

**DECLARATION OF LAND USE RESTRICTIVE COVENANTS  
FOR LOW-INCOME HOUSING TAX CREDITS  
2020 ALLOCATION OR AWARD YEAR**

THIS DECLARATION OF LAND USE RESTRICTIVE COVENANTS (“AGREEMENT” or “LURA”) dated as of \_\_\_\_\_, by \_\_\_\_\_, a \_\_\_\_\_, and its successors and assigns (“Owner”), is given as a condition precedent to the allocation of low-income housing tax credits by the Minnesota Housing Finance Agency, a public body corporate and politic of the state of Minnesota, 400 Wabasha Street North, Suite 400, St. Paul, MN 55102 (“Minnesota Housing”) together with any successor to its rights, duties and obligations.

**RECITALS**

A. Owner is or will be Owner of a \_\_\_\_\_-unit rental housing Project located on real property located in the City of \_\_\_\_\_, County of \_\_\_\_\_, state of Minnesota, legally described in **Exhibit A** attached hereto (the “Project Land”), known as or to be known as \_\_\_\_\_ (the “Project”).

B. Minnesota Housing has been designated by the Legislature of the state of Minnesota as the housing tax credit agency for the location of the Project for the allocation or award of low-income housing tax credits.

C. Owner has applied to Minnesota Housing for an allocation or award of low-income housing tax credits to the Project, and Minnesota Housing has determined that the Project would support annual low-income housing tax credits in the amount of \$\_\_\_\_\_ (the “HTCs”).

D. Section 42 of the Internal Revenue Code of 1986, as amended (“Section 42” and the “IRC”, respectively) requires as a condition precedent to the allocation or award of the HTCs that Owner execute, deliver and record this Agreement in the official land records of the county in which the Project is located in order to create certain covenants running with the land for the purpose of enforcing the requirements of Section 42 and the Additional Restrictions (found in Section 5 and **Exhibit C** and **Exhibit D** of this Agreement) by regulating and restricting the use, occupancy and transfer of the Project as set forth in this Agreement.

E. Owner, under this Agreement, intends, declares and covenants that the regulatory and restrictive covenants set forth in this Agreement governing the use, occupancy, and transfer of the Project will be and are covenants running with the Project Land for the term stated in this Agreement and will be binding upon all subsequent owners of the Project Land for the term, and are not merely personal covenants of Owner.

NOW, THEREFORE, in consideration of the promises and covenants set forth in this Agreement and of other valuable consideration, the receipt and sufficiency of which is acknowledged, Owner agrees as follows.

## **SECTION 1 - DEFINITIONS**

All words and phrases not otherwise defined in this Agreement that are defined in Section 42 or by the United States Department of Treasury ("Treasury"), the Internal Revenue Service ("IRS"), or the Department of Housing and Urban Development ("HUD") in rules and regulations will have the same meanings in this Agreement.

## **SECTION 2 - RECORDING AND FILING; COVENANTS TO RUN WITH THE LAND**

- (a) Upon execution and delivery by Owner, Owner will cause this Agreement and all amendments thereto to be recorded in the office of the County Recorder and/or Registrar of Titles of the county in which the Project Land is located and will pay all fees and charges incurred in connection with recording. Upon recording, Owner will immediately transmit to Minnesota Housing an executed original of the Agreement, or a duly certified copy of the executed original, showing the date and document numbers of record. Owner agrees that Minnesota Housing will not issue an IRS Form 8609 constituting final allocation or award of the HTCs for the Project unless Minnesota Housing has received the recorded executed original, or a duly certified copy, of this Agreement as recorded.
- (b) Owner intends, declares and covenants, on behalf of itself and all future owners and operators of the Project Land and the Project during the term of this Agreement, that this Agreement, including the covenants and restrictions set forth and the exhibits, regulating and restricting the use, occupancy and transfer of the Project Land and the Project: (i) will be and are covenants running with the Project Land, encumbering the Project Land for the term of this Agreement, binding upon Owner's successors in title and all subsequent owners and operators of the Project Land, (ii) are not merely personal covenants of Owner; and (iii) will bind Owner (and the benefits will inure to Minnesota Housing and any past, present or prospective tenant of the Project) and its respective successors and assigns during the term of this Agreement. Owner hereby agrees that all requirements of the laws of the state of Minnesota to be satisfied in order for the provisions of this Agreement to constitute deed restrictions and covenants running with the land will be deemed to be satisfied in full, and that any requirements of privileges of estate are intended to be satisfied, or in the alternate, that an equitable servitude has been created to insure that these restrictions run with the land. For the longer of the period that the HTCs are claimed or the term of this Agreement, every contract, deed, or other instrument executed conveying the Project Land or any portion, will expressly provide that such conveyance is subject to this Agreement; provided, however, that the covenants contained in will survive and be effective regardless of whether such contract, deed or other instrument executed conveying the Project Land or any portion thereof provides that such conveyance is subject to this Agreement.
- (c) Owner covenants to obtain the consent of any prior recorded lien holder for the Project to this Agreement, and such consent will be a condition precedent to Minnesota Housing's issuance of the IRS Form 8609 constituting final allocation or award of the HTCs for the Project.

### SECTION 3 - REPRESENTATIONS, COVENANTS AND WARRANTIES OF OWNER

Owner hereby represents, covenants and warrants as follows:

- (a) Owner (i) is a \_\_\_\_\_ duly organized under the laws of \_\_\_\_\_ and is qualified to transact business under the laws of the state of Minnesota; (ii) has the power and authority to own its properties and assets and to carry on its business as now being conducted; and (iii) has the full legal right, power and authority to execute and deliver this Agreement.
- (b) The execution and performance of this Agreement by Owner: (i) will not violate or, as applicable, has not violated any provision of law, rule or regulation, or any order of any court or other agency or governmental body; (ii) will not violate or, as applicable, has not violated any provision of any indenture, agreement, mortgage, mortgage note, or other instrument to which Owner is a party or by which it or the Project is bound; and (iii) will not result in the creation or imposition of any prohibited encumbrance of any nature.
- (c) At the time of execution and delivery of this Agreement, Owner has good and marketable title to the premises constituting the Project free and clear of any lien or encumbrance (subject to encumbrances created pursuant to this Agreement, any loan documents relating to the Project or other permitted encumbrances).
- (d) There is no action, suit or proceeding at law or in equity or by or before any governmental instrumentality or other agency now pending, or, to the knowledge of Owner, threatened against or affecting it or any of its properties or rights that, if adversely determined, would materially impair its right to carry on business substantially as now conducted (and as now contemplated by this Agreement) or would materially adversely affect its financial condition.
- (e) The Project constitutes or will constitute a qualified low-income building or qualified low-income project, as applicable, as defined in Section 42 and any applicable regulations.
- (f) Each unit in the Project contains complete facilities for living, sleeping, eating, cooking and sanitation (unless the Project qualifies as a single-room occupancy project or transitional housing for the homeless), which will not be used on a transient basis.
- (g) All units subject to Section 42 will be leased and rented or made available to members of the general public who qualify for occupancy under the applicable election specified in Section 42(g)(1) of the IRC ("Low- Income Tenants").
- (h) Owner will fully comply with the requirements of the Fair Housing Act as it may from time to time be amended.
- (i) Owner will not refuse to lease a unit to the holder of a voucher or certificate of eligibility under Section 8 of the United States Housing Act of 1937 because of the status of the prospective tenant as such a holder.
- (j) Each low-income unit is and will remain suitable for occupancy.
- (k) Subject to the requirements of Section 42 and this Agreement, Owner may sell, transfer or exchange the entire Project, at any time, but Owner will notify in writing and obtain the agreement of any buyer or successor or other person acquiring the Project or any interest in the

