

Minnesota Attorney General: Administrative Rules Proceedings

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Version 3
August 20, 2018

RULE REVIEW CHECKLIST

File No. 1454 Docket No. 05.0009. 0452

DATE RECEIVED 2/26/88 ADOPTED W/O HEARING _____

REVIEW DATE 3/6/88 3-7-88 EMERGENCY RULE _____

DUE DATE 3/11/88 -ok

REVISOR APPROVED _____

APPROVED 3-7-88 mjc REVISOR DISAPPROVED _____

DISAPPROVED _____ FIELD W/SEC.STATE _____

WITHDRAWN _____ RETURNED TO AGENCY _____

✓ Rule as adopted (4 copies)

_____ Notice to Solicit Outside Information/Opinion

_____ Date published in State Register

_____ Comments

_____ Petition for Adoption of a Rule

✓ Board's Authorizing Resolution

_____ Proposed rule

_____ Revisor's Certificate

✓ Notice of Intent to Adopt Rule

462A.06 subd 4+11 Statutory Authority

NO Small Business Statement

NO Expenditure of public money statement

yes Signature

✓ Statement of Need and Reasonableness

de minimus Small Business Statement

_____ Fees - § 16A.128

✓ Affidavit of Mailing Notice of Intent to Adopt Rule separated

1-22-88 Date (30)/25 days before adoption

✓ Publication in State Register

1-25-88 Date 30/25 days before adoption

✓ Resolution Adopting 2-25-88 2-25-88

✓ Findings of Fact, Conclusions & Order Adopting

2-25-88 Date

_____ Written requests, submissions or comments

_____ Declaration of attorney

_____ Name of SAAG representing agency

_____ Notice of Submission to Attorney General

_____ Affidavit of Mailing Notice to Attorney General

mjc

Housing Finance Agency

Adopted Permanent Rules Relating to Urban Indian Housing Program

Rules as Adopted

4900.1500 SCOPE OF RULES.

The rules provided in parts 4900.1500 to 4900.1586 shall govern the implementation of the urban Indian housing loan program established in Minnesota Statutes, section 462A.07, subdivision 15.

4900.1520 THE URBAN INDIAN HOUSING LOAN PROGRAM.

The urban Indian housing loan program provides loans for housing for American Indian persons and families residing in urban areas of the state. The program is implemented in whole or in part directly by the agency or through administrators selected by the agency. The eligible areas within the state of Minnesota are the metropolitan area as defined in Minnesota Statutes, section 473.121, subdivision 2 and any city with a population greater than 50,000 persons. To the extent practicable, the agency shall allocate urban Indian loan program funds equitably among eligible areas, based upon American Indian population estimates, but maintains the authority to reallocate funds at its discretion based on varying loan demand.

4900.1540 RECIPIENTS OF LOANS.

Each program must provide for loans for the construction, purchase, or rehabilitation of residential housing. Except as otherwise provided herein and by part 4900.0340, each person or family initially occupying a dwelling unit financed pursuant to the act, program, and parts 4900.1500 to 4900.1586 shall be an American Indian as defined by Minnesota Statutes, section 254A.02, subdivision 11, or 462A.07, or an American Indian family as defined by part 4900.0920, and of low and moderate income, as defined by part 4900.1574. Developers of multifamily housing developments need not be American Indians of low and

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moderate income. In obtaining assistance under this program, Indian persons and families shall not be discriminated against on the basis of tribal affiliation or tribal enrollment.

4900.1572 HOMEOWNERSHIP MORTGAGE PARTICIPATION COMPONENT.

The agency may arrange to leverage urban Indian housing loan program funds, interest free, with other funds from the agency or another private or public source in order to reduce the interest rate on individual mortgage loans to affordable levels. A maximum of 30 percent of the total financing provided for each individual mortgage may be provided from urban Indian housing loan program funds. The mortgage note or coupon rate is established for each individual mortgage loan in the following manner:

Ys = Interest rate for the independent funding source

S = Funding source's percentage of total mortgage loan

I = Urban Indian program's percentage of total mortgage loan

S/F = Servicing fee

(Ys x S) + (I x S/F) = note or coupon rate

Examples of sources of funds that may be leveraged with urban Indian program funds include, but are not limited to, proceeds from agency mortgage revenue bond sales, proceeds from municipal or county mortgage revenue bond sales, mortgage commitments from private mortgage lenders or secondary mortgage market organizations, or mortgage commitments from nonprofit, public, or governmental sources. In cases in which mortgage revenue bond proceeds are used, all requirements or restrictions imposed on the use by the bond issuer, except as may be specifically modified by the issuer to facilitate the purpose of the urban Indian housing program, must be in full force and effect and complied with. In cases in which sources of funds are provided from other than mortgage revenue bond proceeds, the following requirements or restrictions are also imposed unless specifically waived by the commissioner or agency.

A. Recipients may not have had an ownership interest in a principal residence for three years directly before the

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date of mortgage loan closing as provided in Internal Revenue Code, section 103A.

B. Recipients must intend to occupy the property as a principal residence within 60 days of loan closing.

C. Both recipients and properties to be mortgaged must meet mortgage industry underwriting standards pertaining to the type of mortgage being provided, for example, FHA, VA, or conventional mortgage.

The agency shall establish a maximum purchase price limitation for homes to be financed under this part that in no instance may exceed the amount provided under the agency's mortgage revenue bond programs.

4900.1574 LOW AND MODERATE INCOME UNDER URBAN INDIAN HOUSING LOAN PROGRAM.

For the purpose of the urban Indian housing loan program, "persons and families of low and moderate income" means recipients of a limited-unit development loan whose adjusted income does not exceed the amount in the following tables:

A. Maximum adjusted income for loans for new construction:

(1) in the counties of Anoka, Carver, Chisago, Dakota, Hennepin, Ramsey, Scott, Washington, and Wright:

Mortgage Interest Rate	Maximum Adjusted Income
0 - 6.0%	$27,000
6.01 - 7.0%	$29,000
7.01 - 8.0%	$31,000
8.01 - 9.0%	$33,000
9.01 -10.0%	$35,000

(2) in all other counties:

Mortgage Interest Rate	Maximum Adjusted Income
0 - 6.0%	$18,000
6.01 - 7.0%	$20,000
7.01 - 8.0%	$22,000
8.01 - 9.0%	$24,000
9.01 -10.0%	$26,000

B. Maximum adjusted income for loans for existing dwelling unit.

(1) in the counties of Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, Washington, and Wright:

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Mortgage Interest Rate	Maximum Adjusted Income
0 - 6.0%	$23,000
6.01 - 7.0%	$25,000
7.01 - 8.0%	$27,000
8.01 - 9.0%	$29,000
9.01 -10.0%	$31,000

(2) in all other counties:

Mortgage Interest Rate	Maximum Adjusted Income
0 - 6.0%	$13,000
6.01 - 7.0%	$15,000
7.01 - 8.0%	$17,000
8.01 - 9.0%	$19,000
9.01 -10.0%	$21,000

4900.1576 HOMEOWNERSHIP ASSISTANCE FUND; URBAN INDIAN HOUSING LOAN PROGRAM.

Under the homeownership mortgage participation component of the urban Indian housing loan program, recipients are eligible for homeownership assistance fund loans as described in parts 4900.1310 to 4900.1350, except as modified by parts 4900.1500 to 4900.1586. All loan recipients are eligible for downpayment assistance under part 4900.1300. Recipients are eligible for monthly assistance under part 4900.1330 only in the event that the first mortgage note or coupon rate exceeds an interest rate of eight percent per annum.

