAVIT OF
MAILING

STATE OF MINNESOTA)
) ss.
COUNTY OF RAMSEY)

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

That on the 22nd day of July, 1983, at the City of St. Paul, County of Ramsey, State of Minnesota, she served the attached Notice of Rulemaking by depositing in the United States mail at said City of St. Paul, a copy thereof, properly enveloped, with postage prepaid to all persons and associations who have requested that their names be placed on file with the 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 22nd day of July,
1983.

Kathleen J. Johnson
Notary Public

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

STATE OF MINNESOTA

MINNESOTA HOUSING FINANCE AGENCY

STATE OF MINNESOTA

COUNTY OF RAMSEY

MAILING LIST CERTIFICATE

In the Matter of the Proposed Adoption
of Temporary Rules Governing Accessory
Apartment Loans

I hereby certify that the list of persons, associations and other interested groups who have requested, pursuant to Minnesota Statutes Section 14.14 Subdivision 1, 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 this 22nd day of July, 1983.

Judith A. Keiser

17. This contract contains all the agreements made between the QF and the Utility. The QF and the Utility are not responsible for any agreements other than those stated in this contract.

THE QF AND THE UTILITY HAVE READ THIS CONTRACT AND AGREE TO BE BOUND BY ITS TERMS. AS EVIDENCE OF THEIR AGREEMENT, THEY HAVE EACH SIGNED THIS CONTRACT BELOW ON THE DATE WRITTEN AT THE BEGINNING OF THIS CONTRACT.

_____

QF

By: _____

_____

Minnesota Housing Finance Agency

Proposed Temporary Rules Governing Accessory Apartment Loans

Request for Public Comment

Notice is hereby given that the Minnesota Housing Finance Agency has proposed the following temporary rules for the purpose of establishing procedures for application for participation in and setting income limits for Accessory Apartment Loans, pursuant to subdivision 10 of chapter 462A.03 and subdivision 11 of chapter 462A.06 of Minnesota Statutes.

All interested persons are hereby afforded the opportunity to submit their comments on the proposed rules for 20 days immediately following publication of this material in the *State Register* by writing to Mary Tingerthal, Director of Home Improvement Loan Programs, Minnesota Housing Finance Agency, Suite 200, 333 Sibley Street, St. Paul, Minnesota 55101. The temporary rules may be revised on the basis of comments received. Any written material received shall become part of the record in the final adoption of the temporary rule. As required by the Administrative Procedures Act, this temporary rule will be effective for not more than 180 days and may be continued in effect for up to an additional 180 days.

July 22, 1983

James J. Solem
Executive Director

Temporary Rules as Proposed (all new material)

Chapter Six C
Accessory Apartment Loans

12 MCAR § 3.058 [Temporary] Definitions.

A. Scope. For the purposes of this chapter, the following terms have the meanings given them.

B. Accessory apartment loan. "Accessory apartment loan" means a loan the proceeds of which are used to construct an additional dwelling unit within a structure, or to improve not more than two rental dwelling units located in a structure that was originally built as a single-family residence and that, at the time of the loan application, contains a total of not more than three dwelling units.

C. Borrower. "Borrower" means one or more persons who apply for and receive an accessory apartment loan and who are the makers of a note in evidence of the loan.

D. Dwelling unit. "Dwelling unit" means a housing unit that includes self-contained cooking, sleeping, and bathroom facilities, and is located in the structure. A dwelling unit may be occupied by either a tenant or the owner of the structure.

E. Rental dwelling unit. "Rental dwelling unit" means a dwelling unit that is occupied by a person or household other than the owner of the structure and for which rent in cash or in kind is received by the owner.

F. Structure. "Structure" means a building that was originally built as a single-family residence and that satisfies the eligibility requirements of 12 MCAR § 3.059 E. [Temporary].

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.

12 MCAR § 3.059 [Temporary] Eligibility requirements.

A. Property interest. A borrower shall individually or in the aggregate possess at least a one-third interest in a fee ownership of, a contract for deed for, or a life estate in the property on which the structure to be improved is located.

B. Occupancy. If the proceeds of an accessory apartment loan are used to construct an additional dwelling unit, at least one of the borrowers shall occupy the structure as his or her principal residence at the time of loan application or shall occupy one dwelling unit within the structure within 60 days of the date of the note in evidence of the loan.

If the proceeds from an accessory apartment loan are used to improve one or more dwelling units, at least one of the borrowers shall occupy one of the dwelling units as his or her principal residence at the time of loan application.

C. Credit worthiness. A borrower shall be a reasonable credit risk and shall be able to pay the loan obligation as determined under 12 MCAR § 3.013.

D. Borrower eligibility. A borrower shall meet either of the following standards to be eligible for an accessory apartment loan:

1. a borrower shall be a person or household of low or moderate income as defined in 12 MCAR § 3.002 O.5.; or

2. a borrower shall agree to rent all of the dwelling units that he or she does not occupy at a rate not to exceed the current United States Department of Housing and Urban Development (HUD) Fair Market Rents for Existing Dwellings in the section 8 program under the United States Housing Act of 1937, United States Code, title 42, sections 1437 et seq. as amended through December 31, 1982, as determined and adjusted from time to time by HUD, for a period of at least one year from the date the dwelling unit is first occupied by a renter.

E. Eligibility of structure. The structure to be improved or modified with the proceeds of an accessory apartment loan must comply with applicable zoning ordinances or other applicable land use guides upon completion of the construction or improvements.

If a borrower qualifies for a loan by satisying the requirement in D.1., the structure to be modified or improved must have been completed and occupied as a residence for at least 90 days at the time of the loan application.

