DECLARATION OF LAND USE RESTRICTIVE COVENANTS
FOR LOW-INCOME HOUSING CREDITS
2017 ALLOCATION YEAR

THIS DECLARATION OF LAND USE RESTRICTIVE COVENANTS (AGREEMENT) dated as of _____, by _____, a _____, and its successors and assigns (Owner), is given as a condition precedent to the allocation of low-income housing credits by the Minnesota Housing Finance Agency, a public body corporate and politic of the State of Minnesota, 400 Sibley Street, Suite 300, St. Paul, MN 55101 (Minnesota Housing) together with any successor to its rights, duties, and obligations.

RECITALS

A. The Owner is or shall be the 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 credit agency for the location of the Project for the allocation of low-income housing credits.

C. The Owner has applied to Minnesota Housing for an allocation of low-income housing credits to the Project, and Minnesota Housing has determined that the Project would support annual low-income housing credits in the amount of $_____ (the Credits).

D. Section 42 of the Internal Revenue Code of 1986, as amended (Section 42 and the Code, respectively) requires as a condition precedent to the allocation of the Credits that the 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 hereof and **Exhibit C** attached hereto by regulating and restricting the use, occupancy and transfer of the Project as set forth herein.

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

NOW, THEREFORE, in consideration of the promises and covenants set forth herein and of other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the 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 pertaining thereto shall have the same meanings in this Agreement.

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

(a) Upon execution and delivery by the Owner, the Owner shall cause this Agreement and all amendments thereto to be recorded in the office of the County Recorder or Registrar of Titles of the county in which the Project Land is located and shall pay all fees and charges incurred in connection therewith. Upon recording, the Owner shall immediately transmit to Minnesota Housing an executed original of the recorded Agreement, or a duly certified copy of the executed original, showing the date and document numbers of record. The Owner agrees that Minnesota Housing will not issue an IRS Form 8609 constituting final allocation of Credits for the Project unless Minnesota Housing has received the recorded executed original, or a duly certified copy, of this Agreement as recorded.

(b) The 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 and the covenants and restrictions set forth herein and in the exhibits hereto regulating and restricting the use, occupancy and transfer of the Project Land and the Project (i) shall be and are covenants running with the Project Land, encumbering the Project Land for the term of this Agreement, binding upon the Owner's successors in title and all subsequent Owners and Operators of the Project Land, (ii) are not merely personal covenants of the Owner, and (iii) shall bind the Owner (and the benefits shall 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. The 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 shall 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 Credits are claimed or the term of this Agreement, every contract, deed, or other instrument hereafter executed conveying the Project Land or portion thereof, shall expressly provide that such conveyance is subject to this Agreement; provided, however, that the covenants contained herein shall survive and be effective regardless of whether such contract, deed or other instrument hereafter executed conveying the Project Land or portion thereof provides that such conveyance is subject to this Agreement.

(c) The Owner covenants to obtain the consent of any prior recorded lien holder for the Project to this Agreement, and such consent shall be a condition precedent to Minnesota Housing's issuance of the IRS Form 8609 constituting final allocation of Credits for the Project.

SECTION 3 - REPRESENTATIONS, COVENANTS AND WARRANTIES OF THE OWNER

The Owner hereby represents, covenants and warrants as follows:

(a) The 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 the Owner (i) will not violate or, as applicable, have not violated any provision of law, rule or regulation, or any order of any court or other agency or governmental body, and (ii) will not violate or, as applicable, have not violated any provision of any indenture, agreement, mortgage, mortgage note, or other instrument to which the 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, the 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 the 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 are to be used on other than a transient basis.

(g) All units subject to Section 42 shall be leased and rented or made available to members of the general public who qualify for occupancy thereof under the applicable election specified in Section 42(g)(1) of the Code (Low Income Tenants).

(h) The Owner shall comply fully with the requirements of the Fair Housing Act as it may from time to time be amended.

(i) The Owner shall 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, the Owner may sell, transfer or exchange the entire Project, at any time, but the Owner shall notify in writing and obtain the agreement of any buyer or successor or other person acquiring the Project or any interest therein that such acquisition is subject to the requirements of this Agreement and to the requirements of Section 42 and any applicable regulations. This provision shall not act to waive any other restriction on sale, transfer, or exchange of the Project or any low-income portion of the Project. The 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 the requirements of Section 42.

