

1 Minnesota Housing Finance Agency

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3 Adopted Permanent Rules Relating to Housing Finance; Capital
4 Contribution of Investors; Certain Loan Programs; Clarification
5 and Updates

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7 Rules as Adopted

8 4900.0010 DEFINITIONS.

9 [For text of subs 1 to 6, see M.R.]

10 Subp. 7. Capital contribution of the investors.

11 A. "Capital contribution of the investors" means the
12 excess of the value of the project at the times and in the
13 manner determined by the agency, whether or not paid in cash,
14 over the then current principal amount of the agency's loan:

15 (1) for those developments that:

16 (a) have adequate reserves as determined by
17 the agency;

18 (b) all needed maintenance, as determined by
19 the agency, has either been performed or is scheduled to be
20 performed;

21 (c) during the next 12-month period will
22 require no major repairs or replacements, as determined by the
23 agency, the payment of which would reduce the reserve accounts
24 below an amount determined by the agency;

25 (d) the operating expenses are paid in full;

26 (e) have operating account balances equal to
27 or greater than one month's total operating expenses;

28 (f) have sustained an average occupancy by
29 rent paying tenants of 95 percent or more for the prior 24
30 months;

31 (g) have a current waiting list equal to at
32 least 1-1/2 times the annual turnover for the prior 24 months,
33 but the requirements of this unit are not applicable to
34 developments that have reserves equal to or exceeding the sum
35 that is the greater of \$5,000 per dwelling unit or 30 percent of

1 the outstanding principal balance of the mortgage;

2 (h) the mortgage has not been delinquent
3 during the prior 24 months;

4 (i) the owner agrees to limit future rent
5 increases to the amount needed to pay for increases in annual
6 operating expenses which includes return on equity and the
7 maintenance of adequate reserves as determined by the agency;

8 (j) the owner agrees to maintain the
9 development as Section 8 or Section 236 assisted housing for a
10 minimum of 20 years from the effective date of the Housing
11 Assistance Payments Contract or Agreement for Interest Reduction
12 Payments, if one exists, and the minimum 20-year term has not
13 yet expired and in excess of five years remain prior to its
14 expiry date; and

15 (k) the owner agrees to execute any
16 documents that the agency deems necessary and appropriate to
17 effectuate the intent of this definition; or

18 (2) for those developments that:

19 (a) meet the requirements of subitem (1),
20 units (a) to (e), (h), and (i);

21 (b) have a current waiting list equal to at
22 least 1-1/2 times the annual turnover for the prior 24 months,
23 but the requirements of this unit are not applicable to
24 developments that:

25 i. have sustained an average occupancy
26 of rent paying tenants of 95 percent or more for the prior 24
27 months, and have reserves equal to or exceeding the sum that is
28 the greater of \$5,000 per dwelling unit or 30 percent of the
29 outstanding principal balance of the mortgage; or

30 ii. have reserves equal to or
31 exceeding the sum that is the greater of 40 percent of the
32 outstanding principal balance of the mortgage or \$5,000 per
33 unit;

34 (c) have sustained an average occupancy of
35 rent-paying tenants of 95 percent or more for the prior 24
36 months, but the requirements of this unit are not applicable to

1 developments that have reserves equal to or exceeding the sum
2 that is the greater of 40 percent of the outstanding principal
3 balance of the mortgage or \$5,000 per unit;

4 (d) the owner agrees to maintain the
5 development as Section 8 or Section 236 assisted housing for the
6 maximum terms of the Housing Assistance Payments Contract or
7 Agreement for Interest Reduction Payments, if one exists;

8 (e) the owner agrees not to prepay its
9 mortgage with the agency; and

10 (f) the owner agrees to execute any
11 documents that the agency deems necessary and appropriate to
12 effectuate the intent of subitem (2), which shall include an
13 agreement by the agency that the owner shall be entitled to
14 cumulative dividends.

15 B. "Capital contribution of the investors" means the
16 excess of the total development cost of the project as
17 determined by the agency, whether or not paid in cash, over the
18 original principal amount of the agency's loan for developments
19 not meeting the requirements of item A, subitem (1) or (2).

20 [For text of subps 7a to 23, see M.R.]