

Minnesota Attorney General: Administrative Rules Proceedings

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Version 3
August 20, 2018

Our File No. 1026

RULE REVIEW CHECKLIST

DATE RULE RECEIVED 4-27
DATE FOR REVIEW 5/7
DATE DUE 5/11

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

Approved 5-10-84 mjc Disapproved _____ Returned to Agency _____

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

Date filed w/Secretary of State 5-11-84 Revisor approved 4/30/84
disapproved _____

✓ Rule as Adopted

✓ Rule as Proposed

✓ Order Adopting 4.26.84 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
3.9.84 At least 30 days prior to ~~hearing~~/adoption

✓ Mailing list Certificate

✓ Publication in State Register
3.12.84 At least 30/~~20~~ days prior to ~~hearing~~/adoption
+ ERRATA Notice, 3.26.84

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 contains small biz statement

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

MINNESOTA HOUSING FINANCE AGENCY

RECEIVED
APR 27 1984
ATTORNEY GENERAL
ADMINISTRATIVE AGENCIES

1076

April 27, 1984

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

RE: In the Matter of the Proposed Adoption of Rules Governing Income Limits for Limited Unit Developments and Eligibility for the Homeownership Assistance Fund Without a Public Hearing

Dear Mr. Starns:

Enclosed please find for your review pursuant to Minnesota Statutes Sections 14.21 through 14.28, the adopted rules of the Minnesota Housing Finance Agency.

The following materials are submitted to you for your review pursuant to Minnesota Rules, Part 2000.0400:

Rule as Adopted;

Order Adopting;

Certificate of Board's Resolution Adopting the Rule;

Order of Notice to Adopt Rule Without a Public Hearing;

Certificate of Agency's Authorizing Resolution;

Notice of Intent to Adopt Rule Without a Public Hearing;

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

Mailing List Certificate;

Rule as Proposed (published March 12, 1984);

Errata (published March 26, 1984);

Two Statements of Need and Reasonableness; and

Certificate of Compliance with Rulemaking Procedure.

The Agency did not publish a Notice of Intent to Solicit Outside Opinion in connection with this rule. No requests for a hearing were received during the 30 day comment period. The Agency did not receive any comments during the 30 day comment

period. The Adopted rules are the same as the Proposed rules.

Sincerely,

James J. Solem
Executive Director

JJS/

Encl.

SF-00006-02

STATE OF MINNESOTA

DEPARTMENT ATTORNEY GENERAL

Office Memorandum

TO JAMES J. SOLEM
Executive Director

DATE: 5/10/84

Attn: WILLIAM H. KURETSKY

FROM Special Assist. Attorney General
MARTHA J. CASSERLY
Special Assistant
Attorney General MJC

PHONE: 296-4692

SUBJECT: Adopted Rules Governing Income Limits for Limited-Unit

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.

cc: Ms. Kathy Burek
Mr. Duane Harves

MJC: sa

AG copy

Housing Finance Agency

Adopted Rules Governing Income Limits for Limited-Unit Developments and the Homeownership Assistance Fund

Rules as Adopted

12 MCAR S 3.002 Definitions.

A.-N. [Unchanged.]

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

1. with respect to limited-unit mortgage loans pursuant to chapter 4 of these rules (except for loans issued under 12 MCAR SS 3.037 and 3.038), development cost loans pursuant to chapter 3 of these rules, planning grants pursuant to chapter 5 of these rules, and American Indian housing loans pursuant to chapter 8 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 Exhibits 12 MCAR S 3.002 O.-3. and 12 MCAR S 3.002 O.-4. 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 Minnesota Statutes, section 473.121, subdivision 2.

Exhibit 12 MCAR S 3.002 O.-3.

Maximum Adjusted Income for Loans for New Construction

Mortgage Interest Rate	Nonmetropolitan Area Maximum Adjusted Income	Metropolitan Area Maximum Adjusted Income
0-10.00%	$26,000	$34,000
10.01-10.50%	$27,000	$35,000
10.51-11.00%	$28,000	$36,000
11.01-11.50%	$29,000	$37,000
11.51% and over	$30,000	$38,000

Exhibit 12 MCAR S 3.002 O.-4.