4900.1578 ADMINISTRATION OF HOMEOWNERSHIP MORTGAGE PARTICIPATION COMPONENT.

The agency shall affirmatively attempt to market and distribute urban Indian program funds through the homeownership mortgage participation component. The agency may enter into contracts and agreements with mortgage lenders and other entities to facilitate distribution and marketing of the homeownership mortgage participation component of the urban Indian housing program, and may pay for the services with urban Indian housing loan program funds. The agency may also reimburse itself for expenses incurred in administration of the program.

4900.1580 ALTERNATIVE PROGRAM COMPONENTS.

The agency may consider alternative program components to

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provide unique housing opportunities under the program given the availability of additional resources with which to leverage urban Indian housing loan program funds. The agency may directly administer the components, or may select an alternate administrator. An alternate administrator must be a nonprofit entity or local community as defined by part 4900.0010 or an Indian tribal organization eligible under parts 4900.0900 to 4900.1080. It is anticipated that the alternative program component will deal primarily with rental and rehabilitation of housing. An alternative program component may deal with a limited geographical area, but in this event the statewide allocation of urban Indian funds will be adjusted to reflect the direction of funds to the limited geographical area.

4900.1582 SUBMISSION OF ALTERNATIVE PROGRAM COMPONENTS.

Subpart 1. **Submission by agency.** In the event that an alternative program component is developed by the agency, it shall prepare materials in accordance with subpart 2, item B, and submit the materials to the advisory council on urban Indians for review and written comment, and shall consider the conclusions of the advisory council before implementing the alternative program component.

Subp. 2. **Submission by alternate administrator.** In the event that an alternative program component is developed by an alternate administrator as described in part 4900.1580, a proposal must be submitted by the alternate administrator to the agency pertaining to the program. The agency may prescribe a specific form upon which the proposal must be submitted. At a minimum, each proposal for an alternative program component shall contain:

A. Evidence that the organization submitting the proposal is a nonprofit entity, local community, or Indian tribal organization and evidence that the organization has the capacity to successfully carry out the program.

B. A proposed program that describes, in adequate detail as determined by the agency:

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(1) the communities or portions of the communities to be served;

(2) the housing needs of American Indians residing in the areas to be served and the manner in which the proposed program assists in meeting those needs;

(3) a financial description of the program, including the dollar amount of program funds requested, types of loans to be made, the terms of the loans and the costs of program administration, and the manner in which these costs will be paid;

(4) a description of the manner in which the program will be implemented and operated, including the duration of the program method of outreach and selection of loan recipients, and procedures for servicing loans over the life of the program; and

(5) the source of any funds other than the urban Indian housing loan program to be included in the program of the applicant, and evidence that these funds will be available.

C. Any additional information that the agency in its reasonable discretion considers necessary after initial review of the proposal to evaluate the merits of the program. The agency may meet with representatives of the organizations submitting proposals to review proposals and request additional information.

4900.1584 SELECTION OF PROPOSAL; ALTERNATE ADMINISTRATOR.

The agency may approve an alternative program component of an alternate administrator in whole or in part, and may approve a program for a limited geographic area. In determining whether or not to approve applications to administer programs under the urban Indian program, the members shall examine the following facts and make their determinations:

A. Any written comments received by the agency from the advisory council regarding the applications for the proposed programs. The agency shall consider the conclusions of the advisory council on urban Indians and the reasons given in

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support of the conclusions, including the council's evaluation of the applications under the criteria in items B and C.

B. The extent to which the program will assist in serving the housing needs of the urban Indian community. Factors to be considered include:

(1) the extent to which the program duplicates or is in conflict with other programs that provide housing for urban Indians and the extent to which the program will demonstrate the feasibility of alternative methods for providing housing for urban Indians;

(2) the geographic location of the proposed program and the percentage of the Minnesota urban Indian community residing in the geographic area or areas to be served, as determined by the agency according to population data;

(3) the method and cost of program administration, the time required to implement the program, and the capacity of the administrator to carry out the program; and

(4) the extent to which American Indians are involved in the administration of the program, and in the ownership, management, and labor force of any contractors and subcontractors intended to be employed in the program.

C. The extent to which the use of appropriated funds reduces housing costs to American Indian persons or families and the extent to which the program combines the proceeds of appropriated funds with proceeds of bonds of the agency, or of other issues of bonds, or otherwise uses available money to leverage the appropriated funds.

4900.1586 ADVISORY COUNCIL ON URBAN INDIANS.

The agency shall report to the advisory council on urban Indians on a periodic basis, but annually at a minimum, pertaining to the operation of the homeownership mortgage participation component of the urban Indian housing loan program. The agency shall consider the advice and concerns expressed by the advisory council in its operation of the program.

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In the event that the agency develops or receives a proposal for an alternative program component, the agency shall provide a copy of the proposal to the advisory council on urban Indians. The advisory council on urban Indians shall review all proposals. Upon request of the advisory council, the organization submitting the proposal shall present the proposal before the advisory council.

STATE OF MINNESOTA
DEPARTMENT OF STATE
FILED
MAR - 8 1988
Secretary of State

Approved
by Revisor _____

STATE OF MINNESOTA
DEPARTMENT OF STATE
FILED

MAR - 8 1988

Joan Anderson Growe

Secretary of State

11:15 AM

APPROVED AS TO FORM AND LEGALITY

May 7 1988

HUBERT H. HUMPHREY, III
ATTORNEY GENERAL

BY M J Carroll

SPECIAL ASSISTANT ATTORNEY GENERAL

MINNESOTA HOUSING FINANCE AGENCY

In the Matter of the Proposed Rules Relating to Urban Indian Housing Program

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. Sec. 14.21 to 14.28.

Persons interested in these rules shall have 30 days to submit comments in support of or in opposition to the proposed rules within the 30-day comment period. Such comments are encouraged, and should identify the portion of the proposed rule addressed, the reason for the comment, and any change proposed. The proposed 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 twenty-five 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. Sec. 14.14 et. seq. Any person requesting a public hearing should state his or her name and address, and is encouraged to identify the portion of the proposed rule addressed, the reason for the request, and any change proposed.