Project that such acquisition is subject to the requirements of this Agreement and to the requirements of Section 42 and any applicable regulations. This provision will not act to waive any other restriction on sale, transfer, or exchange of the Project or any low-income portion of the Project. Owner agrees that Minnesota Housing may void any sale, transfer or exchange of the Project if the buyer or successor or other person fails to assume in writing the requirements of this Agreement and of Section 42.

- (l) Owner will notify Minnesota Housing in writing of any sale, transfer or exchange of the entire Project or any low-income portion of the Project. Owner will obtain all required Minnesota Housing approvals of the sale, transfer or exchange as described in the Minnesota Housing Finance Agency Housing Tax Credit Program Procedural Manual (the "HTC Program Procedural Manual"). The notification to Minnesota Housing will be made in the manner described in the HTC Program Procedural Manual.
- (m) Owner will not demolish any part of the Project or substantially subtract from any real or personal property of the Project or permit the use of any residential rental unit for any purpose other than rental housing during the term of this Agreement unless required by law.
- (n) If the Project, or any part, is damaged or destroyed or will be condemned or acquired for public use, Owner will use its best efforts to repair and restore the Project to substantially the same condition as existed prior to the event causing such damage or destruction and to operate the Project in accordance with the terms of this Agreement.
- (o) Owner has not executed and will not execute any other agreement with provisions contradictory to, or in opposition to, the provisions hereof, and the requirements of this Agreement are paramount and controlling as to the rights and obligations set forth herein and supersede any other requirements in conflict herewith.
- (p) Owner will fully comply with the requirements of Section 42 and any applicable regulations as they may from time to time be amended.

#### **SECTION 4 - INCOME RESTRICTIONS; RENTAL RESTRICTIONS**

Owner represents, warrants and covenants that throughout the term of this Agreement and in order to satisfy the income and rental restrictions required by Section 42 (the "Occupancy Restrictions"):

- (a) The determination of whether an applicant is a qualified low-income tenant shall be made by the Owner at initial occupancy on the basis of the anticipated gross annual household income and student status. Owner shall recertify student status annually and, where applicable, recertify gross annual household income for the purpose of applying the available unit rule.
- (b) All units subject to Section 42 shall be income restricted in accordance with Section 42(g)(1), as set forth in more detail in Exhibit C.
- (c) All units subject to Section 42 (the "HTC units") will be rent-restricted in accordance with Section 42(g)(2) of the IRC.
- (d) The applicable fraction (as defined in Section 42(c)(1) of the IRC) for each building for each taxable year in the Extended Use Period (as defined in this Agreement) will not be less than the Applicable Fraction for each building specified in **Exhibit B**.

## SECTION 5 - ADDITIONAL RESTRICTIONS

**Exhibit C** and **Exhibit D** sets forth certain additional obligations of Owner with respect to the Project upon which the allocation or award of HTCs has been based and with which Owner covenants to comply throughout the term of the LURA (together the “Additional Restrictions”). The obligations listed in **Exhibit C** and **Exhibit D** must be consistent with the Project’s original reservation and binding Agreement and, if applicable, carryover Agreement, with the exception of approved amendments.

## SECTION 6 - TERM OF AGREEMENT

- (a) The following definitions will apply to this Section 6.
- (1) Compliance Period means, with respect to any building that is part of the Project, the period of 15 taxable years beginning with the first taxable year of the credit period with respect to the Project.
  - (2) Extended Use Period means, with respect to any building that is part of the Project, the period beginning on the first day in the Compliance Period on which such building is part of a qualified low-income housing project and ending on the date that is at least 15 years after the close of the Compliance Period or such longer period as may be specified herein.
- (b) This Agreement will commence on the first day of the Compliance Period and will end at the close of the Extended Use Period as set out in **Exhibit B**. This term may be referred to as the “term of the Agreement” or the “term of the LURA.” Throughout the term of this Agreement, Owner will comply with Section 42, the Occupancy Restrictions, the Additional Restrictions, and all other provisions of the Agreement.
- (c) Notwithstanding Section 6(b), the Extended Use Period for any building that is part of the Project will terminate:
- (1) On the date the building is acquired by foreclosure (or instrument in lieu of foreclosure) unless the Secretary of the Treasury determines that such acquisition is part of an arrangement with the taxpayer, a purpose of which is to terminate the Extended Use Period; or
  - (2) If Owner has properly requested that Minnesota Housing assist in procuring a qualified contract for the acquisition of the low-income portion of any building that is a part of the Project and Minnesota Housing is unable to present a qualified contract. This Section 6(c)(2) will be subject to the time limitations and any waivers set out in **Exhibit C** and **Exhibit D**.
- (d) The Section 42 rent requirements will continue for a period of three years following the termination of the Extended Use Period pursuant to Section 6(c). Throughout the term of this Agreement and during such three-year period, Owner will not evict or terminate the tenancy of an existing tenant of any low-income unit other than for good cause and will not increase the gross rent above the maximum allowed under Section 42 with respect to such low-income unit.

## **SECTION 7 - INSPECTIONS AND DOCUMENTATION**

- (a) Owner will permit, during normal business hours and upon reasonable notice, any duly authorized representative of Minnesota Housing to inspect any books and records of Owner regarding the Project with respect to the incomes of Low-Income Tenants that pertain to compliance with the terms of this Agreement.
- (b) Owner will submit any other information, documents or certifications requested by Minnesota Housing that Minnesota Housing deems reasonably necessary to substantiate Owner's continuing compliance with the provisions of this Agreement and the requirements of Section 42.