Maximum adjusted Income for Loans for Existing Construction

Mortgage Interest Rate	Nonmetropolitan Area Maximum Adjusted Income	Metropolitan Area Maximum Adjusted Income
0-10.00%	$21,000	$31,000
10.01-10.50%	$22,000	$32,000
10.51-11.00%	$23,000	$33,000

11.01-11.50%	$24,000	$34,000
11.51% and over	$25,000	$35,000

2.-5. [Unchanged.]

P.-V. [Unchanged.]

12 MCAR S 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 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.

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 Minnesota Statutes, section 473.121, subdivision 2.

Exhibit 12 MCAR S 3.133 B.1.

Mortgage Interest Rate		Initial Maximum Monthly Assistance $100	$80	$60	$40	$20
0-10.00%	Adj. Hshld. Income	0-19,000	19,001-20,000	20,001-21,000	21,001-22,000	22,001-23,000
10.01-10.50%	Adj. Hshld. Income	0-20,000	20,001-21,000	21,001-22,000	22,001-23,000	23,001-24,000
10.51-11.00%	Adj. Hshld. Income	0-21,000	21,001-22,000	22,001-23,000	23,001-24,000	24,001-25,000

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 Minnesota Statutes, section 473.121, subdivision 2.

Exhibit 12 MCAR S 3.133 C.-2.

Mortgage Interest Rate	Initial Maximum Monthly Assistance $100	$80	$60	$40	$20
0- 10.00%	Adj. Hshld. Income 0- 13,000	13,001- 14,000	14,001- 15,000	15,001- 16,000	16,001- 17,000
10.01- 10.50%	Adj. Hshld. Income 0- 14,000	14,001- 15,000	15,001- 16,000	16,001- 17,000	17,001- 18,000
10.51- 11.00%	Adj. Hshld. Income 0- 15,000	15,001- 16,000	16,001- 17,000	17,001- 18,000	18,001- 19,000

12 MCAR S 3.134 Homeownership assistance fund; downpayment assistance.

The agency may provide interest-free downpayment assistance loans to recipients eligible for monthly homeownership assistance who are determined, on the basis of normal credit procedures, to lack the cash or land equity necessary to pay the required downpayment, plus closing costs, expenses, and origination fees on the dwelling to be purchased. The amount of the downpayment assistance loan shall equal the amount by which the sum of the downpayment, closing costs, expenses, and origination fees exceeds five percent of the purchase price of the dwelling, but it shall not exceed the lesser of 50 percent of the downpayment or $1,500.

9:26 AM

STATE OF MINNESOTA
DEPARTMENT OF STATE
FILED
MAY 11 1984
Joan Anderson Growe
Secretary of State

APPROVED AS TO FORM AND LEGALITY
May 10, 1984
HUBERT H. HUMPHREY, III
ATTORNEY GENERAL
BY Martha Klassen
SPECIAL ASSISTANT ATTORNEY GENERAL

STATE OF MINNESOTA

MINNESOTA HOUSING FINANCE AGENCY

In the Matter of the Proposed Adoption
of Rules Governing Income Limits for
Limited Unit Developments and Eligibility
for the Homeownership 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 March 12, 1984 and was sent by United States mail to all persons on the list maintained by the Agency pursuant to Minnesota Statutes Section 14.14 Subdivision 1 on March 9, 1984. After affording interested and affected persons an opportunity to submit comments for 30 days, 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 Governing Income Limits for Limited Unit Developments and Eligibility for the Homeownership Assistance Fund are adopted this 26th day of April, 1984 pursuant to authority vested in the Agency by Minnesota Statutes Section 462A.06, Subdivisions 4 and 11.

James J. Solem, Executive Director

STATE OF MINNESOTA

MINNESOTA HOUSING FINANCE AGENCY

In the Matter of the Proposed Adoption
of Rules Governing Income Limits for
Limited Unit Developments and Eligibility
for the Homeownership Assistance Fund

ORDER FOR NOTICE OF
INTENT TO ADOPT RULES
WITHOUT A PUBLIC HEARING

It is ordered this 23rd day of February, 1984 that a Notice of Intent to Adopt Rules without a 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, Robert A. Worthington, do hereby certify that I am Chairman 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 February, 1984, 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 rules of the Minnesota Housing Finance Agency without a public hearing, said rules relating to Governing Income Limits for Limited Unit Developments and Eligibility for the Homeownership 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 23nd day of February, 1984.