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 300
400 Sibley Street
St. Paul, Minnesota 55101
Telephone: 612/296-9794

Authority for the adoption of these rules is contained in Minn. Stat. Sec. 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, and to determine whether the agency has the authority to adopt the rules and

whether the record demonstrates a rational basis for the need for and reasonableness of the proposed rules. Persons who wish to receive notice of the date of submission of these rules to the Attorney General for review, or who wish to receive a free copy of the final rules as adopted, should make such requests to Kathleen J. Johnson.

A copy of the proposed rule 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. Sec. 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, 625 North Robert Street, St. Paul, Minnesota 55101-2520 (612) 296-5615.

Dated: January 22, 1988

James J. Solem
Commissioner

Housing Finance Agency

Proposed Permanent Rules Relating to Urban Indian Housing Program

Rules as Proposed

4900.1500 SCOPE OF RULES.

The rules provided in parts 4900.1500 to ~~4900.1570~~ 4900.1586 shall govern the implementation of the urban Indian housing loan program established in Minnesota Statutes, section 462A.07, subdivision 15.

4900.1520 THE URBAN INDIAN HOUSING LOAN PROGRAM.

The urban Indian housing loan program provides loans for housing for American Indian persons and families residing in urban areas of the state. The program is implemented in whole or in part directly by the agency or through administrators selected by the agency ~~after review of proposals submitted pursuant to parts 4900.1500 to 4900.1570. A proposal by an administrator may serve all or a portion of the eligible areas of the state of Minnesota~~. The eligible areas within the state of Minnesota are the metropolitan area as defined in Minnesota Statutes, section 473.121, subdivision 2 and any city with a population greater than 50,000 persons. To the extent practicable, the agency shall allocate urban Indian loan program funds equitably among eligible areas, based upon American Indian population estimates. ~~To assist potential applicants, the agency shall provide, upon request, information describing potential uses of urban Indian housing loan program funds,~~ but maintains the authority to reallocate funds at its discretion based on varying loan demand.

4900.1540 RECIPIENTS OF LOANS.

Each program must provide for loans for the construction, purchase, or rehabilitation of residential housing. Except as otherwise provided herein and by part 4900.0340, each person or

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family initially occupying a dwelling unit financed pursuant to the act, program, and parts 4900.1500 to ~~4900.1570~~ 4900.1586 shall be an American Indian as defined by Minnesota Statutes, section 254A.02, subdivision 11, or 462A.07, or an American Indian family as defined by part 4900.0920, and of low and moderate income, as defined by part ~~4900.0010, provided that~~ 4900.1574. Developers of multifamily housing developments need not be American Indians of low and moderate income. In obtaining assistance under this program, Indian persons and families shall not be discriminated against on the basis of tribal affiliation or tribal enrollment.

Rules as Proposed (all new material)

4900.1572 HOMEOWNERSHIP MORTGAGE PARTICIPATION COMPONENT.

The agency may arrange to leverage urban Indian housing loan program funds, interest free, with other funds from the agency or another private or public source in order to reduce the interest rate on individual mortgage loans to affordable levels. A maximum of 30 percent of the total financing provided for each individual mortgage may be provided from urban Indian housing loan program funds. The mortgage note or coupon rate is established for each individual mortgage loan in the following manner:

Ys = Interest rate for the independent funding source

S = Funding source's percentage of total mortgage loan

I = Urban Indian program's percentage of total mortgage loan

S/F = Servicing fee

(Ys x S) + (I x S/F) = note or coupon rate

Examples of sources of funds that may be leveraged with urban Indian program funds include, but are not limited to, proceeds from agency mortgage revenue bond sales, proceeds from municipal or county mortgage revenue bond sales, mortgage commitments from private mortgage lenders or secondary mortgage market organizations, or mortgage commitments from nonprofit, public, or governmental sources. In cases in which mortgage

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revenue bond proceeds are used, all requirements or restrictions imposed on the use by the bond issuer, except as may be specifically modified by the issuer to facilitate the purpose of the urban Indian housing program, must be in full force and effect and complied with. In cases in which sources of funds are provided from other than mortgage revenue bond proceeds, the following requirements or restrictions are also imposed unless specifically waived by the commissioner or agency.

A. Recipients may not have had an ownership interest in a principal residence for three years directly before the date of mortgage loan closing as provided in Internal Revenue Code, section 103A.

B. Recipients must intend to occupy the property as a principal residence within 60 days of loan closing.

C. Both recipients and properties to be mortgaged must meet mortgage industry underwriting standards pertaining to the type of mortgage being provided, for example, FHA, VA, or conventional mortgage.

The agency shall establish a maximum purchase price limitation for homes to be financed under this part that in no instance may exceed the amount provided under the agency's mortgage revenue bond programs.

4900.1574 LOW AND MODERATE INCOME UNDER URBAN INDIAN HOUSING LOAN PROGRAM.

For the purpose of the urban Indian housing loan program, "persons and families of low and moderate income" means recipients of a limited-unit development loan whose adjusted income does not exceed the amount in the following tables:

A. Maximum adjusted income for loans for new construction:

(1) in the counties of Anoka, Carver, Chisago, Dakota, Hennepin, Ramsey, Scott, Washington, and Wright:

Mortgage Interest Rate	Maximum Adjusted Income
0 - 6.0%	$27,000
6.01 - 7.0%	$29,000
7.01 - 8.0%	$31,000
8.01 - 9.0%	$33,000
9.01 -10.0%	$35,000

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(2) in all other counties:

Mortgage Interest Rate	Maximum Adjusted Income
0 - 6.0%	$18,000
6.01 - 7.0%	$20,000
7.01 - 8.0%	$22,000
8.01 - 9.0%	$24,000
9.01 -10.0%	$26,000

B. Maximum adjusted income for loans for existing dwelling unit.

(1) in the counties of Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, Washington, and Wright:

Mortgage Interest Rate	Maximum Adjusted Income
0 - 6.0%	$23,000
6.01 - 7.0%	$25,000
7.01 - 8.0%	$27,000
8.01 - 9.0%	$29,000
9.01 -10.0%	$31,000

(2) in all other counties:

Mortgage Interest Rate	Maximum Adjusted Income
0 - 6.0%	$13,000
6.01 - 7.0%	$15,000
7.01 - 8.0%	$17,000
8.01 - 9.0%	$19,000
9.01 -10.0%	$21,000

4900.1576 HOMEOWNERSHIP ASSISTANCE FUND; URBAN INDIAN HOUSING LOAN PROGRAM.

Under the homeownership mortgage participation component of the urban Indian housing loan program, recipients are eligible for homeownership assistance fund loans as described in parts 4900.1310 to 4900.1350, except as modified by parts 4900.1500 to 4900.1586. All loan recipients are eligible for downpayment assistance under part 4900.1300. Recipients are eligible for monthly assistance under part 4900.1330 only in the event that the first mortgage note or coupon rate exceeds an interest rate of eight percent per annum.