## **SECTION 8 - ENFORCEMENT OF AGREEMENT**

- (a) Owner covenants that it will not knowingly take or permit any action that would result in a violation of the requirements of Section 42, any applicable regulations, or this Agreement. Owner covenants to take any lawful action (including amendment of this Agreement as may be necessary, in the opinion of Minnesota Housing) to comply fully with Section 42 and with all applicable rules, rulings, policies, procedures, regulations, or other official statements promulgated or proposed by Treasury, the IRS, or HUD from time to time pertaining to Owner's obligations under Section 42 and affecting the Project.
- (b) Owner acknowledges that the primary purpose for requiring compliance by Owner with the requirements of this Agreement is to ensure compliance of the Project and Owner with Section 42 and any applicable regulations, AND BY REASON THEREOF, OWNER IN CONSIDERATION FOR RECEIVING HTC'S FOR THIS PROJECT HEREBY AGREES THAT MINNESOTA HOUSING AND ANY INDIVIDUAL WHO MEETS THE INCOME LIMITATION APPLICABLE UNDER SECTION 42 (WHETHER PROSPECTIVE, PRESENT OR FORMER OCCUPANT) SHALL BE ENTITLED, FOR ANY BREACH OF THE PROVISIONS HEREOF, AND IN ADDITION TO ALL OTHER REMEDIES PROVIDED BY LAW OR IN EQUITY, TO ENFORCE SPECIFIC PERFORMANCE BY OWNER OF ITS OBLIGATIONS UNDER THIS AGREEMENT IN A STATE COURT OF COMPETENT JURISDICTION. Owner further acknowledges that the beneficiaries of Owner's obligations hereunder cannot be adequately compensated by monetary damages in the event of any default hereunder.
- (c) Owner hereby agrees that the representations and covenants set forth herein may be relied upon by Minnesota Housing and all persons interested in Project compliance under Section 42 and any applicable regulations.
- (d) Owner acknowledges that Minnesota Housing is required, pursuant to Section 42(m)(1)(B)(iii) of the IRC and Section 1.42-5 of the Treasury regulations, to establish a procedure to monitor Owner's and the Project's compliance with the requirements of Section 42, which procedure includes the monitoring of Owner's compliance with the Additional Restrictions, if any, set forth in **Exhibit C** and **Exhibit D**. In addition, Minnesota Housing may be required to notify the IRS of any noncompliance.

## **SECTION 9 - MISCELLANEOUS**

- (a) Severability. The invalidity of any clause, part or provision of this Agreement will not affect the validity of the remaining portions thereof.

- (b) Notices. All notices to be given pursuant to this Agreement will be in writing and will be deemed given when mailed by certified or registered mail, return receipt requested, to the parties at the addresses set forth below, or to such other place as a party may from time to time designate in writing.

**To Minnesota Housing:** ATTENTION: Housing Tax Credit Program  
Minnesota Housing Finance Agency  
400 Wabasha Street North, Suite 400  
St. Paul, MN 55102

**To Owner:** ATTENTION: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Minnesota Housing and Owner, may, by notice given pursuant to this Agreement, designate any further or different addresses to which subsequent notices, certificates or other communications will be sent. Notices regarding compliance and monitoring by Minnesota Housing may be sent by electronic mail.

- (c) Amendment. Notwithstanding anything to the contrary contained herein, this Agreement may be amended by a written agreement between Minnesota Housing and Owner, which agreement will be effective upon execution by Minnesota Housing and Owner and the recording of the amendment with the County Recorder and/or Registrar of Titles of the County in which the Project is located. Owner agrees that it will take all actions necessary to effect amendment of this Agreement as may be necessary to comply with the IRC and any applicable rules, regulations, policies, procedures, rulings, or other official statements pertaining to the HTCs.
- (d) Subordination of Agreement. This Agreement and the restrictions hereunder are subordinate to the loans and loan documents, if any, on the Project except insofar as Section 42(h)(6)(E)(ii) of the IRC requires otherwise (relating to the three-year period of eviction and rent restrictions following the early termination of the Extended Use Period in accordance with Section 6(c)).
- (e) Governing Law. This Agreement will be governed by the laws of the state of Minnesota and, where applicable, the laws of the United States of America.
- (f) Survival of Obligations. The obligations of Owner as set forth in this Agreement and in Owner's application for the HTCs will survive the allocation or award of the HTCs and will not be deemed to terminate or merge with the issuing of the allocation.

(THE REMAINING PORTION OF THIS PAGE IS INTENTIONALLY LEFT BLANK)

IN WITNESS WHEREOF, Owner has caused this Agreement to be signed by its duly authorized representatives, as of the day and year first written above.

**OWNER**

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

STATE OF MINNESOTA            )  
  ) ss  
COUNTY OF \_\_\_\_\_        )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by \_\_\_\_\_, \_\_\_\_\_ of \_\_\_\_\_, a \_\_\_\_\_, \_\_\_\_\_ of \_\_\_\_\_, a \_\_\_\_\_, on behalf of the \_\_\_\_\_.

\_\_\_\_\_  
Notary Public

This document drafted by:

Minnesota Housing Finance Agency  
400 Wabasha Street North, Suite 400  
St. Paul, MN 55102



**EXHIBIT A**  
**Legal Description**

**EXHIBIT B  
Applicable Fraction**

<u>BIN #</u>	<u>BUILDING ADDRESS</u>	<u>APPLICABLE FRACTION*</u>	<u>1<sup>ST</sup> YEAR OF CREDIT PERIOD</u>	<u>** YEAR EXTENDED USE PERIOD TERMINATES</u>
_____	_____	_____ %	_____	_____
_____	_____	_____ %	_____	_____
_____	_____	_____ %	_____	_____
_____	_____	_____ %	_____	_____
_____	_____	_____ %	_____	_____
_____	_____	_____ %	_____	_____
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_____	_____	_____ %	_____	_____
_____	_____	_____ %	_____	_____
_____	_____	_____ %	_____	_____
_____	_____	_____ %	_____	_____
_____	_____	_____ %	_____	_____

\*The building applicable fraction stated on this form must match the building applicable fraction stated on Minnesota Housing form HTC 28, Building Map.

\*\*Extended Use Period means, with respect to any building that is part of the Project, the period beginning on the first day in the Compliance Period on which such building is part of a qualified low-income housing project and ending on the date that is at least 15 years after the close of the Compliance Period (i.e., December 31 of the year the Extended Use Period terminates).