Robert A. Worthington

Chairman

MINNESOTA HOUSING FINANCE AGENCY

In the Matter of the Proposed Adoption of Rules Relating to Income Limits for Limited Unit Developments and Eligibility for the Homeownership Assistance Fund Without a Public Hearing

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. § 14.21 to 14.28.

Persons interested in these rules shall have 30 days to submit comments on the proposed rules within the 30-day comment period. The rule may be modified as the result of comments received 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 rule 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. § 14.13 et. seq. 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:

Kathleen J. Johnson
Legal Division
Minnesota Housing Finance Agency
Suite 200
333 Sibley Street
St. Paul, Minnesota 55101
Telephone: 612/296-9793

Authority for the adoption of these rules is contained in Minn. Stat. § 462A.06, Subd. 4 and 11. 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 Kathleen J. Johnson 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 Kathleen J. Johnson.

A copy of the proposed rules is attached to this notice. Additional copies may be obtained by contacting Kathleen J. Johnson.

Please be advised that Minn. Stat. Ch. 10A.03 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 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, 41 State Office Building, St. Paul, Minnesota 55155, (612) 296-5615.

Dated: March 9, 1984

James J. Solem
Executive Director

Rules as Proposed

12 MCAR S 3.002 Definitions.

A.-N. [Unchanged.]

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

1. with respect to limited-unit mortgage loans pursuant to chapter 4 of these rules (except for loans issued under 12 MCAR SS 3.037 and 3.038), development cost loans pursuant to chapter 3 of these rules, planning grants pursuant to chapter 5 of these rules, and American Indian housing loans pursuant to chapter 8 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.~~ Exhibits 12 MCAR S 3.002 O.-3. and 12 MCAR S 3.002 O.-4. 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 Minnesota Statutes, section 473.121, subdivision 2~~.~~.

Exhibit 12 MCAR S 3.002 ~~O.-1.~~ O.-3.

Maximum Adjusted Income for Loans for New Construction

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~~
0-10.00%	$26,000	$34,000
10.01-10.50%	$27,000	$35,000
10.51-11.00%	$28,000	$36,000
11.01-11.50%	$29,000	$37,000
11.51% and over	$30,000	$38,000

Exhibit 12 MCAR S 3.002 O.-4.

Maximum adjusted Income for Loans for Existing Construction

Mortgage Interest Rate	Nonmetropolitan Area Maximum Adjusted Income	Metropolitan Area Maximum Adjusted Income
0-10.00%	$21,000	$31,000
10.01-10.50%	$22,000	$32,000
10.51-11.00%	$23,000	$33,000
11.01-11.50%	$24,000	$34,000
11.51% and over	$25,000	$35,000

2.-5. [Unchanged.]

P.-V. [Unchanged.]

12 MCAR S 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 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.

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 Minnesota Statutes, section 473.121, subdivision 2.

Exhibit 12 MCAR S 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

0-10.00%	Adj. Hshld. Income	0-19,000	19,001-20,000	20,001-21,000	21,001-22,000	22,001-23,000
10.01-10.50%	Adj. Hshld. Income	0-20,000	20,001-21,000	21,001-22,000	22,001-23,000	23,001-24,000
10.51-11.00%	Adj. Hshld. Income	0-21,000	21,001-22,000	22,001-23,000	23,001-24,000	24,001-25,000

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 Minnesota Statutes, section 473.121, subdivision 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~~
0-10.00%	Adj. Hshld. Income	0-13,000	13,001-14,000	14,001-15,000	15,001-16,000	16,001-17,000
10.01-10.50%	Adj. Hshld. Income	0-14,000	14,001-15,000	15,001-16,000	16,001-17,000	17,001-18,000
10.51-11.00%	Adj. Hshld. Income	0-15,000	15,001-16,000	16,001-17,000	17,001-18,000	18,001-19,000

12 MCAR S 3.134 Homeownership assistance fund; downpayment assistance.

The agency may provide interest-free downpayment assistance loans to ~~eligible~~ recipients eligible for monthly homeownership assistance who are determined, on the basis of normal credit procedures, to lack the cash or land equity necessary to pay the required downpayment, plus closing costs, expenses, and origination fees on the dwelling to be purchased. The amount of the downpayment assistance loan shall equal the amount by which the sum of the downpayment, closing costs, expenses, and origination fees exceeds five percent of the purchase price of the dwelling, but it shall not exceed the lesser of 50 percent of the downpayment or $1,500.

