



**MHFA Form 256**

**Instructions and Forms**

**May 2006**

General Notes:

1. Minnesota Housing requires modified accrual basis reporting.
2. One copy each of Forms 256A, 256B, 256C and 256D from the management agent must be received by MHFA no later than the 15<sup>th</sup> of the month following the reporting month.

**Each report consists of:**

256A (include name and telephone number of person who prepared the report)

256B

256C

256D

Explanations as need on the "Notes" tab.

With few exceptions, other financial information (which the management agent may have to provide to the owner) is not required by Minnesota Housing.

3. If there are entries on Line 28, Other, or Line 35, Adjustments to Cash, provide explanations on the "notes" tab for all amounts.
4. Copies of bank statements are not required, but MHFA reserves the right to request them at any time.
5. On the 256B, the figures in all columns can be rounded to the nearest dollar; i.e.; \$12.50 rounded to \$12.00 or \$12.51 rounded to \$13.00.
6. Loans to the operating account (from the partners or an MHFA – approved source) are to be reported on the 256A, Line 28, Other, and on Line 48, Notes & Loans Payable.

MINNESOTA HOUSING FINANCE AGENCY  
Status Report - Form 256A

Heading:

Enter the month and year for which the report is being submitted (example:  
2/2006)

Name of Development:

Enter the name of the development.  
For Apartment Renovation Mortgage Program, enter the street address.

MHFA Number:

Enter the Loan ID number assigned by Minnesota Housing.

Location:

Enter the name of the city in which the development is located.

## 256A Explanation of Columns

### Current Month Actual

This column is used to report the actual activity that took place during the reporting month.

### Year-to-Date Actual

This column is used to report the year-to-date accumulation of monthly activity. The amount in the Year-to-Date Actual column will report the actual activity from the beginning of the year through the end of the current month. For example, in the Year-to-Date Actual column of the Gross Potential Rent, enter the sum of (1) the previous month's year-to-date Gross Potential Rent and (2) the Gross Potential Rent of the month being reported.

### Year-to-Date Budget

This column is used to report the year-to-date accumulation of monthly budget amounts. The amount in the Year-to-Date Budget column will report the total of dollars budgeted from the beginning of the year through the end of the current month. For example, in the Year-to-Date Budget column of the Gross Potential Rent line, enter the sum of (1) the previous month's year-to-date Gross Potential Rent and (2) the Gross Potential Rent of the month being reported.

### Current Balances

This column is used to report account balances as of the end of the current month reporting period.

## Explanation of Lines

### Part 1

#### Line 1 – Apartment Rent Potential

Enter the total amount of the contract rents effective during the period being reported for all units of the development. This includes units that are occupied, vacant, and occupied by employees. If the development has Hollman units, the Apartment Rent Potential for those units will not be reflected in this total.

#### Line 2 – Parking/Garage Rent Potential

Enter the maximum amount of rent available from garage and parking spaces at the rates effective during the reporting period as if all garage and parking spaces were rented. If plugs for headbolt heaters are rented on a monthly basis, include the rent for the outlets. Note that there may be special compliance requirements regarding garage income for tax credit properties.

Line 3- Commercial Rent Potential

Enter the maximum amount of rent from commercial space at the rates effective during the reporting period as if all commercial space was rented. Most developments will not use this line.

Line 4- Miscellaneous Rent Potential

Enter the maximum amount of rent available from miscellaneous sources at the rates effective during the reporting period as if all miscellaneous space or furniture were rented. Most developments do not use this line. Developments with Hollman units will use this line to reflect the amount of monthly rent being charged for these specific units.

Line 5 – Gross Potential Rent

Gross Potential Rent is the total of apartment, parking/garage, commercial and miscellaneous rent potential. Add Line 1 through 4. Enter the sum of Line 5.

Line 6- Apartment Vacancy

Enter rent not collected for unoccupied units. If the unit was occupied during a portion of the month, the pro-rated rent not collected due to vacancy should be reported here.

Line 7- Parking/Garage Vacancy

Enter the rent not collected for unoccupied garages or parking spaces. If the parking space was occupied during a portion of the month, the pro-rated rent not collected due to vacancy should be reported here.

Line 8- Commercial Vacancy

Enter rent not collected for unoccupied commercial space. If the commercial space was occupied during a portion of the rent, the pro-rated rent not collected due to vacancy should be reported here.