**EXHIBIT C**  
**Minnesota Housing Project Summary and Additional Restrictions**

This allocation or award of low-income housing tax credits (the “HTCs”) is based upon the following:

1. Project Name:
2. Property Number:  
Project Number:  
HTC Number:
3. Project Street Address:  
Project City:  
Project State:  
Project Zip Code:
4. Total Units:  
HTC Units:  
Common Space Units:
5. Partnership Name:
6. Partnership Street Address:  
Partnership City:  
Partnership State:  
Partnership Zip Code:
7. Name(s) of General Partner(s):
8. Name(s) of Nonprofit General Partner(s):
9. Owner Taxpayer I.D. No.:
10. Nonprofit Tax I.D. No.:
11. Type of Credits:
12. Minimum Set-Aside:  
(NOTE: Further details for each minimum set-aside election below)

(1) **20% at 50% means:** At least 20 percent or more of the total residential units in each IRS project, as defined by the IRS and irrevocably elected by the Owner on line 8b of IRS form 8609 and, where applicable, described on the statement attached to form 8609, are both rent-restricted and occupied by individuals whose income is at or below 50 percent of the Multifamily Tax Subsidy Project (MTSP) income limits.

- (2) **40% at 60% means:** At least 40 percent or more of the total residential units in each IRS project, as defined by the IRS and irrevocably elected by the Owner on line 8b of IRS form 8609 and, where applicable, described on the statement attached to form 8609, are both rent-restricted and occupied by individuals whose income is at or below 60 percent of the MTSP income limits.
- (3) **Average Income Test means:** At least 40 percent or more of the total residential units in each IRS project, as defined by the IRS and irrevocably elected by the Owner on line 8b of IRS form 8609 and, where applicable, described on the statement attached to form 8609, are both rent restricted and occupied by individuals whose income does not exceed the imputed income limitation designated by the taxpayer with respect to the respective unit as set out in 42(g)(1)(C). The imputed income limitation of any unit designated shall be 20 percent, 30 percent, 40 percent, 50 percent, 60 percent, 70 percent or 80 percent of the MTSP income limits (including adjustments for family size) as determined in accordance with Section 42 of the Code. The average of the imputed income limitations designated by the Owner with respect to the low-income units shall not exceed 60 percent of the MTSP income limits. Subject to any then-applicable guidance from either Treasury or the IRS and the Owner's obligation to ensure compliance with the Code, the Owner may change from time to time the Owner's designations.

13. Qualified Census Tract Number:

Difficult Development Area:

State Designated Basis Boost Applied:

14. Total Eligible Basis: \$

(NOTE: Total includes excess basis and high cost adjustment of basis)

15. Total Qualified Basis: \$

(NOTE: Total includes excess basis)

16. Applicable Percentage:

4%:

4% or 9%:

17. Annual HTC Amount:

18. Term of the LURA:

19. Qualified Contract Waiver (term):

Owner represents, warrants and covenants that throughout the term of this Agreement:

The following performance items are indexed with a check box to the left side of their text. If this check box is checked, the performance item is a requirement of the Agreement. The development (Project) Owner is responsible for ensuring that the Project fully complies with all of the terms of the requirements.

## GENERAL REQUIREMENTS

### 20. Subsidy Layering:

- If this item is checked, Section 911 of the Housing and Community Act of 1992 requires that specific procedures be followed for subsidy layering review when HTC's and HUD assistance are combined in a single project.

### 21. HTC's and Federally Funded Grants:

- Eligible Basis Adjustments, Federally Funded Grants, Treatment of New Buildings as Federal Subsidized:
- a. This Project includes a building or buildings with costs financed with the proceeds of a federally funded grant. Pursuant to 42(d)(5), the eligible basis of this Project does not include any costs financed with the proceeds of a federally funded grant.
  - b. This Project includes a new building or new buildings which directly or indirectly use, for the building(s) or the operation of the building(s), the proceeds of an outstanding obligation which is tax exempt under Section 103. Pursuant to 42(i)(2)(A), these buildings are being treated as federally subsidized.
  - c. This Project includes a new building or new buildings which directly or indirectly use, for the building(s) or the operation of the building(s), the proceeds of an outstanding obligation which is tax exempt under Section 103. Pursuant to 42(i)(2)(B), these buildings are not being treated as federally subsidized because the taxpayer elected to exclude the proceeds of such obligation from the eligible basis of the building.

### 22. Qualified Nonprofit General Partner:

- The Project partnership has received HTC's associated with the nonprofit set-aside and must involve as a General Partner, a Qualified Nonprofit Organization (see item 8 of this exhibit) as defined in the HTC Program Procedural Manual. A Qualified Nonprofit Organization (as defined in Section 42(h)(5)(C) of the Code) will own an interest in the Project and materially participate in the operation of the Project throughout the compliance period as required by Section 42(h)(5) of the Code. This entity must remain a General Partner and must materially participate in the development and operation of the Project for the full term of the LURA.

**23. Minimum Requirements for Qualified Contract Provisions:**

**Minimum Requirement 9% HTC Projects**

HTCs from the state of Minnesota's tax credit volume cap must waive qualified contract provisions.

- Owner agrees that the provisions of Section 42(h)(6)(E)(i)(II) and 42(h)(6)(F) (which provisions would permit Owner to terminate the restrictions under the Agreement at the end of the 15-year compliance period in the event that a qualified contract for the acquisition of the Project is not presented) do not apply to the Project.

**Minimum Requirement 4% HTC Projects**

HTCs in association with Tax Exempt Bonds, must waive qualified contract provisions for a minimum of 20 years.

- Owner agrees that the provisions of Section 42(h)(6)(E)(i)(II) and 42(h)(6)(F) (which provisions would permit Owner to terminate the restrictions under the Agreement at the end of the 15-year compliance period in the event that a qualified contract for the acquisition of the Project is not presented) do not apply to the Project, for a minimum of 20 years, or longer if a longer duration is set out in this Agreement, beginning with the first day of the compliance period in which the building is part of a qualified low-income housing project.

**24. Affirmative Fair Housing:**

- The Affirmative Fair Housing Marketing policy requires that each applicant carry out an affirmative marketing program to attract prospective buyers or tenants in the housing market area regardless of race, creed, color, religion, sex, national origin, marital status, status with regard to public assistance, disability, sexual orientation, or familial status. At the time of 8609 and throughout the term of the LURA as directed by Minnesota Housing, all applicants must submit an Affirmative Fair Housing Marketing Plan documenting an acceptable plan to carry out an affirmative marketing program.