OFFICE OF THE REVISOR OF STATUTES

Proposed Rule

RD473

Agency: Minnesota Housing Finance Agency

Division:

Agency Contact: William Kuretsky 6-9806

Rule Numbers: 12 MCAR SS 3.002; 3.133; 3.134

Title: Proposed Rules Governing Income Limits for New and Existing Construction Loans and the Homeownership Assistance Fund

Type of Rules: Permanent

Incorporations by Reference: None

Duplication of Statutory Language: None

The attached rules are approved as to form.

Steven C. Cross
Revisor of Statutes

Maryanne V. Hruby
Assistant Revisor
Phone: 297-2948
Date: February 21, 1984

STATE OF MINNESOTA

COUNTY OF RAMSEY

In the Matter of the Proposed Adoption
of Rules Governing Income Limits for
Limited Unit Developments and Eligibility
for the Homeownership Assistance Fund
Without a Public Hearing

AFFIDAVIT
OF MAILING

Faye L. Smiles, being first duly sworn, deposes and says:

That on the 9th day of March, 1984, at the City of St. Paul, County of Ramsey, State of Minnesota, she served the attached Notice of Intent to Adopt Rules Without a Public Hearing 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.

Faye L. Smiles
Faye L. Smiles

JOHN MADSON
NOTARY PUBLIC - MINNESOTA
HENNEPIN COUNTY
My Commission Expires Feb. 12, 1986

Subscribed and sworn to before
me this 9th day of March,
1984.

John Madson
Notary Public

STATE OF MINNESOTA

MINNESOTA HOUSING FINANCE AGENCY

MAILING LIST CERTIFICATE

In the Matter of the Proposed Adoption
of Rules Governing Income Limits for
Limited Unit Developments and Eligibility
for the Homeownership Assistance Fund
Without a Public Hearing

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 9th day of March, 1984.

Kathleen J. Johnson

Kathleen J. Johnson

PROPOSED RULES

Pursuant to Minn. Stat. of 1980, §§ 14.21, an agency may propose to adopt, amend, suspend or repeal rules without first holding a public hearing, as long as the agency determines that the rules will be noncontroversial in nature. The agency must first publish a notice of intent to adopt rules without a public hearing, together with the proposed rules, in the *State Register*. The notice must advise the public:

1. that they have 30 days in which to submit comment on the proposed rules;
2. that no public hearing will be held unless seven or more persons make a written request for a hearing within the 30-day comment period;
3. of the manner in which persons shall request a hearing on the proposed rules;

and

4. that the rule may be modified if modifications are supported by the data and views submitted.

If, during the 30-day comment period, seven or more persons submit to the agency a written request for a hearing of the proposed rules, the agency must proceed under the provisions of §§ 14.13-14.20 which state that if an agency decides to hold a public hearing, it must publish in the *State Register* a notice of its intent to do so. This notice must appear at least 30 days prior to the date set for the hearing, along with the full text of the proposed rules. (If the agency has followed the provisions of subd. 4h and has already published the proposed rules, a citation to the prior publication may be substituted for republication.)

Pursuant to Minn. Stat. § 14.29, when a statute, federal law or court order to adopt, suspend or repeal a rule does not allow time for the usual rulemaking process, temporary rules may be proposed. Proposed temporary rules are published in the *State Register*, and for at least 20 days thereafter, interested persons may submit data and views in writing to the proposing agency.

Housing Finance Agency

Proposed Rules Governing Income Limits for New and Existing Construction Loans and the Homeownership 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. § 14.21 to 14.28.