(l) The Owner shall notify Minnesota Housing in writing of any sale, transfer or exchange of the entire Project or any low-income portion of the Project. The Owner shall 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 (Procedural Manual). The notification to Minnesota Housing shall be made in the manner described in the Procedural Manual.

(m) The Owner shall 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 thereof, shall be damaged or destroyed or shall be condemned or acquired for public use, the 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, or to relieve the condemnation, and thereafter to operate the Project in accordance with the terms of this Agreement.

(o) The 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) Upon request by Minnesota Housing, and as required by the Procedural Manual, the Owner shall provide Minnesota Housing with a completed Characteristic of Tenant Household Form detailing the Project's demographic characteristics.

(q) The Owner shall 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

The 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 (Occupancy Restrictions):

(a) The determination of whether a tenant meets the low-income requirement shall be made by the Owner at least annually on the basis of the current income of the tenant.

(b) In accordance with Section 42(g)(1) of the Code, the Owner has elected that _____ percent or more of the residential units in the Project shall be occupied by individuals whose income is _____ percent or less of area median gross income.

(c) All units subject to Section 42 shall be rent-restricted in accordance with Section 42(g)(2) of the Code.

(d) The applicable fraction (as defined in Section 42(c)(1) of the Code) for each building for each taxable year in the Extended Use Period (as defined herein) will not be less than the Applicable Fraction for each building specified in **Exhibit B** attached hereto.

(e) The applicable fraction (as defined in Section 42(c)(1) of the Code) for the Project for each taxable year in the Extended Use Period will not be less than the Applicable Fraction for the Project specified in **Exhibit C** attached hereto.

SECTION 5 - ADDITIONAL RESTRICTIONS

Exhibit C attached hereto sets forth certain additional obligations of the Owner with respect to the Project upon which the allocation of Credits has been based and with which the Owner covenants to comply throughout the Extended Use Period. The obligations listed in **Exhibit C** 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 shall 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 thereto.

(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 15 years after the close of the Compliance Period.

(b) This Agreement and the Owner's obligation to comply with Section 42 and the Occupancy Restrictions shall commence on the first day of the Compliance Period and shall end at the close of the Extended Use Period.

(c) Notwithstanding Section 6(b) hereof, the Extended Use Period for any building that is part of the Project shall 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) On the last day of the Compliance Period if the 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) shall not apply if the Owner has waived this right as provided in **Exhibit C** attached hereto.

(d) The Section 42 rent requirements shall continue for a period of three years following the termination of the Extended Use Period pursuant to Section 6(c) hereof. Throughout the term of this Agreement and during such three-year period, the Owner shall not evict or terminate the tenancy of an existing tenant of any low-income unit other than for good cause and shall not increase the gross rent above the maximum allowed under Section 42 with respect to such low-income unit.

SECTION 7 - ENFORCEMENT OF ADDITIONAL RESTRICTIONS

(a) The Owner shall permit, during normal business hours and upon reasonable notice, any duly authorized representative of Minnesota Housing to inspect any books and records of the Owner regarding the Project with respect to the incomes of Low-Income Tenants that pertain to compliance with the terms of this Agreement.

(b) The Owner shall submit any other information, documents or certifications requested by Minnesota Housing that Minnesota Housing shall deem reasonably necessary to substantiate the Owner's continuing compliance with the provisions of this Agreement and the requirements of Section 42.

SECTION 8 - ENFORCEMENT OF OCCUPANCY RESTRICTIONS

(a) The 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. The 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 the Owner's obligations under Section 42 and affecting the Project.

(b) The Owner acknowledges that the primary purpose for requiring compliance by the Owner with the requirements of this Agreement is to ensure compliance of the Project and the Owner with Section 42 and any applicable regulations, AND BY REASON THEREOF, THE OWNER IN CONSIDERATION FOR RECEIVING CREDITS 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 THE OWNER OF ITS OBLIGATIONS UNDER THIS AGREEMENT IN A STATE COURT OF COMPETENT JURISDICTION. The Owner further acknowledges that the beneficiaries of the Owner's obligations hereunder cannot be adequately compensated by monetary damages in the event of any default hereunder.