**25. Design Standards:**

- The design features of the Project must comply with and provide all applicable submittals in accordance with the Minnesota Housing Rental Housing Design and Construction Standards (RHD/CS) in effect at time of initial selection and as required by the Project's application and HTC Self-Scoring Worksheet. The Project must provide certification of the design standards and the review process.

**EXHIBIT D**  
**Additional Selection Restrictions**

**Selection Restrictions through 8609**

The Project must comply with the provisions checked below. Compliance will be assessed during issuance of the IRS Form 8609 once the Project is completed.

**Areas of Opportunity**

**1. Economic Integration:**

- The Project increases supply of affordable housing located in a location that promotes housing economic integration as presented in the Project's application and HTC Self-Scoring Worksheet.

**2. Workforce Housing Communities:**

- The Project increases the supply of affordable housing in top job growth communities as presented in the Project's application and HTC Self-Scoring Worksheet.

**3. Location Efficiency:**

- The Project increases the supply of affordable housing in a location that promotes location efficiency as presented in the Project's application and HTC Self-Scoring Worksheet.

**Supporting Community and Economic Development**

**4. Community Development Initiative**

- The Project contributes to active implementation of a Community Development Initiative to address locally identified needs and priorities identified in the HTC Program Procedural Manual and as presented in the Project's application and HTC Self-Scoring Worksheet.

**5. Rural/Tribal:**

- The Project increases the supply of affordable housing located in rural/tribal designated areas as identified in the HTC Program Procedural Manual and as presented in the Project's application and HTC Self-Scoring Worksheet.

**6. Qualified Census Tract (QCT)/Community Revitalization Plan:**

- The Project is located in a Qualified Census Tract (QCT) and is part of a concerted plan that provides for community revitalization as identified in the HTC Program Procedural Manual and as presented in the Project's application and HTC Self-Scoring Worksheet.

**7. Minority-Owned/Women-Owned Business Enterprise (MBE/WBE):**

- The Project must maintain a sponsor, executive director of a nonprofit, general contractor, architect, or management agent that is a minority-owned or women-owned

business enterprise (MBE/WBE), as certified by Owner in the Project's application and HTC Self-Scoring Worksheet.

**Preservation**

**8. Preservation of Critical Affordable Units at Risk of Loss:**

- The Project preserves existing affordable units and has a current recorded deed restriction limiting rent or income restrictions as identified in the Project's application and HTC Self-Scoring Worksheet.

**Efficient Use of Scarce Resources and Leverage**

**9. Financial Readiness to Proceed/Leveraged Funds:**

- Minnesota Housing has awarded selection points to this Project based on submitted permanent funding commitments\* at the below indicated levels, stating the amount, terms and conditions of the funding and executed or approved by the lender or contributor and the applicant. Funding commitments must be maintained through 8609.

(\*Funding secured, awarded or committed as presented in the Project's application and HTC Self-Scoring Worksheet.)

- |                                      |                                     |                                     |
|--------------------------------------|-------------------------------------|-------------------------------------|
| <input type="checkbox"/> 70% or more | <input type="checkbox"/> 60 - 69.9% | <input type="checkbox"/> 50 - 59.9% |
| <input type="checkbox"/> 40 - 49.9%  | <input type="checkbox"/> 30 - 39.9% | <input type="checkbox"/> 20 - 29.9% |
| <input type="checkbox"/> 10 - 19.9%  |                                     |                                     |

**10. Other Contributions:**

- The Project must be funded in part by contributions from the federal government, a local unit of government, an area employer and/or a private philanthropic, religious or charitable organization. Owner must ensure that the Project satisfies the items as identified below and in a manner and timeframe consistent with the Project's application and HTC Self-Scoring Worksheet, as approved by Minnesota Housing.

The Project was awarded points based upon committed contributions at the below indicated levels. The Project must maintain the percentage below and apply them to the Total Development Cost (TDC) of the Project as presented in the Project's application and HTC Self-Scoring Worksheet:

- |  |                                   |                                   |
|--|-----------------------------------|-----------------------------------|
| <input type="checkbox"/> 20.1% and above | <input type="checkbox"/> 15.1-20% | <input type="checkbox"/> 10.1-15% |
| <input type="checkbox"/> 5.1-10%         | <input type="checkbox"/> 2.1-5%   |                                   |

**11. Intermediary Costs:**

- Intermediary Costs (soft costs) must not exceed the percentage (rounded to the nearest tenth) of the TDC as presented in the Project's application and HTC Self-Scoring Worksheet, as indicated below:



- 0.0 – 15%       15.1 – 20%       20.1 – 25%
- 25.1 – 30%

**12. Cost Containment:**

- Minnesota Housing has awarded Cost Containment selection points to this Project based on submitted development costs as presented in the Project’s application and HTC Self-Scoring Worksheet. Compliance will be assessed during issuance of the IRS Form 8609 once the Project is completed. **Failure to keep the Project costs under the applicable cost threshold identified in the Cost Containment Methodology will be considered an unacceptable practice and result in negative four points being awarded in the applicant’s next HTC submission in the same funding round (Competitive vs 4% only) for which points were initially awarded.**

The Cost Containment threshold for this Project is \$ \_\_\_\_\_ per/unit.

**Building Characteristics**

**13. Universal Design:**

- Minnesota Housing has awarded Universal Design selection points to this Project based on the Project’s application and HTC Self-Scoring Worksheet proposing to incorporate Universal Design features into design. Owner agrees to produce and maintain as part of the Project:
- An elevator building with 100% of HTC units meeting the definition of a Universal Design unit as described in the Project’s HTC Self-Scoring Worksheet awarding points to the Project for Universal Design.
- A non-elevator building with at least 10% of HTC units meeting the definition of a Universal Design unit as described in the Project’s HTC Self-Scoring Worksheet awarding points for Universal Design.

## **Selection Restrictions throughout the Term of the LURA**

### **MINIMUM THRESHOLD REQUIREMENTS**

For HTC projects with an allocation from Round 1. If indicated the Project must comply with the provisions checked below for the full term of the LURA.

#### 14. In the Metropolitan Area:

- New construction or substantial rehabilitation in which, for the term of the LURA, at least 75% of the total HTC units are single room occupancy, efficiency, or one bedroom units with rents affordable to households whose income does not exceed 30% of the MTSP rent limits;
- New construction or substantial rehabilitation family housing projects that are not restricted to persons 55 years old or older in which, for the term of the LURA, at least 75% of the total HTC units contain two or more bedrooms and at least one-third of the 75% contain three or more bedrooms; **OR**
- Substantial rehabilitation projects in neighborhoods targeted by the city for revitalization.

