

CRHMFA HOMEBUYERS FUND

MULTI-FAMILY HOUSING BOND PROGRAM APPLICATION

Section 1 – GENERAL PROPOSAL INFORMATION

Intent

CRHMFA HOMEBUYERS FUND

(the “Authority”) is now accepting applications for the Multi-Family Housing Bond Program in eligible counties (see attached list), the Authority intends to issue tax-exempt and taxable obligations to finance the acquisition, construction, reconstruction and / or rehabilitation of qualified multi-family rental housing developments for persons and/or families of low and moderate income (each, a “Project”). Successful applicant(s) will be recommended to the California Debt Limit Allocation Committee (“CDLAC”) for an allocation of tax-exempt volume cap for the issuance of Multi-Family Housing Bonds using a process that is described below.

The Authority is a duly constituted public entity of the State of California (the “State”) the mission of which is to provide affordable housing to the residents of eligible rural counties and contribute to the social and economic welfare of residents of those counties.

The Authority will consider providing tax-exempt and/or taxable financing for those qualified multi-family rental housing Projects that meet and promote the goals of the Authority, facilitate the Authority mission and comply with applicable Federal and State law. Bonds issued by the Authority are required to be (i) of at least investment grade (which generally requires the use of “credit enhancement”) or (ii) placed with a qualified institutional buyer(s) or accredited investor(s) (as each such term is more fully described in this application). Accordingly, the successful issuance of bonds is largely dependent on the ability of the Applicant to secure either credit enhancement or a qualified purchaser for the bonds. In addition, the ability of the Authority to issue tax-exempt bonds is subject to receipt of an allocation from CDLAC.

Office Contact

The Contact for this application is:

Craig Ferguson
CRHMFA Homebuyers Fund
1215 K Street, Suite 1650
Sacramento, CA 95814
(916) 447-4806

Available Funds

The maximum amount of tax-exempt Private Activity Bonds that will be available for multi-family development in eligible counties is ultimately determined by CDLAC. Applicants may supplement any award of tax-exempt volume cap by issuing taxable bonds. The Authority will approve any request for taxable bond financing and will assist the applicant in determining the appropriate amount. Further, if at any time the availability of tax-exempt volume cap is significantly less than the demand for such volume cap, the Authority may require Applicants to issue taxable bonds to decrease the amount of tax-exempt volume cap any one project requires.

Additional Authority Funds

The Authority may make available, on a case by case basis, additional financing for a Project in the form of subordinate debt, or in some cases, a grant. All determinations with respect to any additional Authority funding will be made solely by the Authority based on criteria which furthers the stated purposes of the Authority or addresses a current compelling community need.

Addenda

In the event it becomes necessary to amend or supplement any part of this application, a copy of such amendment or supplement will be provided to each individual that has requested a copy of this application as of the date such amendment or supplement is mailed.

Response Date

All applications must be received by _____.

Applications

To be considered, applicants must complete the application form provided in Section 2 hereof, in either hard copy or by electronic mail submission, and pay the appropriate fees as described in the application. If an applicant submits their application in hard copy form, such application shall include no less than three (3) copies of the completed application including any attachments and be distributed as follows: Original application to the Authority, one (1) copy to the Authority's, Structuring Agent/Program Administrator, and one (1) copy to the Authority's Bond Counsel.

Prior to review or approval by the Authority, the "Application Fee" which includes the "TEFRA Hearing Fee" described in Section 4 of this application must be received by the Authority.

IT IS THE RESPONSIBILITY OF THE APPLICANT TO ENSURE THAT THE APPLICATION IS COMPLETE.

TEFRA Hearing

In accordance with the Internal Revenue Code of 1986 (the "Code"), the Authority is required to conduct a Tax Equity & Fiscal Responsibility Act (TEFRA) hearing for each application. The time and place of the hearing will be established by the Authority. The applicant may be required to attend the TEFRA hearing to respond to questions from the public.