(c) The 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) The Owner acknowledges that Minnesota Housing is required, pursuant to Section 42(m)(1)(B)(iii) of the Code and Section 1.42-5 of the Treasury regulations, to establish a procedure to monitor the Owner's and the Project's compliance with the requirements of Section 42, which procedure includes the monitoring of the Owner's compliance with the Additional Restrictions, if any, set forth in **Exhibit C** attached hereto. 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 shall not affect the validity of the remaining portions thereof.

(b) Notices. All notices to be given pursuant to this Agreement shall be in writing and shall be deemed given when mailed by certified or registered mail, return receipt requested, to the parties hereto 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 Sibley Street, Suite 300 St. Paul, MN 55101
To the Owner:	ATTENTION:_____ _____ _____ _____

Minnesota Housing and the Owner, may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

(c) Amendment. Notwithstanding anything to the contrary contained herein, this Agreement may be amended by a written agreement between Minnesota Housing and the Owner, which agreement shall be effective upon execution thereof by Minnesota Housing and the Owner and the recording of the amendment with the County Recorder or Registrar of Titles of the County in which the Project is located. The Owner agrees that it will take all actions necessary to effect amendment of this Agreement as may be necessary to comply with the Code and any applicable rules, regulations, policies, procedures, rulings, or other official statements pertaining to the Credits.

(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 Code 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) hereof).

(e) Governing Law. This Agreement shall 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 the Owner as set forth herein and in the Owner's application for the Credits shall survive the allocation of the Credits and shall 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, the 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 Sibley Street, Suite 300
St. Paul, MN 55101

EXHIBIT A
Declaration of Land Use Restrictive Covenants
Legal Description

EXHIBIT B
Declaration of Land Use Restrictive Covenants
Applicable Fraction

BIN #	BUILDING ADDRESS	APPLICABLE FRACTION*
_____	_____	_____%
_____	_____	_____%
_____	_____	_____%
_____	_____	_____%
_____	_____	_____%
_____	_____	_____%
_____	_____	_____%
_____	_____	_____%
_____	_____	_____%
_____	_____	_____%
_____	_____	_____%
_____	_____	_____%
_____	_____	_____%
_____	_____	_____%

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

EXHIBIT C
Declaration of Land Use Restrictive Covenants
Minnesota Housing Project Summary and Additional Restrictions

This Allocation of Low-Income Housing Credits ("Credits") is based upon the following:

1. Project Name: _____

2. Project Number: _____ Supplemental Number: _____

3. Project Location: _____

4. Total Units: _____ Credit Units: _____

5. Partnership Name: _____

6. Partnership Address: _____

7. Name(s) of General Partner(s): _____

   _____

8. Name(s) of Non-Profit General Partner(s): _____

   _____

9. Owner Taxpayer I.D. No.: _____

10. Non-Profit Tax I.D. No.: _____

11. Type of Credits: _____

12. Qualified Census Tract Number: _____

    Difficult Development Area:_____

    State Designated Basis Boost Applied: _____Yes _____No

13. Total Eligible Basis: $

14. Total Qualified Basis: $

15. Annual Credit Amount: $The Owner represents, warrants and covenants that throughout the term of this Agreement:

Applies to Project	Does Not Apply to Project		

(Check all appropriate boxes and complete all appropriate informational lines/cells for each item.)

	Applies to Project	Does Not Apply to Project	
(a)			Check Minimum Set-Aside Election
	☐	☐	(1) At least 20 percent or more of the total residential units in the Project are both rent-restricted and occupied by individuals whose income is 50 percent or less of area median income; or
	☐	☐	(2) At least 40 percent or more of the total residential units in the Project are both rent-restricted and occupied by individuals whose income is 60 percent or less of area median income.
(b)	☐	☐	Eligible Basis Adjustments, Federally Funded Grants, Treatment of New Buildings as Federal Subsidized: ☐ a. This Project includes a building or buildings 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 such building(s) or the operation thereof 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 such building(s) or the operation thereof 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.
(c)	☐	☐	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.
(d)	☐	☐	The Owner agrees to lease _____ percent (Project Fraction) of the total units in the Project to individuals and families whose income is _____ percent or less of the area median gross income (including adjustments for family size) as determined in accordance with Section 42 (Low-Income Tenants) and shall lease units in each building in the Project to Low-Income Tenants according to the applicable fraction set forth in **Exhibit B** attached hereto.