Persons interested in these rules shall have 30 days to submit comments on the proposed rules within the 30-day comment period. The rule may be modified as the result of comments received 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 rule 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. § 14.13 *et. seq.* 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:

Kathleen J. Johnson
Legal Division
Minnesota Housing Finance Agency
Suite 200
333 Sibley Street
St. Paul, Minnesota 55101
Telephone: 612/296-9793

Authority for the adoption of these rules is contained in Minn. Stat. § 462A.06, Subd. 4 and 11. 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 Kathleen J. Johnson 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 Kathleen J. Johnson.

A copy of the proposed rules is attached to this notice. Additional copies may be obtained by contacting Kathleen J. Johnson.

Please be advised that Minn. Stat. Ch. 10A.03 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 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, 41 State Office Building, St. Paul, Minnesota 55155, (612) 296-5615.

James J. Solem
Executive Director

March 9, 1984

Rules as Proposed

12 MCAR § 3.002 Definitions.

A.-N. [Unchanged.]

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

1. with respect to limited-unit mortgage loans pursuant to chapter 4 of these rules (except for loans issued under 12 MCAR §§ 3.037 and 3.038), development cost loans pursuant to chapter 3 of these rules, planning grants pursuant to chapter 5 of these rules, and American Indian housing loans pursuant to chapter 8 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 § 3.002 O. 1.~~ Exhibits 12 MCAR § 3.002 O.-3. and 12 MCAR § 3.002 O.-4. 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 Minnesota Statutes, section 473.121, subdivision 2~~.~~.

Exhibit 12 MCAR § 3.002 ~~O. 1.~~ O.-3.

Maximum Adjusted Income for Loans for New Construction

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~~
0-10.00%	$26,000	$34,000
10.01-10.50%	$27,000	$35,000
10.51-11.00%	$28,000	$36,000
11.01-11.50%	$29,000	$37,000
11.51% and over	$30,000	$38,000

Exhibit 12 MCAR § 3.002 O.-4.

Maximum Adjusted Income for Loans for Existing Construction

Mortgage Interest Rate	Nonmetropolitan Area Maximum Adjusted Income	Metropolitan Area Maximum Adjusted Income
0-10.00%	$21,000	$31,000
10.01-10.50%	$22,000	$32,000
10.51-11.00%	$23,000	$33,000

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.

11.01-11.50%	$24,000	$34,000
11.51% and over	$25,000	$35,000

2.-5. [Unchanged.]

P.-V. [Unchanged.]

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 Minnesota Statutes, section 473.121, subdivision 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~~
~~10.69-~~ ~~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~~
0- 10.00%	Adj. Hshld. Income	0- 19,000	19,001- 20,000	20,001- 21,000	21,001- 22,000	22,001- 23,000
10.01- 10.50%	Adj. Hshld. Income	0- 20,000	20,001- 21,000	21,001- 22,000	22,001- 23,000	23,001- 24,000
10.51- 11.00%	Adj. Hshld. Income	0- 21,000	21,001- 22,000	22,001- 23,000	23,001- 24,000	24,001- 25,000

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 Minnesota Statutes, section 473.121, subdivision 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~~
~~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~~

0-10.00%	Adj. Hshld. Income	0-13,000	13,001-14,000	14,001-15,000	15,001-16,000	16,001-17,000
10.01-10.50%	Adj. Hshld. Income	0-14,000	14,001-15,000	15,001-16,000	16,001-17,000	17,001-18,000
10.51-11.00%	Adj. Hshld. Income	0-15,000	15,001-16,000	16,001-17,000	17,001-18,000	18,001-19,000

12 MCAR § 3.134 Homeownership assistance fund; downpayment assistance.

The agency may provide interest-free downpayment assistance loans to ~~eligible~~ recipients eligible for monthly homeownership assistance who are determined, on the basis of normal credit procedures, to lack the cash or land equity necessary to pay the required downpayment, plus closing costs, expenses, and origination fees on the dwelling to be purchased. The amount of the downpayment assistance loan shall equal the amount by which the sum of the downpayment, closing costs, expenses, and origination fees exceeds five percent of the purchase price of the dwelling, but it shall not exceed the lesser of 50 percent of the downpayment of $1,500.