4900.1578 ADMINISTRATION OF HOMEOWNERSHIP MORTGAGE PARTICIPATION COMPONENT.

The agency shall affirmatively attempt to market and distribute urban Indian program funds through the homeownership

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mortgage participation component. The agency may enter into contracts and agreements with mortgage lenders and other entities to facilitate distribution and marketing of the homeownership mortgage participation component of the urban Indian housing program, and may pay for the services with urban Indian housing loan program funds. The agency may also reimburse itself for expenses incurred in administration of the program.

4900.1580 ALTERNATIVE PROGRAM COMPONENTS.

The agency may consider alternative program components to provide unique housing opportunities under the program given the availability of additional resources with which to leverage urban Indian housing loan program funds. The agency may directly administer the components, or may select an alternate administrator. An alternate administrator must be a nonprofit entity or local community as defined by part 4900.0010 or an Indian tribal organization eligible under parts 4900.0900 to 4900.1080. It is anticipated that the alternative program component will deal primarily with rental and rehabilitation of housing. An alternative program component may deal with a limited geographical area, but in this event the statewide allocation of urban Indian funds will be adjusted to reflect the direction of funds to the limited geographical area.

4900.1582 SUBMISSION OF ALTERNATIVE PROGRAM COMPONENTS.

Subpart 1. **Submission by agency.** In the event that an alternative program component is developed by the agency, it shall prepare materials in accordance with subpart 2, item B, and submit the materials to the advisory council on urban Indians for review and written comment, and shall consider the conclusions of the advisory council before implementing the alternative program component.

Subp. 2. **Submission by alternate administrator.** In the event that an alternative program component is developed by an alternate administrator as described in part 4900.1580, a proposal must be submitted by the alternate administrator to the

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agency pertaining to the program. The agency may prescribe a specific form upon which the proposal must be submitted. At a minimum, each proposal for an alternative program component shall contain:

A. Evidence that the organization submitting the proposal is a nonprofit entity, local community, or Indian tribal organization and evidence that the organization has the capacity to successfully carry out the program.

B. A proposed program that describes, in adequate detail as determined by the agency:

(1) the communities or portions of the communities to be served;

(2) the housing needs of American Indians residing in the areas to be served and the manner in which the proposed program assists in meeting those needs;

(3) a financial description of the program, including the dollar amount of program funds requested, types of loans to be made, the terms of the loans and the costs of program administration, and the manner in which these costs will be paid;

(4) a description of the manner in which the program will be implemented and operated, including the duration of the program method of outreach and selection of loan recipients, and procedures for servicing loans over the life of the program; and

(5) the source of any funds other than the urban Indian housing loan program to be included in the program of the applicant, and evidence that these funds will be available.

C. Any additional information that the agency in its reasonable discretion considers necessary after initial review of the proposal to evaluate the merits of the program. The agency may meet with representatives of the organizations submitting proposals to review proposals and request additional information.

4900.1584 SELECTION OF PROPOSAL; ALTERNATE ADMINISTRATOR.

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The agency may approve an alternative program component of an alternate administrator in whole or in part, and may approve a program for a limited geographic area. In determining whether or not to approve applications to administer programs under the urban Indian program, the members shall examine the following facts and make their determinations:

A. Any written comments received by the agency from the advisory council regarding the applications for the proposed programs. The agency shall consider the conclusions of the advisory council on urban Indians and the reasons given in support of the conclusions, including the council's evaluation of the applications under the criteria in items B and C.

B. The extent to which the program will assist in serving the housing needs of the urban Indian community. Factors to be considered include:

(1) the extent to which the program duplicates or is in conflict with other programs that provide housing for urban Indians and the extent to which the program will demonstrate the feasibility of alternative methods for providing housing for urban Indians;

(2) the geographic location of the proposed program and the percentage of the Minnesota urban Indian community residing in the geographic area or areas to be served, as determined by the agency according to population data;

(3) the method and cost of program administration, the time required to implement the program, and the capacity of the administrator to carry out the program; and

(4) the extent to which American Indians are involved in the administration of the program, and in the ownership, management, and labor force of any contractors and subcontractors intended to be employed in the program.

C. The extent to which the use of appropriated funds reduces housing costs to American Indian persons or families and the extent to which the program combines the proceeds of appropriated funds with proceeds of bonds of the agency, or of other issues of bonds, or otherwise uses available money to

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leverage the appropriated funds.

4900.1586 ADVISORY COUNCIL ON URBAN INDIANS.

The agency shall report to the advisory council on urban Indians on a periodic basis, but annually at a minimum, pertaining to the operation of the homeownership mortgage participation component of the urban Indian housing loan program. The agency shall consider the advice and concerns expressed by the advisory council in its operation of the program.

In the event that the agency develops or receives a proposal for an alternative program component, the agency shall provide a copy of the proposal to the advisory council on urban Indians. The advisory council on urban Indians shall review all proposals. Upon request of the advisory council, the organization submitting the proposal shall present the proposal before the advisory council.

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Office of the Revisor of Statutes

Administrative Rules

TITLE: Proposed Permanent Rules Relating to Urban Indian Housing Program

AGENCY: Housing Finance Agency

MINNESOTA RULES: Chapter 4900

The attached rules are approved for publication in the State Register

David S. Niss
Assistant Revisor

State of Minnesota

Minnesota Housing Finance Agency

In the Matter of the Proposed Rules
Relating to Urban Indian Housing Program

Statement of Need and Reasonableness

4900.1500 through 4900.1586:

Minnesota Statutes, Section 462A.07, Subdivision 15 establishes that the Minnesota Housing Finance Agency (Agency) may engage in housing programs for low and moderate income American Indians residing in designated metropolitan areas throughout the state. The statute further provides, in excerpt, that the programs shall demonstrate innovative methods of providing housing for urban Indians, shall, to the extent possible, combine appropriated money with other money from both public and private sources, and shall be flexible as to the entity that shall administer such programs. The statute also provides that the Agency shall consult with the advisory council on urban Indians in the development of programs pursuant to the applicable subdivision.

Upon passage of the statute enabling urban Indian housing programs, the Agency promulgated administrative rules to govern administration of the programs. Generally, these rules provided that individual programs for eligible communities would be administered by nonprofit entities. It was felt that this delivery system would enable programs to be developed that addressed locally identified housing needs and would allow an administering entity to identify and procure local sources of funds to be leveraged with urban Indian program appropriations. These rules have not been amended since they were originally promulgated.

Since the administrative rules governing the urban Indian housing programs have been promulgated, seven separate programs have been operated by six program administrators. The results of this system have been that programs have been implemented that were unevenly administered at a high administrative cost. To date, approximately $4,622,096 has been disbursed for loans under the program at an administrative cost of $823,371, which is over $1.00 in administrative costs for every $5.60 in benefits delivered. Given the preceding, it is deemed desirable to consider a means of program delivery that would considerably reduce administrative costs while increasing benefits to recipients. While this should be the case for all programs, it is particularly the case with programs designed to improve the housing for an underhoused segment of the population in an era of declining financial resources.

Furthermore, with a few exceptions, the programs that have been implemented in various communities have been very similar and were for the most part leveraged with mortgage revenue bond funds, such as funds from the Agency's home mortgage program. Generally, programs have been operated in each community designed to encourage and increase homeownership opportunities for American Indian households. In three of the four communities, an "equity participation loan" format has been used to meet the leverage requirements of the statute. In the fourth community, a monthly payment and downpayment assistance program similar to the Agency's Homeownership Assistance Fund has been implemented. During the past five years, only one program component has been implemented that was not a homeownership program, and that program provided rental housing by leveraging state and federal resources in a combination that is not likely to recur.

Given the above, the Agency is proposing rules that would enable it to directly administer urban Indian housing programs and to implement a specific homeownership program component that would leverage appropriations for the urban Indian housing program together with mortgage revenue bond funds from the Agency's home mortgage program. Furthermore, the Agency is designing the homeownership program component to be compatible with the Agency's Homeownership Assistance Fund in high interest rate mortgage markets to provide an even greater opportunity for homeownership by the urban Indian housing program's constituency.

It is felt that by implementing these changes, the Agency will be able to deliver the program at a considerably reduced administrative cost while providing a comparable, if not superior, homeownership opportunity than had been provided previously. The Agency is proposing to deliver the program using existing staff and the main costs expected for program administration pertain to marketing and delivery expenses.

However, while providing for a specific homeownership program component, it should be noted that the proposed administrative rules would enable a rental program component to be administered by either the Agency or an outside administrator should resources become available to allow such a component. The advisory council on urban Indians has initially endorsed the concepts described herein.

In accordance with the above, one purpose of the changes to Minnesota Rules 4900.1520 is to enable the Agency to be an eligible administrator of urban Indian housing loan programs. There is also a change to this section to enable the Agency to reallocate funds at its discretion based on varying loan demand after initially allocating program funds equitably among eligible areas. This is to enable use of program resources after a reasonable period of time has elapsed if it becomes apparent that a market does not exist within a particular community to bring about reasonably expeditious use of program funds.

Minnesota Rules 4900.1531 through 4900.1533 have been deleted, although the substance of these rules have been incorporated into other sections of the proposed rules.

Minnesota Rules 4900.1540 are essentially as provided in previous rules. The only significant change to these rules is to provide that if a definition of American Indian is promulgated under Minnesota Statutes 462A.07, that definition may be used for purposes of this program. It is anticipated that a definition under this Statute will be passed during the 1988 legislative session, and this language would enable this definition to be used without further revising the rules.

Minnesota Rules 4900.1550 through 4900.1570 have been deleted, although the substance of these rules have been incorporated into other sections of the proposed rules.

Minnesota Rules 4900.1572 describe the homeownership mortgage participation component to be administered directly by the Agency. This component provides for leveraging urban Indian housing program funds, interest free, with funds from another source to provide for mortgage loans at a very low interest rate. A formula is provided therein by which the interest rate may be computed. The rules also provide other restrictions designed to appropriately target appropriations to a clientele that may be deemed to be most in need. These restrictions are compatible with restrictions used in current urban Indian homeownership programs implemented under the existing statute and rules.

It is felt that the program component proposed in 4900.1572 has several advantages compared to the equity participation loan format previously provided by urban Indian housing program administrators. The mortgage to be provided will be on standard documentation with one note and one mortgage to be amortized over a standard mortgage term. Thus, this concept will be very simple to explain to program beneficiaries. The leveraging of urban Indian housing loan program funds interest free with other funds will provide a very affordable mortgage interest rate at a low administrative cost. Finally, it is anticipated that interest rate levels under this program component will be comparable to interest rate levels provided under housing programs provided by Indian housing authorities on reservations throughout the state, which has always been a desire of the urban Indian housing program constituency.

Minnesota Rules 4900.1574 define persons and families of low and moderate income given the interest rates which are anticipated under this program. Previously, these recipients were defined identically to the recipients under the Agency's home mortgage program. Given that recipients under this program component are likely to receive a far lower interest rate than under the Agency's regular home mortgage

program, it is deemed prudent to provide lower income limits than under the Agency's home mortgage program. The practical result of this is that recipients who would be eligible for the Agency's home mortgage program may use that program, but recipient eligibility is limited for the urban Indian housing program to individuals generally not eligible for the Agency's home mortgage program due to lower household income levels.

Minnesota Rules 4900.1576 provide the circumstances under which urban Indian housing loan program recipients may also be eligible for monthly payment or downpayment assistance under the Agency's Homeownership Assistance Fund. The rules provide that all loan recipients are eligible for downpayment assistance under the rules governing the Homeownership Assistance Fund, but that recipients are only eligible for monthly payment assistance in the event that the first mortgage note or coupon rate exceeds an interest rate of 8% per annum. This is to assure that recipients of very low income who are not reasonable prospects for homeownership under mortgage industry standards do not receive homeownership due to excessive levels of state subsidy.

Minnesota Rules 4900.1578 provide the administrative structure by which the Agency may deliver the homeownership mortgage participation component of the program. It enables the Agency to enter into such agreements that will facilitate delivery of the program and to reimburse itself and others for expenses incurred in program delivery.

Minnesota Rules 4900.1580 through 4900.1586 deal with alternative program components and, for the most part, incorporate many of the provisions of rules in effect for the urban Indian housing programs currently. The main differences within these rules from previous rules are that alternative program components are identified as program components that deal primarily with rental and rehabilitation of housing, that either the Agency or an alternate administrator may deliver such program components, that, in the event an alternative program component is submitted and implemented for a limited geographical area within the state, the allocation of urban Indian program funds to that area will be proportionately reduced, and that the Agency will report to the advisory council on urban Indians on a periodic basis pertaining to the operation of the homeownership mortgage participation component of the urban Indian housing loan program.

The Agency is cognizant of the provisions of Section 14.115 of the Minnesota Statutes, entitled Small Business Considerations in Rulemaking, however, the proposed rules do not establish any compliance or reporting requirements, design or operational standards, or directly affect the way any business must operate. Therefore, the provisions contained in Minn. Stat. §14.115 (1986) do not apply to the proposed rules discussed herein.

STATE OF MINNESOTA

MINNESOTA HOUSING FINANCE AGENCY

In the Matter of the Proposed Rules Relating to Urban Indian Housing Program

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: 2/26/88

William H. Kuretsky
Special Assistant Attorney General

MINNESOTA HOUSING FINANCE AGENCY

Rec'd 2/26/88

February 25, 1988

Ms. Rita Desmond
Attorney General Office
515 Transportation Building
St. Paul, Minnesota 55155

RE: In the Matter of the Proposed Rules Relating to to Urban Indian Housing Program Without a Public Hearing

Dear Ms. Desmond:

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;

Findings of Fact, Conclusions, and Order Adopting Rule Without Public Hearing;

Statement of Need and Reasonableness; and

Certificate of Compliance with Rulemaking Procedures.

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, nor did it receive any requests from persons desiring notice of the date of submission of the proposed rule to the Attorney General. The Adopted rules are the same as the Proposed rules.

Sincerely,

James J. Solem
Commissioner

JJS/kjj

Encs.

STATE OF MINNESOTA

MINNESOTA HOUSING FINANCE AGENCY

In the Matter of the Proposed
Rules Relating to
Urban Indian Housing Program
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 25th day of February, 1988, 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 Urban Indian Housing Program 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, Commissioner 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 February, 1988.

Robert A. Worthington
Chairman

STATE OF MINNESOTA

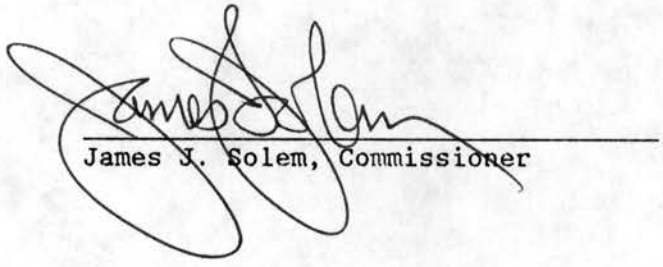
MINNESOTA HOUSING FINANCE AGENCY

In the Matter of the Proposed
Rules Relating to
Urban Indian Housing
Program
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 January 25, 1988 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 January 22, 1988. After affording interested and affected persons an opportunity to submit comments for 30 days, receiving fewer than twenty-five written requests for a public hearing within the 30 day comment period, reviewing and considering the comments, supplying notice to all persons requesting notice of the date of submission of the proposed rules to the Attorney General for review, and determining the need for and reasonableness of the above-captioned rules.

NOW, THEREFORE, IT IS ORDERED that these rules identified as Rules of the Minnesota Housing Finance Agency Relating to Urban Indian Housing Porgram are adopted this 25th day of February, 1988 pursuant to authority vested in the Agency by Minnesota Statutes 462A.06, Subdivisions 4 and 11.



James J. Solem, Commissioner

STATE OF MINNESOTA

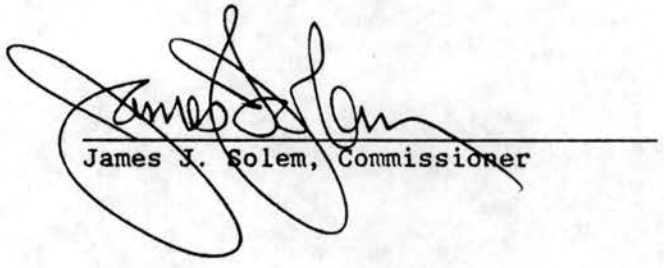
MINNESOTA HOUSING FINANCE AGENCY

In the Matter of the Proposed
Rules Relating to
Urban Indian Housing
Program
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 January 25, 1988 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 January 22, 1988. After affording interested and affected persons an opportunity to submit comments for 30 days, receiving fewer than twenty-five written requests for a public hearing within the 30 day comment period, reviewing and considering the comments, supplying notice to all persons requesting notice of the date of submission of the proposed rules to the Attorney General for review, and determining the need for and reasonableness of the above-captioned rules.

NOW, THEREFORE, IT IS ORDERED that these rules identified as Rules of the Minnesota Housing Finance Agency Relating to Urban Indian Housing Porgram are adopted this 25th day of February, 1988 pursuant to authority vested in the Agency by Minnesota Statutes 462A.06, Subdivisions 4 and 11.



James J. Solem, Commissioner

STATE OF MINNESOTA

MINNESOTA HOUSING FINANCE AGENCY

In the Matter of the Proposed Rules Relating to the Urban Indian Housing Program

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

It is ordered this 17th day of December, 1987 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, Commissioner

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 17th day of December, 1987, 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, Commissioner 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 the Urban Indian Housing Program 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 17th day of December, 1987.

Chairman

STATE OF MINNESOTA

COUNTY OF RAMSEY

In the Matter of the Proposed
Rules Relating to
Urban Indian Housing Program
Without a Public Hearing

AFFIDAVIT
OF MAILING

Kathleen J. Johnson, being first duly sworn, deposes and says:

That on the 22nd day of January, 1988, 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.

Kathleen J. Johnson

Kathleen J. Johnson

Subscribed and sworn to before
me this 22nd day of January,
1988.

Susan K Noren

Notary Public

SUSAN K. NOREN
NOTARY PUBLIC-MINNESOTA
RAMSEY COUNTY
MY COMMISSION EXPIRES APRIL 8, 1991

STATE OF MINNESOTA

MINNESOTA HOUSING FINANCE AGENCY

MAILING LIST CERTIFICATE

In the Matter of the Proposed
Rules Relating to
Urban Indian Housing Program
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 22nd day of January, 1988.

Kathleen J. Johnson

media program and the enrollment in every elementary, middle, and secondary school building. Additional space and facilities shall be provided for work storage, listening, viewing, technological, and conference purposes. In one- and two-room elementary schools, provisions shall be made for library media services.

REPEALER. Minnesota Rules, part 3500.0700 is repealed.

Housing Finance Agency

Proposed Permanent Rules Relating to Urban Indian Housing Program

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 *Minnesota Statutes* Sec. 14.21 to 14.28.

Persons interested in these rules shall have 30 days to submit comments in support of or in opposition to the proposed rules within the 30-day comment period. Such comments are encouraged, and should identify the portion of the proposed rule addressed, the reason for the comment, and any change proposed. The proposed 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 twenty-five 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* Sec. 14.14 *et. seq.* Any persons requesting a public hearing should state his or her name and address, and is encouraged to identify the portion of the proposed rule addressed, the reason for the request, and any change proposed.

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 300
400 Sibley Street
St. Paul, Minnesota 55101
Telephone: 612/296-9794

Authority for the adoption of these rules is contained in *Minnesota Statutes* Sec. 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, and to determine whether the agency has the authority to adopt the rules and whether the record demonstrates a rational basis for the need for and reasonableness of the proposed rules. Persons who wish to receive notice of the date of submission of these rules to the Attorney General for review, or who wish to receive a free copy of the final rules as adopted, should make such requests to Kathleen J. Johnson.

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

Please be advised that *Minnesota Statutes,* 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 *Minnesota Statutes* Sec. 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,

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.

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, 625 North Robert Street, St. Paul, Minnesota 55101-2520 (612) 296-5615.

Dated: 22 January 1988

James J. Solem
Commissioner

Rules as Proposed

4900.1500 SCOPE OF RULES.

The rules provided in parts 4900.1500 to ~~4900.1570~~ 4900.1586 shall govern the implementation of the urban Indian housing loan program established in Minnesota Statutes, section 462A.07, subdivision 15.