#### 15. Outside the Metropolitan Area:

- Projects which meet a locally identified housing need and which are in short supply in the local housing market as evidenced by credible data submitted with the application.

#### 16. Projects that are not restricted to persons of a particular age group and in which, for the term of the LURA, a percentage of the units are set aside and rented to persons:

- With a serious and persistent mental illness as defined in Minnesota Statutes § 245.462, Subdivision 20, paragraph (c);
- With a developmental disability as defined in United States Code, Title 42, Section 6001, paragraph (5), as amended;
- Who have been assessed as drug dependent persons as defined in Minnesota Statutes § 254A.02, Subdivision 5, and are receiving or will receive care and treatment services provided by an approved treatment program as defined in Minnesota Statutes § 254A.02, Subdivision 2;
- With a brain injury as defined in Minnesota Statutes § 256B.093, Subdivision 4, paragraph (a); **OR**
- With permanent physical disabilities that substantially limit major life activities, if at least 50% of the units in the Project are accessible as provided under Minnesota Rules Chapter 1341.

**NOTE: Minnesota Housing considers accessible units to be Type A and/or Type B units as identified in the referenced Chapter 1341, also known as the Minnesota Accessibility Code.**

**NOTE: This definition is not limited to persons with mobility impairment.**

17. Preserve Existing Subsidized Housing:

- Projects, whether or not restricted to persons of a particular age group, which preserve existing subsidized housing, if the use of HTCs is necessary to (1) prevent conversion to market rate use; or (2) to remedy physical deterioration of the Project which would result in loss of existing federal subsidies; **OR**

18. Rural Development:

- Projects financed by Rural Development, which meet statewide distribution goals.

## SELECTION CRITERIA

The Project must comply with the provisions checked below for the full term of the LURA.

### Greatest Need – Tenant Targeting

#### 19. Large Family Housing:

- The Project must provide family housing that is not restricted to persons 55 years old or older. The owner agrees to market to families with minor children.
  - At least 75% of the total HTC units contain two or more bedrooms.  
Number of HTC units with
    - 2 Bedrooms a
    - 3 Bedrooms b
    - 4 Bedrooms c
  - For Greater Minnesota projects where at least one-third of the 75% above contain three or more bedrooms.  
Number of HTC units with
    - 3 Bedrooms d
    - 4 Bedrooms e

#### 20. Permanent Supportive Housing for High Priority Homeless (HPH):

- Owner agrees that the number of units in the Project that will be set aside and rented to High Priority Homeless who are households prioritized for permanent supportive housing by Coordinated Entry System (HPH units) and targeted to the populations indicated below.

Coordinated Entry System is defined by the Statewide Coordinated Entry standards and protocol as adopted by the local Continuum of Care, or such successor system as determined by Minnesota Housing. Owner agrees that if units set aside for High Priority Homeless are occupied by households without rental assistance, the gross rents, including an allowance for tenant-paid utilities cannot exceed the greater of 30% of the household's monthly income or the most current Supportive Housing Standard for the unit size, as published annually by Minnesota Housing. Owner must establish and implement policies and procedures to specify the calculation method used to determine the appropriate rent amount and periodic income recertification to adjust rents. Additional performance requirements will be incorporated into the HPH rider attached to the LURA.

**Permanent Supportive Housing for High Priority Homeless and People with Disabilities units must be distinct and cannot be layered.**

Number of units representing:

Youth with Children:

Youth Singles:

**Youth Total:**

Single Adults:  
Families with Children:  
**Total High Priority Homeless:**

### **Continuum of Care Household Type Priorities**

- 5% or more, but no fewer than four units, targeted to Continuum of Care Household Type Priority One.  
Number of units  
Priority Type:

### **HPH Unit Relief Provisions:**

If, for a particular HPH Unit(s) the necessary rental assistance or operating support (collectively “HPH Unit Subsidy”) is (i) withdrawn or terminated due to reasons not attributable to the actions or inactions of Owner; (ii) such withdrawal or termination materially adversely impacts the financial feasibility of the Project; (iii) alternative funding is unavailable; and (iv) the Project is otherwise in full compliance with all the terms of the funding for the Project, Owner may petition Minnesota Housing to eliminate its requirements for the affected HPH Unit(s). Such petition will contain all material facts and supporting documentation substantiating Owner’s request including, but not limited to, items (i), (ii) and (iii) above. Upon confirmation of such facts, which such confirmation will not be unreasonably withheld or delayed, Owner will no longer be required to treat such HPH Unit(s) as HPH Unit(s) but must convert the rents of those units to the 50% HTC rent limit, **provided that more restrictive threshold, selection priority or funding requirements, if any, do not apply.** If such conversion occurs, in order to retain the HTC allocation or award, the above described 50% HTC rent limit and the Section 42 minimum set-aside elected for the Project by Owner must be maintained for the remainder of the term of the LURA.

If Minnesota Housing, at any time in its sole discretion, determines that an HPH Unit Subsidy may be available for the remainder of the term of the LURA, that would not adversely affect the full availability of the HTC allocation or award and would permit the HPH Unit(s) to again serve Households Experiencing HPH, then at Minnesota Housing’s request Owner will promptly apply for such HPH Unit Subsidy for the HPH Unit(s), upon terms reasonably acceptable to such Owner, and if such HPH Unit Subsidy is obtained, will again set aside such HPH Unit(s), when and to the extent then available, to Households Experiencing HPH.

If, for a particular HPH Unit(s), the necessary tenant support services funding is (i) withdrawn or terminated due to reasons not attributable to the actions or inactions of Owner; (ii) alternative funding or an alternative service provider is unavailable; and (iii) the Project is otherwise in full compliance with all the terms of the funding for the Project, Owner may petition Minnesota Housing to modify its requirements for the provision of such tenant services for the affected HPH Unit(s). Such petition will contain all material facts and supporting documentation substantiating Owner’s request including, but not limited to, items (i) and (ii) above. Upon confirmation of such facts, which such confirmation will not be unreasonably withheld or delayed, Owner will modify such tenant support services for the affected HPH Unit(s).

Owner agrees to comply with the reporting requirements contained in the HPH Rider to Declaration of Land Use Restrictive Covenants for Low-Income Housing Tax Credits.

## 21. People with Disabilities:

- Owner agrees that the following number of units in the Project will be set aside and rented to households with a disability for the term of the LURA. The units are restricted to households with incomes at or below 30% MTSP income limits, are not restricted to persons of a particular age group, and must be provided in integrated settings.