Board of Peace Officer Standards and Training

Proposed Rules Governing License Fees for Peace Officers, Part-time Peace Officers, and Constables

Notice of Intent to Adopt Rules without a Public Hearing

Notice is hereby given that the Minnesota Board of Peace Officer Standards and Training proposed to adopt the above-entitled rule without a public hearing. The board has determined that the proposed adoption of this rule will be noncontroversial in nature and has elected to follow the procedures set forth in Minnesota Statutes sections 14.21-14.28.

Persons interested in this rule shall have 30 days to submit comments on the proposed rule. The proposed rule 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 rule 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 Minnesota Statutes sections 14.13-14.20.

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

Mark K. Shields
Board of Peace Officer Standards and Training
333 Sibley Street, Suite 495
St. Paul, Minnesota 55101
(612) 296-2620

Authority for the adoption of this rule is contained in MN. Stat. sections 214.06, 16A.128 Subd. 2, and Minn. Stat. § 14.21-14.28. Additionally, a Statement of Need and Reasonableness that describes the need for and reasonableness of each provision of the proposed rule and identifies the data and information relied upon to support the proposed rule has been prepared and is available from the Board upon request.

Upon adoption of the final rule without a public hearing, the proposed rule, this Notice, the Statement of Need and Reasonableness, all written comments received, and the final Rules as Adopted will be delivered to 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 this material to the Attorney General, or who wish to receive a copy of the final rule as proposed for adoption, should submit a written statement of such request to the above address.

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.

Under the circumstances here, notices of appeal filed by persons who were not parties to the agency proceeding but who were aggrieved by the agency decisions are deemed sufficient to qualify as petitions for review under section 14.63 of the Administrative Procedure Act.

A petition for judicial review under section 14.63 must be filed with the clerk to have jurisdictional validity.

Reversed in part and affirmed in part. Simonett, J.

Dissenting in part, concurring in part, Wahl, Yetka and Kelley, JJ.

C7-83-396 Kenneth V. Thake, Relator v. Backhauls, Incorporated and Aetna Life & Casualty. Workers' Compensation Court of Appeals.

The finding of the Workers' Compensation Court of Appeals that employee's intoxication was the proximate cause of the injuries for which he sought compensation is supported by the evidence and the inferences to be drawn from it.

Affirmed. Simonett, J. Dissenting, Yetka, Todd and Wahl, JJ.

C5-82-1438 Duane W. Hanson, Appellant v. Chicago, Rock Island and Pacific Railroad Company. Dakota County.

As modified, the trial court's remittitur of plaintiff's FELA damage award did not exceed the bounds of its proper discretion, but the remittitur is ordered to be conditioned on its acceptance by plaintiff, otherwise defendant's motion for a new trial on damages is granted.

In a FELA action, where the jury is instructed that the damage award is not taxable income, it is improper to instruct the jury further that the damage award is fully deductible for tax purposes by the defendant railroad.

The trial court's remittitur is affirmed as modified but on conditions.

Affirmed. Simonett, J. Dissenting, Todd and Yetka, JJ.

C3-82-1499 State of Minnesota v. Raymond H. Dreyer, Appellant. Blue Earth County.

Police did not violate defendant's fourth amendment rights in conducting a warrantless search of defendant's garbage or exceed the scope of a subsequently-issued search warrant in searching defendant's garage.

Affirmed. Kelley, J.

C0-82-1170 Francis Mahowald and Mary Ann Mahowald, Appellants; Stephen Bock, Appellant; Michael L. Kannegieter and Alice B. Kannegieter, individually and as husband and wife and natural guardians of Todd Kannegieter and Pamela Kannegieter, Appellants v. Minnesota Gas Company, a.k.a. Minnegasco, Century 21 Town and Country Real Estate, Inc., et al., Defendants and Barbarossa and Sons. Scott County.

A gas distributor is not an insurer of damages to person and property of others from an explosion resulting from leaks in gas mains located in public streets.

When natural gas escapes from lines and mains of a gas company located in the public streets, the gas company is liable only if negligent. In this case the plaintiffs were entitled to an instruction based upon the doctrine of res ipsa loquitur.

Reversed and remanded for new trial. Kelley, J. Dissenting, Todd, Scott and Wahl, JJ. Took no part, Coyne, J.

C6-83-146 John H. McGuire, Appellant v. C & L Restaurant, Inc., etc., and LeAn's Inc., et al. Dakota County.