If a borrower qualifies for a loan solely by satisfying the requirements in D.2., the structure to be modified or improved must be at least 15 years old at the time of loan application.

12 MCAR § 3.060 [Temporary] Eligible improvements.

A. Permanent general improvements. Proceeds from an accessory apartment loan must be used to finance only permanent general improvements. Permanent general improvements include additions, alterations, renovations, or repairs upon or in connection with existing structures. Permanent general improvements do not include materials, fixtures, or landscaping of a type or quality exceeding that customarily used in the locality for properties of the same general type as the structure to be modified or improved.

B. Loan proceed restrictions. The proceeds from an accessory apartment loan must be used to finance only improvements or modifications to, or in connection with, an existing structure. The proceeds from an accessory apartment loan may be used as follows:

1. To add not more than one dwelling unit to a structure that is a single-family residence at the time of the loan application; or

2. To improve a structure that, at the time of the loan application, contains one or two rental dwelling units in addition to a dwelling unit occupied by the owner of the structure. Use of the proceeds from an accessory apartment loan for the type of structure described in B.2. is restricted to improvements that will bring all rental dwelling units into compliance with local zoning ordinances and other applicable health, fire prevention, building, and housing codes and standards.

The proceeds from an accessory apartment loan must not be used to pay for assessments for public improvements except if the improvements will bring an individual sewage disposal system (including septic system) located on the property on which the structure is located into compliance with local, state, or federal environmental and sanitary standards.

C. Energy conservation. If an existing or newly constructed rental dwelling unit does not comply with the state energy conservation standards for rental housing, the proceeds from an accessory apartment loan must be used to bring the rental dwelling unit into compliance with these standards.

D. Time of completion. Improvements or construction financed in whole or in part by an accessory apartment loan must be completed within nine months of the date of the first disbursement of the loan except for delays due to causes beyond the borrower's reasonable control, such as fire, strike, and shortage of materials.

12 MCAR § 3.061 [Temporary] Other requirements.

A. Unavailability of financing. At the time of application for an accessory apartment loan, conventional financing for this purpose must not be available from private lenders upon equivalent terms and conditions.

B. Other codes and standards. Following the completion of construction or improvement, all rental dwelling units must comply with all applicable health, fire prevention, building, and housing codes and standards. However, an accessory apartment loan shall not be denied solely because the construction or improvements to be financed by it will not bring the entire structure into full compliance with these codes and standards.

C. Warranty of workmanship and materials. Contracts for construction or improvement of a dwelling unit that are financed in whole or in part by the proceeds from an accessory apartment loan must contain a warranty of workmanship and materials that is approved by the agency.

UTILITY

By: _____

_____

(Title)

Minnesota Housing Finance Agency

Proposed Temporary Rules Governing Solar Energy and Energy Conservation Bank Programs

Request for Public Comment

Notice is hereby given that the Minnesota Housing Finance Agency has proposed the following temporary rules for the purpose of establishing procedures for application for participation in and setting income limits for Solar Energy and Energy Conservation Bank Program Loans, pursuant to subdivision 10 of chapter 462A.03 and subdivision 11 of chapter 462A.06 of Minnesota Statutes.

All interested persons are hereby afforded the opportunity to submit their comments on the proposed rules for 20 days immediately following publication of this material in the *State Register* by writing to Mary Tingerthal, Director of Home Improvement Loan Programs, Minnesota Housing Finance Agency, Suite 200, 333 Sibley Street, St. Paul, Minnesota 55101. The temporary rules may be revised on the basis of comments received. Any written material received shall become part of the record in the final adoption of the temporary rule. As required by the Administrative Procedures Act, this temporary rule will be effective for not more than 180 days and may be continued in effect for up to an additional 180 days.

July 22, 1983

James J. Solem
Executive Director

Temporary Rules as Proposed (all new material)

Chapter Fourteen
Solar Energy and Energy Conservation Bank Programs

12 MCAR § 3.160 [Temporary] Scope.

Chapter 14 governs the residential energy conservation programs authorized by assistance awards from the federal Solar Energy and Energy Conservation Bank under subtitle A of title V of the Energy Security Act, United States Code, title 12, sections 3601-3620, and the disposition of the funds received under assistance awards and of funds received from other sources in conjunction with assistance awards.

12 MCAR § 3.161 [Temporary] Incorporation of federal regulations.

Except as further defined and limited by chapter 14, the residential energy conservation programs are governed by the Solar Energy and Energy Conservation Bank Interim Rule, Code of Federal Regulations, title 24, part 1800 as published in the Federal

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.

STATE OF MINNESOTA

MINNESOTA HOUSING FINANCE AGENCY

In the Matter of the Proposed Adoption
of Temporary Rules Governing Accessory
Apartment Loans

CERTIFICATE OF BOARD'S
RESOLUTION ADOPTING RULES

I, Robert A. Worthington, do hereby certify that I am the Chairman of the Minnesota Housing Finance 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 25th day of August, 1983, that a quorum was present at said meeting 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 Accessory Apartment Loans attached hereto as Exhibit A be and they hereby are approved and adopted, pursuant to authority vested in us by Minnesota Statutes Chapter 462A.03, Subdivision 10, and Chapter 462A.06, Subdivision 11 and that James J. Solem, 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 25th day of August, 1983.

Robert A. Worthington

Chairman

STATE OF MINNESOTA

MINNESOTA HOUSING FINANCE AGENCY

In the Matter of the Proposed Adoption of Temporary Rules Governing Accessory Apartment Loans

STATEMENT OF COMPLIANCE WITH RULEMAKING PROCEDURES

I, Special Assistant Attorney General, Karl J. Herman 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.

Karl J. Herman
Special Assistant Attorney General

Dated: 8/26/83