Owner agrees that if units set aside for People with Disabilities are occupied by households without rental assistance the gross rents, including an allowance for tenant-paid utilities, cannot exceed the greater of 30% of the household's monthly income or the most current Supportive Housing Standard for the unit size, as published annually by Minnesota Housing. Owner must establish and implement policies and procedures to specify the calculation method used to determine the appropriate rent amount and periodic income recertification to adjust rents.

**Permanent Supportive Housing for High Priority Homeless and People with Disabilities units must be distinct and cannot be layered.**

Number of units

The units are set aside and rented to persons with any of the following disabilities:

- a. A serious and persistent mental illness as defined in MN Statutes Section 245.462, Subdivision 20, Paragraph (c); or
- b. A developmental disability as defined in United States Code, Title 42, Section 6001, Paragraph (5), as amended; or
- c. Assessed as drug dependent persons as defined in MN Statute Section 254A.02, Subdivision 5, and are receiving or will receive care and, treatment services provided by an approved treatment program as defined in MN Statute Section 254A.02, Subdivision 2; or
- d. A brain injury as defined in MN Statute Section 256B.093, Subdivision 4, paragraph (a); or
- e. Permanent physical disabilities that substantially limit major life activities, if at least 50% of the units in the Project are accessible as provided under Minnesota Rules Chapter 1341

### **People with Disabilities (PDSC) Unit Relief Provisions:**

If, for a particular People with Disabilities unit ("PDSC Unit(s)"), the necessary rental assistance or operating support (collectively "PDSC Unit Subsidy") is (i) withdrawn or terminated due to reasons not attributable to the actions or inactions of Owner; (ii) such withdrawal or termination materially adversely impacts the financial feasibility of the

Project; (iii) alternative funding is unavailable; and (iv) the Project is otherwise in full compliance with all the terms of the funding for the Project, Owner may petition Minnesota Housing to eliminate its requirements for the affected PDSC Unit(s). Such petition will contain all material facts and supporting documentation substantiating the Owner's request including, but not limited to, items (i), (ii) and (iii) above. Upon confirmation of such facts, which such confirmation will not be unreasonably withheld or delayed, Owner will no longer be required to treat such PDSP Unit(s) as PDSC Unit(s) but must convert the rents and incomes of those units to the 50% HTC rent and income limit, **provided that more restrictive threshold, selection priority or funding requirements, if any, do not apply.** If such conversion occurs, in order to retain the HTC allocation or award, the above described 50% HTC rent and income limit and the Section 42 minimum set-aside elected for the Project by Owner must be maintained for the remainder of the term of the LURA.

If, for a particular PDSC Unit(s), the necessary tenant support services funding is (i) withdrawn or terminated due to reasons not attributable to the actions or inactions of Owner; (ii) alternative funding or an alternative service provider is unavailable; and (iii) the Project is otherwise in full compliance with all the terms of the funding for the Project, Owner may petition Minnesota Housing to modify its requirements for the provision of such tenant services for the affected PDSC Units(s). Such petition will contain all material facts and supporting documentation substantiating Owner's request including, but not limited to, items (i) and (ii) of this paragraph. Upon confirmation of such facts, which such confirmation will not be unreasonably withheld or delayed, Owner will modify its provision of such tenant support services for the affected PDSC Unit(s) in a manner consistent with Minnesota Housing's modified requirements for the provision of tenant services for the PDSC Unit(s), **provided that more restrictive threshold, selection priority or funding requirements, if any, do not apply.**

If Minnesota Housing at any time, in its sole discretion, determines that a PDSC Unit Subsidy may be available for the remainder of the term of the LURA, that would not adversely affect the full availability of the HTC allocation or award and would permit the PDSC Unit(s) to again serve People with Disabilities households, then at Minnesota Housing's request Owner will promptly apply for such PDSC Unit Subsidy for the PDSC Unit(s), upon terms reasonably acceptable to such Owner, and if such PDSC Unit Subsidy is obtained, will again set aside such PDSC Unit(s), when and to the extent then available, to People with Disabilities needs qualifying individuals.

In addition, if Minnesota Housing at any time thereafter, in its sole discretion, determines that PDSC Unit tenant support services funding may be available for the remainder of the term of the LURA, that would not adversely affect the full availability of the HTC allocation or award and would permit the affected PDSC Unit(s) to again provide tenant support services to households targeting People with Disabilities, then at Minnesota Housing's request, Owner will promptly apply for such PDSC Unit tenant support services funding for the affected PDSC Unit(s), upon terms reasonably acceptable to such Owner, and if such PDSC Unit tenant support services funding is obtained, will resume providing PDSC Unit tenant support services, when and to the extent then available, to People with Disabilities needs qualifying individuals.

**Serves Lowest Income for Long Durations**

**22. Serves the Lowest Income Tenants/Rent Reduction:**

- The Project must not exceed the following gross rent levels for the required period below. The period begins following the last placed in service date for any building in the Project as required by the 2020 Qualified Allocation Plan (QAP) and HTC Program Procedural Manual. After the applicable 10 year period has expired, rent may be increased to the 60% rent limit over a three year period, with increases not to exceed the amount listed in the table below, provided that more restrictive selection priority, criteria, conditions, funding or bond requirements do not apply.

**Rental Assistance and Serves Lowest-Income Tenants/Rent Reduction units must be distinct and cannot be layered.**

Applicable Rent Restrictions:

- 100% of the HTC units affordable to households with incomes at the 50% MTSP income limit.

Number of units

- At least 50% of the HTC units are affordable to households with income at the 50% MTSP income limit.

Number of units

Year	<b>30% of 50% Rent Levels</b>
1-10	30% of 50%
11	30% of 53%
12	30% of 57%
13	30% of 60%

**23. Rental Assistance:**

- Owner and the Local Housing Authority (Public Housing Authority, HRA or other similar entity having jurisdiction for the type of units identified below) have agreed to include project-based assistance (or units effectively project-based by written contract (e.g. NAHASDA)) for the Project as follows:

- Owner agrees to set aside units in the Project with project-based assistance (or units effectively project-based by written contract (e.g. NAHASDA)) as set out in the Project application and HTC Self-Scoring Worksheet. Privately funded rental contracts must contain language regarding the possibility of future renewals.

Number of units

- Owner agrees to continue renewals of project-based housing subsidy payment contract(s). Owner agrees that the rents for units above will remain affordable at 50% MTSP rent limits for a 10 year period if the rental assistance is not



available for the full period. The period begins following the last placed in service date for any building in the Project.