Applies to Project | Does Not Apply to Project

(Check all appropriate boxes and complete all appropriate informational lines/cells for each item)

(e) ☐ ☐ The Project shall provide family housing that is not restricted to persons 55 years or older in which at least 75 percent of the Credit units contain two or more bedrooms. The tenant selection plan must give priority to families with minor children.

(f) ☐ ☐ The Project shall provide at least ☐50 percent of the Credit units for single room occupancy housing with one bedroom or less with rents affordable at 30 percent of median income.

Specific performance requirement relief provisions are available for projects receiving points under the Single Room Occupancy Housing or Special Populations categories of the Household Targeting Selection Priority of the HTC Self-Scoring Worksheet for HTSP Units. See below HTSP Relief Provisions.

(g) ☐ ☐ The Project shall provide housing that is not restricted to persons of a particular age group and in which for the term of the extended use period, at least 10 percent of the total units (_____ units) and up to 25 percent of the total units must be set aside and targeted to persons with the following disabilities in a manner consistent with Minnesota Statutes, Section 462A.222, Subdivision 3, subparagraph (d)(3):

☐ 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 percent of the units in the Project are accessible as provided under Minnesota Rules, Chapter 1341.

Specific performance requirement relief provisions are available for projects receiving points under the Single Room Occupancy Housing or Special Populations categories of the Household Targeting

Selection Priority of the HTC Self-Scoring Worksheet for HTSP Units. See below HTSP Relief Provisions.

HTSP Relief Provisions
The following provisions apply to items (f) and/or (g) immediately above if said items are checked as Applies to Project.

Specific performance requirement relief provisions are available for Projects receiving points under the Single Room Occupancy Housing or Special Populations categories of the Household Targeting Selection Priority of the HTC Self-Scoring Worksheet for HTSP Units.

If, for a particular unit meeting the criteria and receiving points under the Single Room Occupancy Housing or Special Populations categories of the Household Targeting Selection Priority (HTSP Unit(s)) the necessary rental assistance or operating support (collectively HTSP Unit subsidy) is (i) withdrawn or terminated due to reasons not attributable to the actions or inactions of the 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, the Owner may petition Minnesota Housing to eliminate its requirements for the affected HTSP 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 HTSP Unit(s) as HTSP Unit(s) but must convert the rents of those units to the 50 percent tax credit rent limit; **provided that more restrictive threshold, selection priority or funding requirements, if any, do not apply (e.g., Statutory Threshold elections)**. If such conversion occurs, in order to retain the tax credit allocation, the above described 50 percent tax credit rent limit and the Section 42 minimum set-aside elected for the Project by the Owner must be maintained for the remainder of the tax credit compliance and extended use periods.

If, for a particular Special Populations targeted HTSP Unit(s), the necessary tenant support services funding is (i) withdrawn or terminated due to reasons not attributable to the actions or inactions of the 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, the Owner may petition Minnesota Housing to modify its requirements for the provision of such tenant services for the affected Special Populations targeted HTSP Units(s). Such petition shall 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 shall not be unreasonably withheld or delayed, Owner shall modify its provision of such tenant support services for the affected Special Populations targeted HTSP Unit(s) in a manner consistent with Minnesota Housing's modified requirements for the provision of tenant services for the Special Populations targeted HTSP Unit(s); **provided that more restrictive threshold, selection priority or funding requirements, if any, do not apply**.

If Minnesota Housing shall, at any time thereafter, in its sole discretion, determine that an HTSP Unit subsidy may be available for the remainder of the tax credit compliance and extended use periods, that would not adversely affect the full availability of the tax credit allocation and would permit the HTSP Unit(s) to again serve 30 percent income or Special Populations households, then at Minnesota Housing's request, the Owner shall promptly apply for such HTSP Unit subsidy for the HTSP Unit(s), upon terms reasonably acceptable to such Owner, and if such HTSP Units subsidy is obtained, shall again set aside such HTSP Unit(s), when and to the extent then available, to income qualifying and or Special Populations needs qualifying individuals.

In addition, if Minnesota Housing shall, at any time thereafter, in its sole discretion, determine that Special Populations targeted HTSP Unit tenant support services funding may be available for the remainder of the tax credit compliance and extended use periods, that would not adversely affect the full availability of the tax credit allocation and would permit the affected HTSP Unit(s) to again provide tenant support services to Special Populations households, then at Minnesota Housing's request the Owner shall promptly apply for such Special Populations targeted HTSP Unit tenant support services funding for the affected HTSP Unit(s), upon terms reasonably acceptable to such Owner, and if such Special Populations targeted HTSP Unit tenant support services funding is obtained, shall resume providing Special Populations targeted HTSP Unit tenant support services, when and to the extent then available, to Special Populations needs qualifying individuals.

	Applies to Project	Does Not Apply to Project	(Check all appropriate boxes and complete all appropriate informational lines/cells for each item.)
(h)	☐	☐	The Owner and the 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 for the Project). The Project must provide rental assistance as follows: ☐ At least _____ units (at least _____ % of the total units of the Project) of Project-Based Assistance (or units effectively project-based by written contract). ☐ A minimum _____ year new or remaining contract with the local HRA or other similar entity for the above Project-Based Assistance. ☐ The Owner and the Authority have agreed to provide Other Rental Assistance to the Project as identified in Agreement between the Owner and the local Housing Authority or other similar entities and found to be acceptable by Minnesota Housing.
(i)	☐	☐	After the end of the initial 15-year Compliance Period, the Owner shall transfer ownership of 100 percent of the Credit units in the Project to tenant ownership. The transfer shall be in accordance with the Owner's transfer plan as initially submitted and amended, and accepted by Minnesota Housing. The plan shall incorporate a limited partnership ownership exit strategy and provide for services including homeownership education and training. The purchase price for each unit at time of sale shall be affordable to households with incomes meeting Credit eligibility requirements. To be eligible, the buyer must have had a Credit-qualifying income at the time of initial occupancy or time of purchase. Until the time the Credit units are purchased by a qualified tenant or if the Credit units are not acquired by a qualified

tenant, the Owner will extend the duration of low-income use for the longest period (30 years), and the Owner agrees that Sections 42(h)(6)(E)(i)(II) and 42(h)(6)(F) of the Code shall not apply to the Project.

Applies to Project | Does Not Apply to Project

(Check all appropriate boxes and complete all appropriate informational lines/cells for each item)

(j) ☐ ☐ The Owner agrees to produce and maintain as a 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.

(k) ☐ ☐ The Owner agrees that _____% (_____ units) of the total units of the Project will be set aside and rented to households (1) experiencing long-term homelessness (LTH) targeted to single adults, OR (2) targeted to families with children or youth (i) at significant risk of long-term homelessness, or (ii) as prioritized for permanent supportive housing by the Coordinated Entry System, or (iii) experiencing long-term homelessness (LTH) as described in the Project's HTC Self-Scoring Worksheet for Permanent Supportive Housing for Households Experiencing Homelessness and further defined in the Homeless Rider attached to this Declaration. All Subsections are collectively referred to as "Homeless Unit".

_____ of these Homeless Units will be set aside and targeted to families with children or unaccompanied youth.

Continuum of Care Household Type Priorities

☐ 5% or more, but no fewer than four units, targeted to Continuum of Care Household Type Priority One. The local priority is _____.

☐ 5% or more, but no fewer than four units, targeted to Continuum of Care Household Type Priority Two. The local priority is _____.

Continuum of Care Subpopulation Type Priorities

☐ 5% or more, but no fewer than four units, targeted to Continuum of Care Subpopulation Type Priority One. The local priority is _____.

☐ 5% or more, but no fewer than four units, targeted to Continuum of Care Household Type Priority One. The local priority is _____.

If, for a particular Homeless Unit(s) the necessary rental assistance or operating support (collectively Homeless Unit subsidy) is (i) withdrawn or terminated due to reasons not attributable to the actions or inactions of the 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, the Owner may petition Minnesota Housing to eliminate its requirements for the affected Homeless 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 Homeless Unit(s) as Homeless Unit(s) but must convert the rents of those units to the 50 percent tax credit 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 tax credit allocation, the above described 50% tax credit rent limit and the Section 42 minimum set-aside elected for the Project by the Owner must be maintained for the remainder of the tax credit compliance and extended use periods.

If Minnesota Housing shall, at any time thereafter, in its sole discretion, determine that a Homeless Unit subsidy may be available for the remainder of the tax credit compliance and extended use periods, that would not adversely affect the full availability of the tax credit allocation and would permit the Homeless Unit(s) to again serve households experiencing long-term homelessness, then at Minnesota Housing's request the Owner shall promptly apply for such Homeless Unit subsidy for the Homeless Unit(s), upon terms reasonably acceptable to such Owner, and if such Homeless Unit subsidy is obtained, shall again set aside such Homeless Unit(s), when and to the extent then available, to households experiencing long-term homelessness.

If, for a particular Homeless Unit(s), the necessary tenant support services funding is (i) withdrawn or terminated due to reasons not attributable to the actions or inactions of the 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, the Owner may petition Minnesota Housing to modify its requirements for the provision of such tenant services for the affected Homeless Unit(s). Such petition shall 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 shall not be unreasonably withheld or delayed, Owner shall modify such tenant support services for the affected Homeless Unit(s).

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

	Applies to Project	Does Not Apply to Project	

(Check all appropriate boxes and complete all appropriate informational lines/cells for each item.)

(l)	☐	☐	The Owner agrees to provide high speed internet access via installation of all appropriate infrastructure and connections for cable, DSL or wireless internet service to every unit in the Project.
(m)	☐	☐	The Owner agrees to institute and maintain a written policy for the Project prohibiting smoking in all the units and all common areas within the building(s) of the Project. The Owner must include a non-smoking clause in the lease for every household of the Project. The Owner shall maintain the Project's smoke-free policy for the term of this Declaration.
(n)	☐	☐	The Owner agrees that the Section 42 income and rental restrictions shall apply for a period of 30 years beginning with the first day of the Compliance Period, and Sections 42(h)(6)(E)(i)(II) and 42(h)(6)(F) of the Code shall not apply to the Project.
(o)	☐	☐	☐ _____ percent of the Credit units (_____ units) shall have gross rents established at a level not greater than 30 percent of 30 percent of area median income for a period of five years* following the last placed in service date for any building in the property. ☐ _____ percent of the Credit units (_____ units) shall have gross rents established at a level not greater than 30 percent of 50 percent of area median income for a period of [☐five years* / ☐ ten years**] following the last placed in service date for any building in the property. * 30 percent rent restricted units must meet the 30 percent area median rent for a minimum of five years* after the last placed in service date for any building in the property. After the five year period has expired, rent may be increased to the 40 percent rent limit over a three-year period with increases not to exceed the amount listed in the table below, provided that more restrictive threshold, selection priority or funding requirements do not apply. * 50 percent rent restricted units must meet the 50 percent area median rent for a

minimum of five years* after the last placed in service date for any building in the property. After the five year period has expired, rent may be increased to the 60 percent rent limit over a three year period with increases not to exceed the amount listed in the table below, provided that more restrictive threshold, selection priority or funding requirements do not apply.

* Five Year Rent Restricted Unit Table		
Year	**30% of 50% Rent Levels**	**30% of 30% Rent Levels**
Years 1-5	30% of 50%	30% of 30%
Year 6	30% of 53%	30% of 33%
Year 7	30% of 57%	30% of 37%
Year 8	30% of 60%	30% of 40%

** 50 percent rent restricted units must meet the 50 percent area median rent for a minimum of ten years** after the last placed in service date for any building in the property. After the ten year** period has expired, rent may be increased to the 60 percent rent limit over a three year period with increases not to exceed the amount listed in the table below, provided that more restrictive threshold, selection priority or funding requirements do not apply.

** Ten Year Rent Restricted Unit Table	
Year	**30% of 50% Rent Levels**
Years 1-10	30% of 50%
Year 11	30% of 53%
Year 12	30% of 57%
Year 13	30% of 60%

Applies to Project	Does Not Apply to Project

(Check all appropriate boxes and complete all appropriate informational lines/cells for each item)

(p)	☐	☐	The Owner agrees to ☐ preserve Existing Federal Assistance housing or ☐ preserve Critical Affordable Units at Risk of Loss as identified in the application awarded the Credits including elements as identified in the application's HTC Self-Scoring Worksheet Section titled Preservation; and The Owner shall continue renewals of existing project-based housing subsidy payment contract(s) for as long as the assistance is available. Except for good cause, the Owner must not evict existing subsidized residents and must continue to renew leases for those residents.
(q)	☐	☐	The Project falls within the jurisdiction of a suballocator of tax credits, which is party to a current Joint Powers Agreement with the Minnesota Housing Finance Agency.