

**ATTACHMENT C – Amended 4/25/2012**

**MINNEAPOLIS/SAINT PAUL HOUSING FINANCE BOARD  
LOW INCOME HOUSING TAX CREDIT PROCEDURAL MANUAL - 2013**

[THERE ARE NO CHANGES - ARTICLE III (K) – (P)]

**Q. Qualified Contract**

Provided that owner did not waive such rights in the Land Use Restrictive Covenants, Section 42(h)(6)(E) of the Internal Revenue Code allows the extended use period to terminate after the original 15 year compliance period, if the housing credit agency (HRA or CPED) is unable to present a qualified contract for acquisition of the Tax Credit property by any persons who will continue to operate the Tax Credit property as a qualified low income building. The housing credit agency has a one year period to respond to a formal request from the owner.

Pursuant to IRC Section 42(h)(6)(E), any owner's request for a qualified contract from CPED or HRA acting on behalf of the Minneapolis/Saint Paul Housing Finance Board must comply with the following

1. The Tax Credit property must have completed the 14<sup>th</sup> year of its compliance period. For projects with multiple buildings that were placed in service in different years, this time period means the end of the 14<sup>th</sup> year of the last building in the development that was placed in service.
2. The Tax Credit property must be in compliance with all Section 42 requirements. Owners must correct all such violations before submitting a request.
3. Owner must certify that it has not been notified of any audit, investigation, or disallowance pertaining to Section 42 of the IRS and must provide any copies of IRS audit findings or disallowances which it has received during the tax credit period.
4. The owner must have secured a complete, unconditional waiver of all purchase options and rights, including the right of first refusal of a nonprofit general partner.
5. Owner must have the written consent of all its limited partners to negotiate on behalf of the partnership for a qualified contract.
6. Owner may only request a qualified contract one time from the CPED or HRA
7. Owner will be required to cover all costs, including third party costs, incurred by CPED or HRA in processing and evaluating a qualified contract request. Owner has thirty (30) days to pay costs incurred by CPED or HRA. If requested funds are not paid within 30 days of notice to owner, the processing of the qualified contract request will be terminated. Suspension in accordance with this paragraph of any requirement set forth herein shall also suspend the one year time period for CPED or HRA action.
8. CPED or HRA will require the owners pay a non-refundable fee of \$5,000 for processing a qualified contract request.

Any owner's request for a Qualified Contract with expiring compliance periods must also comply with the State of Minnesota Housing Tax Credit Qualified Allocation Plan and the Qualified Contract Process Guide and owner must submit evidence of

the same to CPED and HRA. CPED for Minneapolis projects and HRA for Saint Paul projects shall each undertake this function as requested by the owner refereeing the Minnesota Housing Finance Agency as the guidelines.

**Q. R Other Conditions:**

All submissions to CPED, HRA or Board will be considered public information in accordance with the Minnesota Government Data Practices Act (Minnesota Statutes, Chapter 13).

No member, officer, agent, or employee of the City of Minneapolis, the City of Saint Paul, CPED, the HRA, or the Board shall be personally liable concerning any matters arising out of, or in relation to, the allocation of Low Income Housing Tax Credits.

A written explanation will be made available to the general public for any allocation of a housing tax credit dollar amount that is not made in accordance with the Board's established priorities and selection criteria.

**R. S Revisions to the Manual and Allocation Plan:**

To the extent necessary to facilitate the award of Low Income Housing Tax Credits that would not otherwise be awarded, this Procedural Manual and attached Allocation Plan may be modified by the Board from time to time. The Board staff may make minor administrative modifications deemed necessary to facilitate the administration of the LIHTC Program or to address unforeseen circumstances. Further, the Board is authorized to waive any conditions, which are not mandated by the Code on a case by case basis for good cause shown.

The attached Plan may be amended by the Board with the approval of both of the cities for substantive issues at any time following public notice and public hearing. Said hearing will be held at locations specified in the notice of public hearing.

To the extent that anything contained in this Procedural Manual or the Allocation Plan does not meet the minimum requirements of federal law or regulation, such law or regulation shall take precedence.

**VIII. FEES**

**J. Qualified Contract Processing Fee:**

For its respective projects, CPED or HRA will require that owners pay a non-refundable fee of \$5,000 for processing a request for a qualified contract.