- Owner agrees to further restrict units to households whose incomes do not exceed 30% of MTSP income limit for a 10 year period. (Further Restricted Rental Assisted Units, see relief provision below).The period begins following the last placed in service date for any building in the Project.

Number of units

For purposes of this category, project-based rental assistance is defined as project-specific funding stream that supports the operations of the property, reduces the tenant burden, and provides the tenant portion of rent to be no greater than 30% of household income, unless approved by Minnesota Housing.

The Project must comply with all program requirements for the assistance for which priority points were given including maintaining rents within the appropriate payment standard for the Project area in which the Project is located for the term of the LURA.

**Rental Assistance and Serves Lowest-Income Tenants/Rent Reduction units must be distinct and cannot be layered.**

**Continued Renewal Rental Assisted Unit and Further Restricted Rental Assisted Units Relief Provisions:**

If, for a particular Continued Renewal Rental Assisted unit (CRRRA Unit) or Further Restricted Rental Assisted unit (FRRRA Unit), the necessary rental assistance or operating support (collectively CRRRA Unit Subsidy/FRRRA Unit Subsidy) is (i) withdrawn or terminated due to reasons not attributable to the actions or inactions of Owner; (ii) such withdrawal or termination materially adversely impacts the financial feasibility of the project; (iii) alternative funding is unavailable; and (iv) the Project is otherwise in full compliance with all the terms of the funding for the Project, Owner may petition Minnesota Housing to eliminate its requirements for the affected CRRRA or FRRRA Unit(s). Such petition shall contain all material facts and supporting documentation substantiating Owner's request including, but not limited to, items (i), (ii) and (iii) above. Upon confirmation of such facts, which such confirmation shall not be unreasonably withheld or delayed, Owner shall no longer be required to treat such CRRRA or FRRRA Unit(s) as FRRRA Unit(s) but must convert the rents of those units to the 50% HTC rent limit, **provided that more restrictive threshold, selection priority or funding requirements, if any, do not apply.** If such conversion occurs, in order to retain the HTC allocation or award, the above described 50% HTC rent limit and the Section 42 minimum set-aside elected for the Project by Owner must be maintained for the remainder of the term of the LURA.

If Minnesota Housing at any time thereafter, in its sole discretion, determines that an CRRRA Unit Subsidy or FRRRA Unit Subsidy may be available for the remainder of the term of the LURA, that would not adversely affect the full availability of the HTC allocation or award and would permit the CRRRA or FRRRA Unit(s) to again serve 30% income households, then at Minnesota Housing's request, Owner shall promptly apply for such CRRRA Unit Subsidy or FRRRA Unit Subsidy for the CRRRA or FRRRA Unit(s), upon terms

reasonably acceptable to such Owner, and if such FRRRA Unit Subsidy is obtained, shall again set aside such CRRA or FRRRA Unit(s), when and to the extent then available, to income qualifying individuals.

**23. Long-Term Affordability:**

Owner agrees to extend the term of the LURA as set out below, with the period indicated beginning with the first day of the Compliance Period. Any extension beyond 30 years constitutes an extension of the Extended Use Period and the term of the LURA. Unless already waived in the Agreement, Owner can also agree that the provisions of Section 42(h)(6)(E)(i)(II) and 42(h)(6)(F) (the “Qualified Contract provisions”, which would permit Owner to terminate the restrictions under this Agreement at the end of the Compliance Period in the event that a qualified contract for the acquisition of the Project is not presented) do not apply to the Project.

- Owner agrees to extend the term of the LURA to 40 years and agrees that Qualified Contract provisions do not apply to the Project.
- Owner agrees to extend the term of the LURA to 35 years and agrees that Qualified Contract provisions do not apply to the Project.
- Owner agrees that the term of the LURA is 30 years and agrees that Qualified Contract provisions do not apply to the Project. **(4% projects only)**
- Owner agrees that the term of the LURA is 30 years and agrees that Qualified Contract provisions do not apply to the Project for 25 years. **(4% projects only)**

**Areas of Opportunity**

**24. Economic Integration:**

- The Project must provide at least 25% but not greater than 80% of the total units as HTC units, and, for the term of the LURA, Owner must certify on an annual basis that the development complies.

Number of units

**25. Access to Higher Performing Schools:**

- The Project serves families and increases the supply of affordable housing in a location that provides access to higher performing schools as identified in the HTC Program Procedural Manual and as presented in the Project’s application and HTC Self-Scoring Worksheet.

At least 25% of total HTC units, with a minimum of 15 units, must contain two or more bedrooms, and Owner must agree to market the units to families with minor children.

Number of HTC units with  
2 Bedrooms  
3 Bedrooms  
4 Bedrooms

## Supporting Community and Economic Development

### 26. Eventual Tenant Ownership:

- The Project Owner agrees to transfer ownership and sell 100% of the HTC units to eligible HTC unit tenant buyers at the end of the 15-year compliance period. Owner agrees to comply with the HTC Program Procedural Manual and the Eventual Tenant Ownership (ETO) guide and provide the final conversion plan.

The final conversion plan, to be submitted by the 15<sup>th</sup> year of initial compliance, must incorporate an ownership exit strategy, a third party Property Capital Needs Assessment report and budget for capital improvements, and services including homeownership education and training. A final conversion plan complying with all of the requirements of the ETO Guide must be submitted to, and approved by, Minnesota Housing prior to commencing the conversion.

Until the time the HTC units are purchased by qualified tenants or in the event that not all HTC units are acquired by qualified tenants, Owner will extend the duration of low-income use for the full term of the LURA.

## Preservation

### 27. Preservation of Existing Federal Assistance:

- The Project preserves Existing Federally Assisted units as identified in the Project's application and HTC Self-Scoring Worksheet and must meet the conditions identified in the HTC Program Procedural Manual.

Number of units

Owner must continue renewals of existing project-based housing subsidy payment contract(s) for as long as the assistance is available. Except for "good cause," Owner must not evict existing subsidized residents and must continue to renew leases for those residents.

## Building Characteristics

### 28. Smoke Free Buildings:

- The Project must institute and maintain a written occupancy policy prohibiting smoking in all of the units and all common areas within the building(s) of the Project. A non-smoking clause must be included in the lease for every unit/household. The Project must maintain the smoke-free policy for the term of the LURA.

### 29. Joint Powers Agreement:

- The Project falls within the jurisdiction of a suballocator of HTCs, which is party to a current Joint Powers Agreement with Minnesota Housing.

### 30. Additional Conditions:

- List:

