§ 527-h. Reserve fund requirement. 1. The division shall require that a reserve fund shall be established for each facility rehabilitation grant or new facility operation agreement awarded to a not-for-profit corporation pursuant to this title. In no event shall such reserve fund be in an amount which is less than five percent of the project costs. Such reserve fund shall be provided by the division from funds available to it.

2. Such moneys shall be deposited to the custody of the comptroller, who shall maintain a separate account for each such grant awarded or agreement funded pursuant to this article. Upon application, the comptroller shall make moneys in the reserve fund available to the not-for-profit corporation only for purposes of making extraordinary repairs, other than ordinary and regular maintenance and repair, to either new facility project property or the areas, buildings, structures or facilities for which a facility rehabilitation grant was awarded, and only after the commissioner of the office of general services approves of, the need for such repair and certifies to the comptroller such need and the amount approved for withdrawal from the reserve fund. Any interest earned on the moneys in a reserve fund shall be applied to pay debt service on such bonds except for any amount which must be rebated to the United States in order to provide for continued federal tax exempt status for the bonds and notes. Unless expended earlier, moneys shall be maintained in a reserve fund created for a not-for-profit corporation to which a facility rehabilitation grant was awarded for a period of fifteen years from the date of commencement of renovation, rehabilitation, repair, remodeling or improvement, and for a period of thirty years from the date of commencement of construction on a new facility project. At the end of such fifteen or thirty years, as the case may be, any moneys then still to the credit of a reserve fund shall be transferred to the state's general fund.