

1 Housing Finance Agency

2

3 Adopted Permanent Rules Relating to Redefining Capital

4 Contribution

5

6 Rules as Adopted

7 4900.0010 DEFINITIONS.

8 Subpart 1. to 6. [Unchanged.]

9 Subp. 7. **Capital contribution of the investors.** "Capital  
10 contribution of the investors" means the excess of the value of  
11 the project at the times and in the manner determined by the  
12 agency, whether or not paid in cash, over the then current  
13 principal amount of the agency's loan for those developments  
14 which:

15 A. have adequate reserves as determined by the agency;

16 B. all needed maintenance, as determined by the  
17 agency, has either been performed or is scheduled to be  
18 performed;

19 C. during the next 12-month period will require no  
20 major repairs or replacements, as determined by the agency, the  
21 payment of which would reduce the reserve accounts below an  
22 amount determined by the agency;

23 D. the operating expenses are paid in full;

24 E. have operating account balances equal to or  
25 greater than one month's total operating expenses;

26 F. have sustained an average occupancy by rent paying  
27 tenants of 95 percent or more for the prior 24 months;

28 G. have a current waiting list equal to at least  
29 1-1/2 times the annual turnover for the prior 24 months;

30 H. the mortgage has not been delinquent during the  
31 prior 24 months;

32 I. the owner agrees to limit future rent increases to  
33 the amount needed to pay for increases in annual operating  
34 expenses which includes return on equity and the maintenance of  
35 adequate reserves as determined by the agency;

1           J. the owner agrees to maintain the development as  
2 Section 8 or Section 236 assisted housing for a minimum of 20  
3 years from the effective date of the Housing Assistance Payments  
4 Contract or Agreement for Interest Reduction Payments, if one  
5 exists; and

6           K. the owner agrees to execute any documents that the  
7 agency deems necessary and appropriate to effectuate the intent  
8 of this definition.

9           For all other developments, "capital contribution of the  
10 investors" means the excess of the total development cost of the  
11 project as determined by the agency, whether or not paid in  
12 cash, over the original principal amount of the agency's loan.

13           Subp. 8. to 23. [Unchanged.]