The "damage cap" contained in Minn. Stat. § 340.95 (1980) unconstitutionally deprives those injured as the direct result of the illegal sale of intoxicating liquors equal protection of the law in violation of U.S. Const. amend. XIV, § 1 and Minn. Const. art. I, § 2.

Alleged trial court errors, mostly discretionary rulings, did not deprive an intoxicating liquor vendor of a fair trial.

Reversed and remanded. Kelley, J.

ERRATA

Rules published on March 12, 1984, entitled Proposed Rules Governing Income Limits for New and Existing Construction Loans and the Homeownership Assistance Fund should be properly entitled Proposed Rules Governing Income Limits for Limited-Unit Developments and the Homeownership Assistance Fund.

STATE OF MINNESOTA

MINNESOTA HOUSING FINANCE AGENCY

In the Matter of the Proposed Adoption
of Rules Governing Income Limits for
Limited Unit Developments and Eligibility
for the Homeownership Assistance Fund
Without a Public Hearing

CERTIFICATE OF BOARD'S
RESOLUTION ADOPTING RULES

I, Robert A. Worthington, do hereby certify that I am Chairman 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 26th day of April, 1984, 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 Income Limits for Limited Unit Developments and Eligibility for the Homeownership 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, Subdivisions 4 and 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 26th day of April, 1984.

Robert A. Worthington
Chairman

STATE OF MINNESOTA

MINNESOTA HOUSING FINANCE AGENCY

In the Matter of the Proposed Amendment to and Adoption of Rules of the Minnesota Housing Finance Agency Relating to Income Limits for Limited Unit Developments

Statement of Need and Reasonableness

12 MCAR §3.002 0

Minnesota Statutes, Section 462.A.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. The sources for definition of low and moderate income persons and families are two Agency rules; 12 MCAR §3.002 0 establishes maximum limits for adjusted income for Agency programs therein specified, and adjusted income is, in turn, determined pursuant to a formula set forth in the definition in 12 MCAR §3.002 N.

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 Exhibits 12 MCAR §3.002 0.-3 and 12 MCAR §3.002 0.-4. 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 as shown because of increased interest rates on Agency mortgage revenue bonds and the rising costs of both new and existing homes throughout the State. It is also necessary to propose a set of income limits based on the Agency's cost of obtaining money, rather than one income limit. Uncertain bond market conditions make it difficult to implement a program based on one income limit, since income limits are a function of what interest rates must be charged to the mortgagor to meet the Agency's cost of money, as determined in each bond sale.

Minnesota Statutes §462.A.03, Subdivision 10, specifies four criteria for 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 facilities 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.

In reference to the first of the criteria set forth above, i.e., "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. This standard was applied in arriving at the maximum adjusted income limits specified in Exhibits 12 MCAR §3.002 0.-3 and 12 MCAR §3.002 0.-4. The standard assumes that families able to pay less than 28% of their income are not low and moderate income, and should not be eligible to purchase houses from the funds made available for the various Agency Programs under this rule.

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 was applied in arriving at the maximum adjusted income that would be available for housing needs.

The third criterion specified in the statute as set forth above is the cost and condition of housing facilities available. The cost of both new and existing homes has risen substantially in recent years, and should continue to rise in the immediate future. The proposed set of income limits will allow a household to purchase a new home at $83,000 in the Seven County Twin City Metropolitan Area, or $63,000 in the balance of the state, or an existing home at $75,000 in the Seven County Twin City Metropolitan Area or $50,000 in the balance of the state. In light of current house prices for new and existing homes, these home prices are reasonable.

The fourth criterion specified in the statute is the ability of such persons and families to compete in the normal housing market. With current conventional mortgage interest rates of about 13½% and, using industry underwriting standards, a family would have to have an adjusted income of at least $42,000 to afford a $75,000 existing home in the Seven County Twin City Metropolitan Area. The type of relationship between the adjusted income limit needed to qualify for an existing home in the Twin City Metropolitan Area and the adjusted income levels for such a home proposed under this rule exists for the other income limits proposed.

The Agency, through these rules, offers a family of lower income the ability to purchase housing of similar cost by virtue of the Agency's capacity to provide below market interest rate financing.

Purchase money loan recipients under chapter 4 of these rules are limited to natural persons and families of low and moderate income who acquire homes with the intent to own and occupy such dwellings as their principal places of residence; and, consequently, the portion of the proposed rules relating to homeownership purchase money loans is not intended to and does not affect small businesses directly.

The proposed regulation's income limits as they apply to loans under chapter 8 of these rules pertain to loans to American Indians of low and moderate income, whereas the recipients of the development cost loans referred to in chapter 3 are non-profit corporations, and the applicants for planning grants pursuant to chapter 5 of the rules must be local communities. Accordingly, while the Agency is cognizant of the provisions of Section 14.115 of Minnesota Statutes relating

to the effect of rulemaking on small businesses, since the proposed regulation does not affect small businesses directly the said law, by its terms, is inapplicable to this rule. Further, to the extent that the loans which are the subject of this proposed rule may indirectly affect small businesses, the effect of the regulation is to make such loans more capable of feasible underwriting, and, consequently, more obtainable; and, as a result, the proposed rule has no negative effect on small businesses.

STATE OF MINNESOTA

MINNESOTA HOUSING FINANCE AGENCY

In the Matter of the Proposed
Amendment to and Adoption of
Rules Governing Eligibility for
the Homeownership Assistance
Fund

Statement of Need and Reasonableness

12 MCAR §3.133.

Minnesota Statutes, Section 462A.21, Subdivision 8, authorizes the Minnesota Housing Finance Agency (MHFA) to establish a homeownership 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 and in providing the required equity investment enabling such persons to purchase an affordable home.

The present annual adjusted income limits and initial maximum monthly assistance were established in 1981. MHFA proposes no increase in the initial maximum HAF monthly assistance. However, it is necessary to increase the adjusted income limits because of increased rates on MHFA mortgage revenue bonds and the rising cost of housing throughout the state. It is also necessary to propose a set of income limits based on the Agency's cost of obtaining money, rather than one income limit. Uncertain bond market conditions make it difficult to implement a program based on one income limit, since income limits are a function of what interest rates must be charged to the mortgagor to meet MHFA's cost of money, as determined in each bond sale.

The adjusted income limits and initial maximum monthly assistance levels will allow a household to purchase a $60,000 home in the Seven County Twin City Metropolitan Area and a $40,000 home in the balance of the state. These home purchase price levels are substantially below the purchase price limits established for the Single Family Mortgage Loan Program by the Agency Board ($83,000 in the Seven County Twin City Metropolitan Area and $63,000 in the balance of the state) as the Board believes that (a) households requiring additional subsidy need not purchase the maximum priced house the Single Family Mortgage Loan Program would allow and (b) the additional amount of subsidy needed to reach higher priced homes would be cost prohibitive.

The Agency also proposes by its rule amendment to limit recipients of assistance to provide required equity investment in a home to individuals eligible to receive monthly assistance, so that limited funds may be targeted to those households of greater financial need.

The Agency is mindful of the provisions of Section 14.115 of Minnesota Statutes, entitled Small Business Considerations in Rulemaking, but since the recipients of HAF loans under the proposed regulation must be natural persons and families of low and moderate income who purchase a home with a first mortgage from the Agency, the regulation does not affect small businesses directly, and the said law, by its terms,

is inapplicable to this proposed regulation. Further, to the extent that the HAF loans which are the subject of this regulation may have an indirect effect on small businesses, the effect of the proposed rule is to make such loans more capable of feasible underwriting, and, consequently, more obtainable; and, as a result, the proposed rule has no negative effect on small businesses.

STATE OF MINNESOTA

MINNESOTA HOUSING FINANCE AGENCY

In the Matter of the Proposed Adoption
of Rules Governing Income Limits for
Limited Unit Developments and Eligibility
for the Homeownership Assistance Fund
Without a Public Hearing

STATEMENT OF COMPLIANCE
WITH THE RULEMAKING
PROCEDURES

I, Special Assistant Attorney General, William H. Kuretsky, 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.

Dated: April 27, 1984

William H. Kuretsky
Special Assistant Attorney General

RECEIVED
APR 27 1984
ATTORNEY GENERAL
ADMINISTRATIVE AGENCIES