4900.1520 THE URBAN INDIAN HOUSING LOAN PROGRAM.

The urban Indian housing loan program provides loans for housing for American Indian persons and families residing in urban areas of the state. The program is implemented in whole or in part directly by the agency or through administrators selected by the agency ~~after review of proposals submitted pursuant to parts 4900.1500 to 4900.1570. A proposal by an administrator may serve all or a portion of the eligible areas of the state of Minnesota~~. The eligible areas within the state of Minnesota are the metropolitan area as defined in Minnesota Statutes, section 473.121, subdivision 2 and any city with a population greater than 50,000 persons. To the extent practicable, the agency shall allocate urban Indian loan program funds equitably among eligible areas, based upon American Indian population estimates~~. To assist potential applicants, the agency shall provide, upon request, information describing potential uses of urban Indian housing loan program funds~~, but maintains the authority to reallocate funds at its discretion based on varying loan demand.

4900.1540 RECIPIENTS OF LOANS.

Each program must provide for loans for the construction, purchase, or rehabilitation of residential housing. Except as otherwise provided herein and by part 4900.0340, each person or family initially occupying a dwelling unit financed pursuant to the act, program, and parts 4900.1500 to ~~4900.1570~~ 4900.1586 shall be an American Indian as defined by Minnesota Statutes, section 254A.02, subdivision 11, or 462A.07, or an American Indian family as defined by part 4900.0920, and of low and moderate income, as defined by part ~~4900.0010; provided that~~ 4900.1574. Developers of multifamily housing developments need not be American Indians of low and moderate income. In obtaining assistance under this program, Indian persons and families shall not be discriminated against on the basis of tribal affiliation or tribal enrollment.

Rules as Proposed (all new material)

4900.1572 HOMEOWNERSHIP MORTGAGE PARTICIPATION COMPONENT.

The agency may arrange to leverage urban Indian housing loan program funds, interest free, with other funds from the agency or another private or public source in order to reduce the interest rate on individual mortgage loans to affordable levels. A maximum of 30 percent of the total financing provided for each individual mortgage may be provided from urban Indian housing loan program funds. The mortgage note or coupon rate is established for each individual mortgage loan in the following manner:

Ys = Interest rate for the independent funding source
S = Funding source's percentage of total mortgage loan
I = Urban Indian program's percentage of total mortgage loan
S/F = Servicing fee (Ys × S) + (I × S/F) = note or coupon rate

Examples of sources of funds that may be leveraged with urban Indian program funds include, but are not limited to, proceeds from agency mortgage revenue bond sales, proceeds from municipal or county mortgage revenue bond sales, mortgage commitments from private mortgage lenders or secondary mortgage market organizations, or mortgage commitments from nonprofit, public, or governmental sources. In cases in which mortgage revenue bond proceeds are used, all requirements or restrictions imposed on the use by the bond issuer, except as may be specifically modified by the issuer to facilitate the purpose of the urban Indian housing program, must be in full force and effect and complied with. In cases in which sources of funds are provided from other than mortgage revenue bond proceeds, the following requirements or restrictions are also imposed unless specifically waived by the commissioner or agency.

A. Recipients may not have had an ownership interest in a principal residence for three years directly before the date of mortgage loan closing as provided in Internal Revenue Code, section 103A.

B. Recipients must intend to occupy the property as a principal residence within 60 days of loan closing.

C. Both recipients and properties to be mortgaged must meet mortgage industry underwriting standards pertaining to the type of mortgage being provided, for example, FHA, VA, or conventional mortgage.

The agency shall establish a maximum purchase price limitation for homes to be financed under this part that in no instance may exceed the amount provided under the agency's mortgage revenue bond programs.

4900.1574 LOW AND MODERATE INCOME UNDER URBAN INDIAN HOUSING LOAN PROGRAM.

For the purpose of the urban Indian housing loan program, "persons and families of low and moderate income" means recipients of a limited-unit development loan whose adjusted income does not exceed the amount in the following tables:

A. Maximum adjusted income for loans for new construction:

(1) in the counties of Anoka, Carver, Chisago, Dakota, Hennepin, Ramsey, Scott, Washington, and Wright:

Mortgage Interest Rate	Maximum Adjusted Income
0 - 6.0%	$27,000
6.01 - 7.0%	$29,000
7.01 - 8.0%	$31,000
8.01 - 9.0%	$33,000
9.01 -10.0%	$35,000

(2) in all other counties:

Mortgage Interest Rate	Maximum Adjusted Income
0 - 6.0%	$18,000
6.01 - 7.0%	$20,000
7.01 - 8.0%	$22,000
8.01 - 9.0%	$24,000
9.01 -10.0%	$26,000

B. Maximum adjusted income for loans for existing dwelling unit.

(1) in the counties of Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, Washington, and Wright:

Mortgage Interest Rate	Maximum Adjusted Income
0 - 6.0%	$23,000
6.01 - 7.0%	$25,000
7.01 - 8.0%	$27,000
8.01 - 9.0%	$29,000
9.01 -10.0%	$31,000

(2) in all other counties:

Mortgage Interest Rate	Maximum Adjusted Income
0 - 6.0%	$13,000
6.01 - 7.0%	$15,000
7.01 - 8.0%	$17,000
8.01 - 9.0%	$19,000
9.01 -10.0%	$21,000

4900.1576 HOMEOWNERSHIP ASSISTANCE FUND; URBAN INDIAN HOUSING LOAN PROGRAM.

Under the homeownership mortgage participation component of the urban Indian housing loan program, recipients are eligible

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.

for homeownership assistance fund loans as described in parts 4900.1310 to 4900.1350, except as modified by parts 4900.1500 to 4900.1586. All loan recipients are eligible for downpayment assistance under part 4900.1300. Recipients are eligible for monthly assistance under part 4900.1330 only in the event that the first mortgage note or coupon rate exceeds an interest rate of eight percent per annum.

4900.1578 ADMINISTRATION OF HOMEOWNERSHIP MORTGAGE PARTICIPATION COMPONENT.

The agency shall affirmatively attempt to market and distribute urban Indian program funds through the homeownership mortgage participation component. The agency may enter into contracts and agreements with mortgage lenders and other entities to facilitate distribution and marketing of the homeownership mortgage participation component of the urban Indian housing program, and may pay for the services with urban Indian housing loan program funds. The agency may also reimburse itself for expenses incurred in administration of the program.

4900.1580 ALTERNATIVE PROGRAM COMPONENTS.

The agency may consider alternative program components to provide unique housing opportunities under the program given the availability of additional resources with which to leverage urban Indian housing loan program funds. The agency may directly administer the components, or may select an alternate administrator. An alternate administrator must be a nonprofit entity or local community as defined by part 4900.0010 or an Indian tribal organization eligible under parts 4900.0900 to 4900.1080. It is anticipated that the alternative program component will deal primarily with rental and rehabilitation of housing. An alternative program component may deal with a limited geographical area, but in this event the statewide allocation of urban Indian funds will be adjusted to reflect the direction of funds to the limited geographical area.