Line 9- Miscellaneous Unrealized Income

Enter rent not collected for unoccupied miscellaneous sources or unrealized income. If the space was occupied or furniture/equipment used during a portion of the month, the pro-rated rent not collected due to vacancy should be reported here.

Line 10- Employee Rent Credit

Enter full or partial credit given to an employee for living on the property. For example, if an employee receives cash compensation of \$600/month and a two-bedroom apartment, the rent potential of the apartment is the employee rent credit.

Line 11- Out of Service Units

Enter the rent for apartments, garages, commercial space that are not available to rent because the unit or garage is being used for storage or because it is not habitable and will require an extended period of time to repair. (Example: A unit or units that experience extensive fire or water damage and will be unavailable to rent for more than

a month, should be included until rehabilitation is complete.) Include rent for a model apartment.

Line 12- Rental Concession Adjustments

Enter adjustments to rent that do not fit into the other rent loss categories. Examples would be free month rent, move-in specials, a one-month rental concession of \$25 made to a tenant, a gift of free cable TV (all used as an inducement to the renter at the time of move-in, at lease renewal, etc.).

Line 13 – Total Rental Loss

Enter the total of Apartment Vacancy, Parking/Garage Vacancy, Commercial Vacancy, Miscellaneous Unrealized Income, Employee Rent Credits, Out of Service Units and Rental Concession Adjustments.

Line 14- Net Rental Income

Net Rental Income is Gross Potential Rent minus Total Rental Loss.

Line 15- Previous Accounts Receivable Subsidy

Enter the amount of subsidy receivable at the end of the previous month. Since some of the money collected this month may be for rent owed from previous months, this amount must be adjusted to the current month's net rental income. This amount will always be the same as the Current Accounts Receivable Subsidy from the previous month's report.

Line 16- Previous Accounts Receivable Tenants

Enter the amount of accounts receivable at the end of the previous month. Since some of the money collected this month may be for rent owed from previous months, this amount must be added to the current month's net rental income. This amount will always be the same as the Current Accounts Receivable Tenants from the previous month's report.

Line 17- Current Prepaid Rent

Enter any money collected this month that is for future tenant rent. Since some money collected this month may be for rent not yet owing, this amount must be added to the current month's net rental income. This amount will always be the same as the Prepaid Rent- Previous Month on the report for next month.

Line 18- Previous Prepaid Rents

Enter any money collected in the previous month for tenant rent in the reporting month or future months. Since some of the rent for this month was paid in a previous month, this amount must be subtracted from the current month's net rental income. This amount will always be the same as the Current Prepaid Rent on the previous month's report.

Line 19- Current Accounts Receivable Subsidy

Enter the amount of subsidy due for the current month or previous month(s). Enter the subsidy payment for tenants (current and past) that is expected to be received. Enter the total amount of subsidy funds (HAP or RAP) earned but not yet received by the development. Since this money was not collected, it must be subtracted from the net rental income for this month. This amount will become the Previous Accounts Receivable Subsidy on the next month's operating report.

NOTE:

Use this line to track "Project-Based Section 8 Housing Choice Voucher" subsidy outstanding from an HRA or PHA. (If the "Housing Choice Voucher" is TENANT BASED then it is not included here.)

Line 20- Current Accounts Receivable Tenants

This line should only reflect residents who still live at the development and owe money (either for current month and/or past months). This amount will become the Previous Accounts Receivable Tenants on the next month's operating report.

NOTE:

If a tenant has a "Tenant-Based Housing Choice Voucher," the amount owed would be included here.

Line 19 and 20

Current accounts should only include residents that are physically occupying the units. If a resident has moved without proper notification, skipped, been evicted, etc. and management is continuing to charge the resident, management should track that outside of this report.

Line 21- Net Collection Adjustments

These adjustments are necessary in order to reconcile the net rental income to net rental collections. Adjustments are required because some rent collected may be for periods other than the current month.

This line is calculated by adding:

Previous Accounts Receivable Subsidy	(Line 15)
Previous Accounts Receivable Tenants	(Line 16)
Current Month Prepaid Rent	(Line 17)

And subtracting:

Previous Month Prepaid Rent	(Line 18)
Current Accounts Receivable Subsidy	(Line 19)
Current Accounts Receivable Tenants	(Line 20)

This adjustment amount may change significantly from month to month. For some months, it will be a positive amount and for some months it will be a negative amount. As these monthly adjustments are added to the year to date total, they will represent the year-to-date net rental adjustments.

Line 22 – Tenant Accounts Receivable Over 30 Days

Enter the amount included in Lines 19 and 20 which has been outstanding for more than 30 days.

Line 23 – Bad Debt

Enter the amount of tenant accounts receivable not expected to be collected. Once a resident has physically moved out of the apartment, any prior outstanding rents should be moved down to this line. Even though management will be actively pursuing collection, these activities/efforts should not be reflected in this report. If "bad debt" is collected at a later time, this income will be reported on this line (Line 23) as a negative (reversed) dollar amount. At the beginning of each calendar year, bad debt should start with "0." Bad debt needs to be written off in the year it occurs.

Line 24 – Net Rental Collections

Net Rental Collections is calculated in the following way:

	Net Rental Income (Line 14)
Plus	
	Net Collection Adjustments (Line 21)
Minus	
	Bad Debt (Line 23)

Enter this amount on the 256B, Line 1, Net Rental Collections.

Part 2

Line 25 – Cash Flow From Operations

Enter the amount from Line 47 of the 256B. It is the normal income generated by the property less the normal expenses paid from operations.

Line 26 – Partnership Contributions

Enter any amount received from the owner(s) or partner(s) and deposited into the operating account for the operation of the property. Enter the same amount on Line 48, if the contribution is a loan or note payable. Owner should provide documentation of the loan or have it clearly spelled out in the audit.

Line 27 – Net Security Deposit Transactions

Enter the net amount of security deposit transactions which occurred in the operating account. (See Appendix A for instructions.)



If security deposit transactions occur only in the security deposit accounts and do not go into or out of the operating account, enter \$0.

#### Line 28 – Other

Enter the amount of non-operating transactions. Refunds received for real estate taxes, unused insurance premiums, or insurance premium refunds are reported here only if they are deposited into the operating account.

#### NOTE:

An entry on Line 28 affects cash but is not included in the income or expenses on the 256B. An explanation with details of the transaction must be provided in the "Notes" section of the report.

For Section 236 developments, the net difference between excess income received and excess income disbursed should be entered on this line.

#### Line 29 – Draws from Reserves

Enter all payments to the operating account from the Replacement Reserve, the Painting and Decorating Reserve, the Development Cost Escrow, Residual Receipts, or the Miscellaneous Escrow held by MHFA.

#### NOTE:

All draws from reserves must be deposited into the operating account and reported on this line in order to provide an audit trail.

In the event that MHFA's mortgage payment is paid from a reserve account, report the amount of the payment taken from the reserve on this line as a Draw from Reserve, and report the same amount as debt service on Line 43 of the 256B.

#### Line 30 – Capital Expenditures

Enter all amounts paid for all capital improvements and major expenses which do not occur annually under normal conditions. Examples are major exterior painting, major interior painting, major landscaping, drain tile, storm doors, gutters, furnace and appliance replacement, insulation, seal coating, tuck pointing, furniture, security system, lawn tractor purchase, structural alterations, etc.

Items reported on this line may or may not be capital expenditures according to generally accepted accounting principles or the Internal Revenue Service. Items are reported on this line so that annual operating data is not distorted.

#### Line 31 – Residual Receipts

Enter the total amount deposited into residual receipts as shown on the monthly invoice. Enter any operating cash deposited into residual receipts following the audit review or at the request of MHFA.

Line 32 – Partnership Distribution

Enter the amount paid to partners for the partnership distribution authorized by MHFA. Written approval must be received from MHFA before any partnership distribution can be paid.

NOTE:

Partnership management fees are partnership expenses and cannot be paid from operating funds.)

Line 33 – Net Change in Operating Cash

This is calculated by adding:

Cash Flow from Operations	(Line 25)
Partnership Contributions	(Line 26)
Net Security Deposit Transactions	(Line 27)
Other	(Line 28)
Draw From Reserves	(Line 29)

Then subtracting:

Capital Expenditures	(Line 30)
Residual Receipts	(Line 31)
Partnership Distribution	(Line 32)

Line 34 – Beginning Balance (Operating Account)

In the month column, enter the total of all operating cash as of the beginning of the month. This amount is the same as the ending operating cash balance reported on Line 36 at the end of the prior month.

In the year-to-date column, enter the total of all operating cash as of the beginning of the year. This amount is the same as the ending operating cash balance reported on Line 36 at the end of the prior year.

Line 35 – Adjustments to Cash

Enter any adjustments for both the month and the year-to-date. Provide a detailed explanation of any adjustments made during the current reporting month. These adjustments could be deposit errors, NSF checks, etc. (Refer to Item 3 on page 1 of these instructions.)

Line 36 – Ending Balance (Operating Account)

Add Lines 33, 34 and 35. This total is the same as the amount reported as Total Operating Cash on Line 45. This Current Month Actual, the Year-to-Date Actual and the Current balance on Line 36 will all be the same.

Line 38 through Line 45 – Components of Operating Cash

Enter the reconciled amount as of the end of the month for each component of operating cash. Petty cash held by on-site managers must be included. The sum of the components of operating cash should be equal to the Ending Balance reported on Line 36.

Line 45 – Total Operating Cash

Add Lines 38 through 44. Enter the sum of Line 45. This amount must equal the amount of Line 36.

### Part 3

#### Line 46 – Accounts Payable Over 30 Days

Enter the portion of Line 47 which has been outstanding for more than 30 days.

#### Line 47 – Total Outstanding Payables

For Section 8, Market Rate, and Arm Developments: Enter the total amount of unpaid invoices outstanding (including any outstanding invoices from MHFA) at the end of the month.

For Section 236 Developments: Enter the total of unpaid invoices outstanding (including any outstanding invoices from MHFA) plus the net amount payable because of excess income payments at the end of the month.

#### Line 48 – Loans & Notes Payable

Enter the total of all notes and/or loans payable from operations at the end of the month except the mortgage note balance due to MHFA. An explanation must be attached to provide information on the source and interest rate of each note or loan. Cash from the partners deposited into the operating account should be shown on this line and noted as "loan from partners".

#### NOTE:

Written authorization must be obtained from MHFA prior to obtaining bans from sources other than the partnership.)

#### Line 49 – Adjusted Balance

This is the amount of cash available after adjusting for outstanding payables and notes. Subtract Line 47 and 48 from Line 45. Enter the amount of Line 49.

#### Line 50 – Security Deposit Liability

Enter the total amount of security deposits (including interest) due to tenants as of the end of the month.

#### Line 51 – Security Deposit Account Balance

Enter the actual amount in the security deposit account(s) as shown on the current bank statement(s).

#### Signature

Although operating reports sent via email do not require a signature, the name of the report's preparer could be provided if there are questions about the report or corrections are required.

Appendix A

Schedule of Security Deposit Transactions Affecting the Operating Account

This calculation is used only if security deposit funds are collected and disbursed through the operating account.

<u>Line 1</u>	Security deposits received and deposited into the operating account	_____
<u>Line 2</u>	Amounts transferred from the security deposit account into the operating account	_____
<u>Line 3</u>	Total Security deposit funds deposited into operating account (Add Line 1 and 2.)	_____
<u>Line 4</u>	Security deposits returned to tenants from the operating account (including interest).	_____
<u>Line 5</u>	Forfeited security deposits deposited into the operating account.	_____
<u>Line 6</u>	Amounts transferred to the security deposit account from the operating account.	_____
<u>Line 7</u>	Total security deposit funds disbursed from operating account (Line 4, 5, and 6).	_____
<u>Line 8</u>	Net transaction (subtract Line 7 from Line 3). Enter this amount on Line 27 of 256A in the "month" column. The Year-to-Date total is obtained by adding this month's net to the year-to-date amount on Line 27 from the previous month's report.	_____

**Minnesota Housing**  
Cash Flow Report- Form 256B

Heading

Enter the month and year for which the report is being submitted (example: 2/2006).

Name of Development

Enter the name of the development.

For Apartment Renovation Mortgages, enter the street address.

MHFA Number

For all properties, enter the MHFA loan identification number.

Location

Enter the name of the city in which the development is located.

256B Explanation of Columns  
Income

Column 1 – Month Actual

Enter the actual revenue received or cash disbursed (as appropriate) for each line item for the month.

Column 2 – Year-to-Date Actual

Enter the actual revenue received or cash disbursed (as appropriate) for each line item on a year-to-date basis. The amounts for this column are obtained by adding the amounts reported in Column 1 to the year-to-date amounts in Column 2 from the previous month's report.

Column 3 – Year-to-Date Budget

Enter the year-to-date accumulation of monthly budget amounts. The amount in the Year-to-Date Budget column will report the total of dollars budgeted from the beginning of the year through the end of the current month.

Column 4 – Annual Budget

Enter the amount budgeted for each line item as it appears in the "approved" column of MHFA Form 262, Annual Budget.

Column 5 – Comments

If the amount in Column 2 for any line item exceeds the amount in Column 3 by 10 percent or more, the variance must be explained in this column. Any unusually large expenditure and any unusual income in a single month also must be explained. If more room is needed, attach an explanation.

256B Explanation of Lines

Line 1 – Net Rental Collections

Enter the amount from Line 24, 256A.

Line 2 – Tenant Fees

Enter the total collected from tenant fees such as late fees or damage charges.

Line 3 – Other Income

Enter all revenue received which is not reported on Lines 1, 2, 4, or 5. Examples are laundry and vending machine income, cable TV revenues, TIF (tax increment financing), MPHA payment received due to Hollman units, Income received from the "MARIF Operating Subsidy Reserve" account if MARIF units, on a 236 development the "excess income" should be included on this line. A breakdown of what is included must be provided in the "notes" tab.

Line 4 – Forfeited Security Deposits

Enter the amount of forfeited security deposits actually transferred to the operating account.

Line 5 – Interest Income

Enter the interest earned on operating cash in savings accounts or any other financial instruments or funds. Do not report interest earned on escrow accounts held by MHFA.

All operating cash and security deposit cash must be accounts that are insured by the FDIC or other accounts approved by MHFA. Do not report interest earned on security deposits.

Line 6 – Total Other Income

Add Line 2 through 5.

Line 7 – Total Revenue

Add Lines 1 and 6.

Line 8 – Advertising and Marketing

Enter payments for advertising via newspaper, radio, television, exhibits, leaflets, brochures, signs, apartment locator fees, marketing agent fees, etc. (Do not include the cost of preparing the unit for occupancy.)

Marketing expenses incurred during the initial rent-up period which are to be paid from mortgage proceeds are not to be included on this line.

Line 9 – Management Fees

Enter the management fee paid as permitted by the management agreement.

The Management Agreement limits compensation of the Agent to a stated fee per occupied unit or a percentage of collections, a stated percentage of receipts from non-housing income, reimbursement for payroll expenses, and reimbursement for management-related long distance calls.

Line 10 – Legal

Enter the amount disbursed for attorney fees, notice service, eviction proceedings, etc.

NOTE:

Fees for partnership legal expenses must be paid by the partnership and cannot be paid from the operating account.



Line 11 – Auditing

Enter the amount paid to a certified public accountant for the development's year-end audit.

NOTE:

Do not include the monthly cost for accounting services as these are to be paid by the management agent. Cost incurred for IRS audits must be paid by the partnership and cannot be paid from operating funds.

Line 12 – Telephone

Enter the total amount paid for local on-site telephone charges and long distance calls directly related to the management of the development.

Line 13 – On-Site Management Payroll

Enter all amounts paid for on-site management and office staff payroll and other costs of labor including but not limited to employer's FICA, unemployment taxes, worker's compensation insurance, medical insurance, and life insurance for all on-site management personnel.

Line 14- Other Administration

Enter the total amount paid for bank charges, credit reports, site office supplies, MHFA annual tax credit compliance fee, community services such as newsletters, special notices to tenants, and other expenditures of this nature.

NOTE:

Do not include administrative expenses which are the responsibility of the management agent as defined in Section 1101 of the Management Agreement which states: "All supervisory, bookkeeping-accounting, clerical, along with all of the Agent's off-site overhead expenses (including but not limited to cost of office supplies, photocopying, fidelity bond, postage, stationery, transportation, and telephone expenses other than management-related long distance calls) will be borne by the Agent out of its own funds and will not be treated as an operating expense of the development."

Line 15 – Total Administration

Add Lines 8 through 14. Enter the sum on Line 15.

Line 16 – Elevator Maintenance /Contract

Enter the total amount paid for servicing and maintaining elevators.

Line 17 – Exterminating

Enter the total amount paid for exterminating services.

Line 18 – Rubbish Removal

Enter the total amount paid for rubbish and garbage removal.

Line 19 – Other Contract Services

Enter the total amount paid for goods and services supplied to the development on a contract basis and which do not fit into another expense category. Items include security contracts, cleaning contracts, cable contracts, etc.

Line 20 – Janitor Supplies

Enter the total amount paid for supplies related to regular janitorial services performed by on-site personnel. Supplies include strippers, sealers, waxes, window cleaners, carpet shampoo and spot remover, over cleaner, rags, brooms, mops, buckets, etc.

Line 21 – Maintenance Supplies

Enter the total amount paid for maintenance supplies installed or to be installed by on-site maintenance personnel. Examples are valve stems, zone control motors, faucet washers and seats, commode seals, ball cock assemblies, timers, seals, elements, tiles, light bulbs and fixtures, exit signs, circulation pumps and motors, switches, lock cylinders, furnace and air conditioner filters, water softener salt, small equipment such as shovels, rakes, and brooms for outdoor use, etc.

Line 22 – Grounds Maintenance

Enter the total amount paid for grounds maintenance. Examples are grounds maintenance contracts (if applicable), minor finishing and re-landscaping of the grounds, fertilizers, weed control chemicals, tree trimming, shrub pruning, ground equipment maintenance, etc.

Line 23 – Snow Removal

Enter the total amount paid for snow plowing and/or removal and ice melt.

Line 24 – Heat and A/C Repair Service

Enter the total amount paid for repairs and servicing of the heating system and air conditioners performed by outside contractors.

Line 25 – General Repair Services

Enter the total amount paid for materials and labor for repairs not done by on-site personnel. Examples are glass replacement, antenna service, minor carpentry, locksmith work, appliance repair, etc.

Line 26 – Painting/Decorating Materials

Enter the total amount paid for all materials and supplies used in decorating and painting of interior apartment or commercial space when tenants move out or when painting is done on tenant request. The cost of shampooing individual apartment carpeting should be reported on this line. Also report amounts paid for minor exterior painting.

NOTE:

Do not report amounts paid for major interior or exterior painting on this line. These major expenses are reported on Line 30 of the 256A, Capital Expenditures.

Line 27 – Maintenance and Janitor Payroll

Enter the total amount paid for maintenance and janitor payroll and other costs of labor including but not limited to employer's FICA, unemployment taxes, worker's compensation insurance, medical insurance, and life insurance for all maintenance and janitorial personnel.

Line 28 – Other Maintenance and Operating

Enter the total amount paid for any maintenance and/or operating expenses which are not applicable to any other category.

Line 29 – Total Maintenance

Add Lines 16 through 28. Enter this sum on Line 29.

Line 30 – Electricity

Enter the total amount paid for electricity. If the development is heated with electricity, use Column B of the Monthly Heating Per Cent Chart (see Gas and Oil) to determine the budget-to-date amount to be entered in Column 4.

Line 31 – Water and Sewer

Enter the total amount paid for water and sewer.

Line 32 – Gas and Oil

Enter the total amount paid for gas, oil or propane. If the development is heated with one of these fuels, use column B of the following table to determine the budget-to-date amount to be entered in Column 4.

This table represents the average monthly percentage of annual heating expenses.

**Monthly Heating Percent Chart**

<u>Month</u>	<u>A</u> <u>Monthly Percent of Total</u>	<u>B</u> <u>Year-to-Date Percent of</u> <u>Total</u>
January	12%	12%
February	14%	26%
March	15%	41%
April	12%	53%
May	8%	61%
June	6%	67%
July	3%	70%
August	3%	73%
September	3%	76%
October	6%	82%
November	8%	90%
December	10%	100%

The budget-to-date amount is the annual utility expense line which contains heating costs times column B for the appropriate reporting month. (For example: Annual gas and oil amount is \$10,000. The report is for May.  $\$10,000 * .61$  or 61% = \$6,100. The budget-to-date amount for gas & oil is \$6,100 for the May report.)

Line 33- Total Utilities

Add Lines 30 through 32. Enter this sum on Line 33.

Line 34 – Insurance

Enter the amount paid into the MHFA- held escrow as shown on the monthly invoice.

Premiums for property/liability, boiler, and umbrella liability insurance are paid by MHFA from the development's insurance escrow once a year. Payment plans are not an option.

Do not include payments for worker's compensation on this line. Worker's compensation is a payroll expense and is reported on Lines 13 and/or 27.

Do not include payments for fidelity bond, commercial blanket bond, or a crime policy. These premiums are an expense of the management agent and cannot be paid from operating cash.

Line 35 – Maintenance and Operating plus Insurance

Add Lines 15, 29, 33 and 34. Enter this sum on Line 35.

Line 36 – Real Estate Taxes

Enter all amounts paid into the MHFA- held real estate tax escrow as shown on the monthly invoice and any additional amounts paid to a unit of government for real estate taxes.

Line 37 – Replacement Reserve

Enter the total amount paid into the MHFA-held Replacement Reserve as shown on the monthly invoice.

Line 38 – Painting and Decorating Reserve

Enter the total amount paid into the MHFA-held Painting and Decorating Reserve as shown on the monthly invoice.

Line 39 – Miscellaneous Reserves

Enter the total amount paid into MHFA-held Miscellaneous Reserves as shown on the monthly invoice. Report payments for mortgage insurance (MIP) on this line as shown on the monthly invoice.

Line 40 – Total Reserves & Escrows

Add Lines 36 through 39. Enter this sum on Line 40.

Line 41 – Total Operating Expenses

Add Lines 35 and 40. Enter this sum on Line 41.

Line 42 – Net Operating Income

Subtract Line 41 from Line 7. Enter this amount on Line 42.

Line 43 – Debt Service

Enter the total amount paid for principal and interest payments to MHFA. (Construction interest cannot be paid from the operating account.)

In the event that MHFA's mortgage payment is paid from a reserve account, report the amount of the payment taken from the reserve account as a Draw from Reserves (Line 29 of the 256A), and report the same amount on this line as a debt service.

Interest paid on MHFA's mortgage is reported on this line.

Line 44 – MHFA Annual Fee

Enter the total amount of fee paid to MHFA if shown on the monthly invoice.

Line 45 – Other/FA/FAF Escrow

If the Financing Adjustment Factor Escrow (FA/FAF Escrow) is included on the MHFA invoice, report the amount on this line.

Line 46 – Total Financing

Add Lines 43 through 45. Enter the sum on Line 46.

Line 47 – Cash Flow from Operations

Subtract Line 46 from Line 42. Enter the difference on Line 47. Also, enter this amount on Line 25 of the 256A.

**Minnesota Housing Finance Agency  
MHFA Form 256C**

Schedule of Accounts Payable

Heading

Enter the month and year for which the report is being submitted (example: 8/2006)

Name of Development, MHFA Number, Location

Enter the information as outlined in instructions for the 256A or 256B.

Balance From Previous Month

For all developments: Enter the total amount of outstanding invoices at the end of the previous month.

Payable To

List the name and amount of all accounts payable. The amount must be entered in the column corresponding to the age of the account.

For Section 8 developments and Apartment Renovation Mortgage Program developments, including any outstanding invoices from MHFA.

For Section 236 developments, includes any outstanding invoices from MHFA plus the net amount payable at the end of the month being reported because of excess income payments.

Total

Total all columns. Enter the total of all accounts payable on MHFA Form 256A, Line 47. Enter the total of accounts payable over 30 days on MHFA Form 256A, Line 46.

## **Minnesota Housing**

### Occupancy Report - Form 256D

#### Heading

Enter the month and year for which the report is being submitted (example: 8/2006).

#### Name of Development

Enter the name of the development.

For Apartment Renovation Mortgage Program, enter the street address.

#### MHFA Number

Enter the MHFA loan identification number.

#### Location

Enter the name of the city in which the development is located.



## General Instructions

A unit is reported as occupied only for the number of days for which rent has been paid or is receivable. Assume that all months have 30 days.

If there is a caretaker and/or maintenance staff living on site, report the units they occupy in the appropriate category (i.e. subsidized or market rate)

If a unit is occupied for only part of the month, show the occupancy for that unit in tenths of the month as follows:

Example: Tenant occupied and paid rent for 20 days during reporting month; unit vacant for 10 days. This would be reported as .7 (seven-tenths) of an occupied unit and .3 (three tenths) of a vacant unit.

Occupied:	20/30 = .67 rounded to .7
Vacant:	10/30 = .33 rounded to .3

## Occupancy

### Lines 1 through 5, Column A – Occupied Units – Subsidized

Enter the number of units which were occupied for all or part of the month by tenants who receive the benefit of the Section 8 Program; Section 236 Program; Hollman Program; or Project-Based Section 8 (provided by Housing Choice Voucher through a PHA or HRA).

### Line 1 through 5, Column B – Occupied Units – Market Rate

Enter the number of units which were occupied for all or part of the month by tenants who were not receiving the benefit of one of the above programs. "Tenant Based" Housing Choice Vouchers and tax credit units are included in this section.

### Line 6, Column A, B and C – Total Occupied Units

Enter the total number of occupied units for each category.

### Line 7 through 11, Column A – Vacant Units- Subsidized

Enter the total number of units which were selected to receive benefits of the Section 8 Program; Section 236 Program; Hollman Program; or Project-Based Section 8 (provided by Housing Choice Voucher through a PHA or HRA), which were vacant for all or part of the month ONLY.

### Line 7 through 11, Column B – Vacant Units – Market Rate

Enter the total number of units that did not receive benefits of one of the above programs and which were vacant for all or part of the month.

Line 12, Column A, B and C – Total Vacant Units

Enter the number of vacant units for each category.

Line 14, Column A, B and C – Grand Total

Add Lines 6 and 12. The grand total equals the number of units in the development.

Turnover

Line 15, Column A and B – Move-Ins

This Month – Enter the actual number of units in which move-ins occurred during the month.

Next Month – Enter the number of units for which occupancy is expected in the following month. This figure should be based on the number of signed leases and deposits received for occupancy next month.

Line 16, Column A and B – Move-Outs

This Month – Enter the actual number of units in which move-outs occurred during the month.

Next Month – Enter the number of move-outs expected during the next month. This figure should be based on the number of termination notices received and the number of eviction notices served.

Line 17, Column A and B – Net Turnover

Subtract Line 15 from Line 14 and enter the difference on Line 16. It is possible for the difference (net) to be a negative number.

Elderly and handicapped

Line 18, Column A and B – Total Number of Units Occupied by Elderly

On Line 18, column A, enter the number of units occupied by elderly tenants and on Line 18, column B, enter the percent of total units occupied by elderly tenants.

Note:

Elderly means a household consisting of either a single person or family where the head is at least 62 years old, handicapped, or disabled. The household may be two or more elderly, handicapped, or disabled persons who are living together, or one or more such persons living with someone essential to their care or well-being.

Line 19, Column A and B – Total Number of Handicapped Occupied Units

On Line 19, column A, enter the number of units occupied by handicapped tenants and on Line 19, column B, enter the percent of total units occupied by handicapped tenants.

Handicapped means a person who is handicapped by having a physical or mental impairment which

- a) Is expected to be of a long, continued, and indefinite duration;
- b) Substantially impedes his/her ability to live independently, and
- c) Is of such a nature that such ability could be improved by more suitable housing conditions.

Disabled household means a person who is under a disability as defined in Section 223 or the Social Security Act, or in the Section 102 (7) of the Developmental Disabilities Assistance and Bill of Rights Act (42 U.S.C. 6001 (7)).

(a) Section 223 of the Social Security Act (42 U.S.C. 423) defines disability as:

- (1) inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months; or
- (2) in the case of an individual who has attained the age of 55 and is blind (within the meaning of "blindness" as defined in Section 416 (i)(I) of the Social Security Act), and is unable by reason of such blindness to engaged with some regularity and over a substantial period of time.

(b) Section 102 (7) of the Developmental Disabilities Assistance and Bill of Rights Act (42 U.S.C. 6001 (7)) defines disability as severe, chronic disability of a person which:

- (1) is attributable to a mental or physical impairment or combination of mental and physical impairments
- (2) is manifested before the person attains age twenty-two
- (3) is likely to continue indefinitely
- (4) results in substantial functional limitations in three or more of the following areas of major life activity:
  - a. self care
  - b. receptive and expressive language
  - c. learning
  - d. mobility
  - e. self-direction
  - f. capacity for independent living, and
  - g. economic self- sufficiency; and
- (5) reflects the person's need for a combination and sequence of special, interdisciplinary or generic care, treatment, or other services, which are of lifelong or extended duration and are individually planned and coordinated.