

**SENATE
STATE OF MINNESOTA
NINETY-SECOND SESSION**

S.F. No. 2234

(SENATE AUTHORS: DUCKWORTH)

DATE
03/22/2021

D-PG

Introduction and first reading
Referred to Housing Finance and Policy

OFFICIAL STATUS

1.1 A bill for an act
1.2 relating to housing; establishing a COVID-19 emergency mortgage assistance
1.3 program; appropriating money.

1.4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.5 Section 1. **APPROPRIATION; COVID-19 EMERGENCY MORTGAGE**
1.6 **ASSISTANCE GRANTS.**

1.7 Subdivision 1. Definitions. (a) For the purposes of this section, the following terms have
1.8 the meanings given.

1.9 (b) "Commissioner" means the commissioner of the Minnesota Housing Finance Agency.

1.10 (c) "Public health emergency" means:

1.11 (1) an illness or economic impact sustained by either an individual or an individual's
1.12 relative or household member related to COVID-19 that prevents the individual from meeting
1.13 financial obligations temporarily or permanently; or

1.14 (2) the household is at or below 80 percent of the area median income and has experienced
1.15 a reduction in income or temporary or permanent unemployment as a direct or indirect result
1.16 of local, state, or federal actions related to COVID-19.

1.17 Subd. 2. Appropriation. \$..... in fiscal year 2021 is appropriated from the general fund
1.18 to the commissioner to establish a COVID-19 emergency mortgage assistance program.
1.19 The commissioner may use grantees of the family homeless prevention and assistance
1.20 program under Minnesota Statutes, section 462A.204; grantees of the COVID-19 housing
1.21 assistance program; or a housing counseling agency approved by the United States
1.22 Department of Urban Housing and Development that demonstrates knowledge of

2.1 homeownership loss mitigation and foreclosure prevention, and the grantees are preapproved
2.2 to distribute funds under this section. Notwithstanding the requirements of Minnesota
2.3 Statutes, sections 16C.06 and 462A.204, the commissioner shall allocate these resources to
2.4 existing grantees and contract with other entities that are not current grantees based on
2.5 foreclosure prevention needs. Entities may include counties, cities, nonprofit organizations,
2.6 tribes, or other entities the agency identifies. For purposes of this emergency appropriation,
2.7 nonprofits do not need to obtain sponsoring resolutions from counties as required under
2.8 Minnesota Statutes, section 462A.204, subdivision 3. This appropriation is onetime and
2.9 available until December 31, 2022. Funds not committed or expended by December 31,
2.10 2022, shall cancel to the general fund.

2.11 Subd. 3. **Eligibility; applications.** (a) Funding under this section shall be for homeowners
2.12 in Minnesota to prevent foreclosure and the cost of expenses associated with the provision
2.13 of economic support in connection with the public health emergency consistent with the
2.14 requirements of this section. The commissioner may contract with county agencies, local
2.15 governments, tribes, or nonprofit organizations to provide funding and support services to
2.16 process applications for funding under this program. To be eligible for funding, an applicant
2.17 must:

2.18 (1) have a mortgage payment, homeowner association dues, lot rent due to a manufactured
2.19 home park, a contract for deed payment, a homeowner insurance payment, a property tax
2.20 payment, or a utility payment with a due date of March 1, 2020, or later that is past due or
2.21 coming due within 30 days of the application for funding;

2.22 (2) be unable to pay the money owed as a direct or indirect result of the public health
2.23 emergency; and

2.24 (3) be a household with a current gross income at or below 80 percent of the area median
2.25 income at the time of application or as averaged over the previous 12 months, whichever
2.26 is lower.

2.27 (b) The commissioner may develop applications for the program and a process to oversee
2.28 grantees.

2.29 (c) Data submitted from benefits by an applicant to establish eligibility under this section
2.30 is subject to Minnesota Statutes, section 13.462.

2.31 Subd. 4. **Notification of other relief.** If an applicant applies for relief from sources other
2.32 than the COVID-19 mortgage emergency assistance grants and receives aid for the purposes
2.33 of paying for housing, the applicant must immediately notify the grantee.

3.1 Subd. 5. **Eligible use of funds.** (a) An applicant may use funds for a mortgage payment,
3.2 homeowner association dues, a contract for deed payment owed to a seller, a homeowner
3.3 insurance or property tax payment owed for the applicant's home, lot rent due for a
3.4 manufactured home, or a utility payment owed with a due date of March 1, 2020, or later
3.5 or that is due within 30 days of the application.

3.6 (b) The financial assistance provided for any individual or family must not exceed the
3.7 minimum payments owed.

3.8 Subd. 6. **Consideration of future assistance.** Once an application is approved, the
3.9 assistance file may remain open to allow for consideration of additional future assistance
3.10 needs under the COVID-19 emergency mortgage assistance program.

3.11 Subd. 7. **Payment recipients.** Funding under this section must be paid directly to:

3.12 (1) the financial service for a mortgage or the entity who owns the mortgage for a
3.13 homeowner;

3.14 (2) the contract for deed vendor or seller;

3.15 (3) the purchase-money mortgagor;

3.16 (4) the manufactured home park cooperative, manufactured home owner, or park owner;

3.17 (5) the utility company; or

3.18 (6) any other identified entity to whom payment is owed.

3.19 Subd. 8. **Report.** By March 1, 2023, the commissioner must submit a report to the chairs
3.20 and ranking minority members of the legislative committees with jurisdiction over housing
3.21 finance with a summary of the performance of the COVID-19 emergency mortgage assistance
3.22 program. To the extent practicable, the report must contain the following information:

3.23 (1) the total number of applications received by grantees;

3.24 (2) the total number of grants awarded to grantees and the number of individuals assisted;

3.25 (3) the total amount of grant funding awarded to grantees and individuals;

3.26 (4) the mean and median grant amounts awarded to grantees and individuals;

3.27 (5) a summary of the geographic distribution of grants awarded; and

3.28 (6) a list of all entities contracted with to process applications.

3.29 **EFFECTIVE DATE.** This section is effective the day following final enactment.

4.1 Sec. 2. **APPROPRIATION; FEDERAL FUNDS.**

4.2 The commissioner of management and budget must determine whether any federal funds
4.3 received by the state after the date of enactment of section 1 may be used for eligible uses
4.4 under section 1, subdivision 5. If the commissioner of management and budget determines
4.5 that such federal funds can be used for eligible uses under section 1, subdivision 5, the
4.6 amount for the eligible uses is appropriated from the account where the federal funds have
4.7 been deposited and the corresponding amount appropriated under section 1 cancels to the
4.8 general fund.

4.9 **EFFECTIVE DATE.** This section is effective the day following final enactment.

4.10 Sec. 3. **APPROPRIATION; HOUSING COUNSELING.**

4.11 \$..... in fiscal year 2022 is appropriated from the general fund to the commissioner of
4.12 the Minnesota Housing Finance Agency for grants to support housing counseling. The
4.13 commissioner may issue the grants to grantees of the homeownership, education, counseling,
4.14 and training program under Minnesota Statutes, section 462A.209, and to housing counseling
4.15 agencies approved by the United States Department of Urban Housing and Development.