4900.1582 SUBMISSION OF ALTERNATIVE PROGRAM COMPONENTS.

Subpart 1. **Submission by agency.** In the event that an alternative program component is developed by the agency, it shall prepare materials in accordance with subpart 2, item B, and submit the materials to the advisory council on urban Indians for review and written comment, and shall consider the conclusions of the advisory council before implementing the alternative program component.

Subp. 2. **Submission by alternate administrator.** In the event that an alternative program component is developed by an alternate administrator as described in part 4900.1580, a proposal must be submitted by the alternate administrator to the agency pertaining to the program. The agency may prescribe a specific form upon which the proposal must be submitted. At a minimum, each proposal for an alternative program component shall contain:

A. Evidence that the organization submitting the proposal is a nonprofit entity, local community, or Indian tribal organization and evidence that the organization has the capacity to successfully carry out the program.

B. A proposed program that describes, in adequate detail as determined by the agency:

(1) the communities or portions of the communities to be served;

(2) the housing needs of American Indians residing in the areas to be served and the manner in which the proposed program assists in meeting those needs;

(3) a financial description of the program, including the dollar amount of program funds requested, types of loans to be made, the terms of the loans and the costs of program administration, and the manner in which these costs will be paid;

(4) a description of the manner in which the program will be implemented and operated, including the duration of the program method of outreach and selection of loan recipients, and procedures for servicing loans over the life of the program; and

(5) the source of any funds other than the urban Indian housing loan program to be included in the program of the applicant, and evidence that these funds will be available.

C. Any additional information that the agency in its reasonable discretion considers necessary after initial review of the proposal to evaluate the merits of the program. The agency may meet with representatives of the organizations submitting proposals to review proposals and request additional information.

4900.1584 SELECTION OF PROPOSAL; ALTERNATE ADMINISTRATOR.

The agency may approve an alternative program component of an alternate administrator in whole or in part, and may approve a program for a limited geographic area. In determining whether or not to approve applications to administer programs under the urban Indian program, the members shall examine the following facts and make their determinations:

A. Any written comments received by the agency from the advisory council regarding the applications for the proposed programs. The agency shall consider the conclusions of the advisory council on urban Indians and the reasons given in support of the conclusions, including the council's evaluation of the applications under the criteria in items B and C.

B. The extent to which the program will assist in serving the housing needs of the urban Indian community. Factors to be considered include:

(1) the extent to which the program duplicates or is in conflict with other programs that provide housing for urban Indians and the extent to which the program will demonstrate the feasibility of alternative methods for providing housing for urban Indians;

(2) the geographic location of the proposed program and the percentage of the Minnesota urban Indian community residing in the geographic area or areas to be served, as determined by the agency according to population data;

(3) the method and cost of program administration, the time required to implement the program, and the capacity of the administrator to carry out the program; and

(4) the extent to which American Indians are involved in the administration of the program, and in the ownership, management, and labor force of any contractors and subcontractors intended to be employed in the program.

C. The extent to which the use of appropriated funds reduces housing costs to American Indian persons or families and the extent to which the program combines the proceeds of appropriated funds with proceeds of bonds of the agency, or of other issues of bonds, or otherwise uses available money to leverage the appropriated funds.

4900.1586 ADVISORY COUNCIL ON URBAN INDIANS.

The agency shall report to the advisory council on urban Indians on a periodic basis, but annually at a minimum, pertaining to the operation of the homeownership mortgage participation component of the urban Indian housing loan program. The agency shall consider the advice and concerns expressed by the advisory council in its operation of the program.

In the event that the agency develops or receives a proposal for an alternative program component, the agency shall provide a copy of the proposal to the advisory council on urban Indians. The advisory council on urban Indians shall review all proposals. Upon request of the advisory council, the organization submitting the proposal shall present the proposal before the advisory council.

Board of Pharmacy

Proposed Permanent Rules Relating to Pharmacy Regulation

Notice of Intent to Amend Rules Without a Public Hearing

NOTICE IS HEREBY GIVEN that the Minnesota Board of Pharmacy (hereinafter "Board") proposes to amend *Minnesota Rules* pts. 6800.1250, 6800.1600, 6800.4210 and 6800.4220. A copy of the proposed amendments is attached to this Notice. One additional free copy is available from the Board upon request. Procedures for the adoption of noncontroversial rules found in *Minnesota Statutes* 14.22 to 14.28 (1986) will be used.

THE PUBLIC IS HEREBY ADVISED that:

1. They have 30 days in which to submit comment in support of or in opposition to the proposed amendments, and comment is encouraged.

2. Each comment should identify the portion of the proposed amendment addressed, the reason for the comments, and any change proposed.

3. In addition to submitting comments, interested persons may request in writing during the 30 day comment period that a hearing be held on the proposed rule amendment.

4. All comments, including requests for a public hearing, shall be submitted to David E. Holmstrom, Executive Director, Minnesota Board of Pharmacy, Room 107, Colonial Office Building, 2700 University Avenue West, St. Paul, Minnesota 55114-1079.

5. Any person requesting a public hearing should state his or her name and address, and is encouraged to identify the portion of the proposed rule addressed, the reason for the request, and any change proposed.

6. The proposed amendments may be modified if the modifications are supported by the data and views submitted and do not result in a substantial change in the proposed language.

7. A public hearing will be held only if 25 or more persons submit in writing requests for a hearing on the proposed rule amendment or a portion thereof within 30 days of this notice. If a hearing is required, it will be held in accordance with the provisions of *Minnesota Statutes* 14.131 to 14.20 (1986).

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 the Rule of the Minnesota Housing Finance Agency Relating to Urban Indian Housing Program	FINDINGS OF FACT, CONCLUSIONS, AND ORDER ADOPTING RULE WITHOUT PUBLIC HEARING

Notice of the Board's intent to adopt the above-entitled rule was published in the State Register on January 25, 1988 and was sent by United States mail to all persons on the list maintained by the agency pursuant to Minnesota Statutes, sections 14.14, subdivision 1a and 14.22 on January 22, 1988. The statement of need and reasonableness was prepared before the notice of intent to adopt a rule without a public hearing was mailed to all persons on the rulemaking mailing list and published in the State Register and was available to the public.

All persons were given the opportunity to submit comment on the rule for 30 days after notice of proposed rulemaking. No requests for a public hearing on the rule were received by the agency.

No submissions or comments on the rule were received by the agency. No requests for notice of submission to the attorney general were received by the agency.

Based on the comments and evidence in the record before the agency, I find the following:

The above-captioned rule is needed and reasonable.

NOW, THEREFORE, IT IS ORDERED that the rules identified as 4900.1500 through 4900.1586 and related to the Urban Indian Housing Program are adopted this 25th day of February, 1988, pursuant to authority vested in me by Minnesota Statutes, sections 462A.06 subd. 3 and 11 and by a resolution of the Board of the Minnesota Housing Finance Agency dated the 25th day of February, 1988.

James J. Solem, Commissioner