The TEFRA hearing must be approved by an elected official in the jurisdiction of the project to be financed prior to the issuance of the bonds. A public notice setting forth the location of the project, the principal amount of the bonds, the owner of the project and other relevant data about the proposed financing and citing the date, time and location of the TEFRA hearing must be published at least fourteen (14) days prior to the hearing. Upon due public notice and unless otherwise provided, the TEFRA hearing will be held by Authority staff. Other than providing an opportunity for the public to be heard, no official action will be taken at the TEFRA hearing.

The individual or entity (i.e., the applicant) named in the TEFRA notice must be the initial owner or affiliate of the initial owner of the project, as approved by the Authority and must continue in such capacity for a period commencing from the date of initial application through and including one year from completion of the project, or such other period of time as required by the Authority.

Evaluation of Proposals

Applications will be selected for funding using the following process. Applications will be evaluated as follows:

1. Each application will be reviewed to determine if the application is complete and consistent with the program guidelines.
2. The Authority's Structuring Agent/Program Administrator will review and prepare an analysis of the strengths and weaknesses of each application. Copies of this analysis will be provided to the Authority's staff.

3. Each application will be reviewed to determine how it facilitates the goals and purposes of the Authority.

4. Each application will be reviewed to determine if the applicant has successfully demonstrated (i) demand for the number of units in the project, (ii) that the proposed rent levels are sufficient to cover estimated debt service and the costs of managing and maintaining the project and (iii) that the applicant has in place a proposed plan of finance that will ensure that any award of tax-exempt volume cap to the project will be timely used.

Following such evaluation, the Authority's staff will conduct the required TEFRA Hearings and summarize the public comments received at those hearings. The Authority will then recommend successful applications to its Board for approval. The applicant may be required to attend the Board meeting when the application is considered to answer any questions from the Board.

Award

The Board will make the final selection as to which application(s) will be selected for recommendation to CDLAC as a project supported by the Authority and for which the Authority will act as the issuer of tax-exempt bonds. The decision of the Board is final and may not be further appealed.

The official action of the Board is not an assurance that CDLAC will award tax-exempt volume cap to the project, or that if bonds are issued that they will be marketable. Rather, it is an indication that the Authority believes that the application complies with the requirements of the Authority's program and that if certain conditions are met, the Authority would be willing to act as the issuer of bonds. Conditions to the issuance of bonds include the following: (i) receipt of an award of tax-exempt volume cap from CDLAC, (ii) evidence of a commitment from a qualified purchaser of bonds or a credit enhancer, (iii) evidence of a proposed financing structure that is acceptable to the Authority, and (iv) the existence of market conditions and terms acceptable to the Authority and to its Advisors.

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APPLICATION FORM

A. APPLICANT INFORMATION:

1. Applicant Name:
2. Name of Owner/Borrower Entity for Inducement Resolution:
3. Type of Entity : Non-Profit Corporation, For Profit Corporation, Partnership, Other
4. Address:
5. Name of the local jurisdiction and address where the development will be located:
6. Contact Person:
7. Telephone and fax:
8. E-Mail address, if any:

B. PROJECT INFORMATION:

1. Project Name (current and new if applicable):
2. Location & Approximate Acreage: (name incorporated area, if applicable); S.T.R.A.P. # (Section, Township, Range and Parcel Number) of the actual parcel of real property that the proposed Project is to be constructed on and, if the real property is part of a larger parcel of property, please clearly note that such is the case:
3. Describe Neighborhood Characteristics (residential, commercial, housing, recreational, economic, etc.) and land usage of all property bordering the project site:
4. Complete the Table Below:

	# Units	Sq. Ft. / Unit	Rent	# Bathrooms	Market Rate	Set/ Aside
Studio						
1 BR						
2 BR						
3 BR						
Other						
Total/Avg						

5. Describe status and method of site control/acquisition (must have site control to receive approval), the time period for which the agreement is effective and the purchase price to be paid:

6. Is this project designated to serve a specific target group (i.e., elderly, handicapped)?
 Yes () No () If yes, please specify:
7. Describe the project's amenities:
8. Describe the project's services (i.e. internet service, after school programs, educational programs):
9. Site Proximity:
 Is site near Public Transit Corridor? _____
 Is Project near park or recreational area? _____
 Is Project near essential shopping area? _____
 Is Project near public schools? _____
 Is Project located near public library? _____
10. Environment:
 Design
 Are building(s) environmentally optimally designed (explain) _____
 Energy
 Does the facility exceed Title 24 Standards? _____
 Does the facility have solar panels? _____
 Does the facility purchase carbon credits? _____
 Describe any energy saving features of the units, i.e. appliance, etc. _
 Water
 Does the facility provide any of the following:
 Efficient Toilets? _____
 Water-saving Showerheads? _____
 Drought tolerant landscaping? _____
 Other? _____
 Materials
 Will building materials be manufactured locally? (if possible)
 Will environmentally friendly materials be utilized? _____
11. Will any units be accessible to the handicapped? Yes () No () How many? _____
12. Type of building: Elevator () Walk Up () Townhouse () Detached ()
 Semi-detached ()
13. Number of stories: _____ Units per building _____ Number of buildings _____
14. Type of projects: New construction () Rehabilitation ()
 Family () Senior () (Independent Living and Assisted Living not eligible)

15. Does the current land use and zoning permit the proposed development at the proposed density?
Yes () No () If no, explain:
16. What is the current zoning on the property?
17. Is platting required for your building permit? If so, where are you in this process and what is your expected approval date?
18. Will the transaction require Taxable Bonds? Yes () No () Amount _____
19. Proposed Project Schedule (subject to the approval of the Authority).

Activity	Date
Pass Inducement Resolution	_____
Obtain Credit Enhancement/Bond purchase commitment	_____
All necessary local approvals	_____
Final site plans & architectural drawings	_____
Real estate closings	_____
Issue Bonds	_____
Start construction or rehabilitation	_____
Complete construction or rehabilitation	_____
Start rent-up	_____
Complete rent-up	_____

C. FINANCING INFORMATION

1. Sources, uses, status

Sources	Amount	Status of Financing Sources
Bond Issue - Tax Exempt	\$	
Bond Issue - Taxable	\$	
Applicant Contribution	\$	
Others: *	\$	
Total funding sources	\$	

*Specify: _____

- 2.

Uses	Amount
Total project costs	\$

3. Bond financing information:

Please describe the proposed bond structure:

Requested issue size: _____

Final Maturity: _____

Credit enhancement (note Construction and Permanent), if applicable: _____

Has it been finalized? _____

Contact person from credit enhancement institution: _____

Variable Rate: Yes () No () Describe: _____

Fixed Rate: Yes () No ()

D. OTHER INFORMATION

1. Do you presently have an application for this project submitted elsewhere or has this project been denied financing elsewhere?
2. How many and what type of projects have you completed in the last ten (10) years
3. Architect:
Firm: Phone:
Contact Person:
4. Proposed Managing Agent:
Firm: Phone:
Contact Person:
5. Proposed Contractor:
Firm: Phone:
Contact Person:
6. Proposed Developer's Attorney:
Firm: Phone:
Contact Person:

E. ALSO REQUIRED WITH THIS APPLICATION FORM WILL BE THE FOLLOWING:

1. Provide a statement describing the Applicant, including history and operations in prior completed tax exempt and / or taxable bond-financed housing projects in the last 10 years. Also, please provide the names, addresses, financial statements and resumes for each of the key principals of the Applicant. The resumes should specifically address each principal's experience that is relevant to the proposed housing development.
2. Provide a breakdown of the project costs, including hard construction cost, construction period interest expenses (indicate construction period and unit absorption) and other soft costs including developer fees, land acquisition and site development costs, and any other costs. The pro forma should be based on the highest "all in" bond interest rate that would allow the project to be feasible and should include estimated operating expenses from the time the bonds are closed through the estimated stabilized rent/expense period.
3. Provide the project pro forma cash flow statement, which has been or will be submitted to your lender. This statement should include all phases of project development including the financing and construction phase, and rent up through stabilization.
4. A Commitment for credit enhancement, if unrated a Letter of Interest and Term Sheet from underwriter or placement agent and tax credit equity must be obtained and evidence thereof be submitted with the Application. A final financing commitment must be received from the lender/credit facility, and the financing structure must be presented to Staff for review prior to presentation to the Board.
5. All applicants must indicate the maximum "all in" interest rate at which, in the opinion of the applicant, bond financing is feasible for a project.

6. Provide a market study indicating the need for the type and cost of the housing being proposed based on local market conditions, and indicate the extent of competition within the vicinity of the project including vacancy rates and market absorption of units at prevailing rent levels.
7. An Appraisal (If available) to show value of property using the standard methods will be required prior to closing.
8. Provide an area map indicating the location of the project relative to major highways or other developments.
9. Provide a project site plan (or general layout of project) with the anticipated unit floor plans and elevations.
10. Attach audited financial statements for the Applicant(s) for the preceding three (3) years, and, if available, the general partner and the developer, if different. Also provide a list of references which may be contacted regarding the Applicant's credit and, if possible, a reference from another housing finance authority which has issued bonds to finance the applicant's previous projects.
11. Copy of a warranty deed or an executed contract to purchase, evidencing site control by the Applicant and a copy of the ad valorem tax bill for the subject property for the most current year.
12. Letter of verification to the Applicant from the applicable planning and zoning department that the land use will permit the proposed project at the proposed density, demonstrating concurrency and listing the steps and processes remaining to pull building permits, or the current status of the rezoning process, if applicable.
13. Letter to the Applicant from the applicable utility department verifying availability of water and sewer capacity and the status of reservation of such, if applicable.
14. Letter to the Applicant from the County / City / regarding the status of drainage permits necessary for project.
15. Approved Preliminary Site plan, if applicable. If not, outline the steps required for preliminary site plan approval.
16. Preliminary syndication offering statement, if applicable.
17. Construction timetable.
18. Legal description of site.
19. Demonstrate that the development has complied with the requirement for a workshop within the neighborhood where the project will be located. The requirements for this section are described in the program guidelines (Section 5 of this application).
20. Provide the required letter of local support from the jurisdiction in which the development is located.
21. With Respect to all Applicants, their Corporate Parents, Owners and Principals, please provide the following information with respect to Litigation, Tax Liens and Bankruptcies within the past five years:

Name:

Address:

Corporate ID or Social Security Number:

Criminal:

Court, Location and Case Number:

Date Filed:

Nature of Charge:

Status or Disposition:

Civil:

Court Location and Case Number:

Date Filed:

Nature of Suit:

Status or Disposition:

Tax Liens:

Corporate ID or Social Security Number:

Place Filed: (Court/City/State)

Total Amount of Liens:

Date Filed:

Date of Satisfaction, if any:

Bankruptcy:

Name:

Address:

Corporate ID or Social Security Number:

Title and Nature of Proceedings:

Name and Address of Court and Case Number:

Date Filed:

Status or Disposition:

It is hereby certified that the foregoing information is true and correct to the best of my knowledge, and the applicant agrees to pay all fees as stated in Section 3, in connection with this financing. The person signing this application is an authorized representative of the Borrower with the Authority to make the certification and agreement contained herein.

Dated this ____ day of _____, 2011.

Applicant
:

Signature of Authorized Representative of

CERTIFICATION OF UNDERSTANDING

I, _____, representing _____, have read and understand the Federal requirements and the Authority Application Procedures that outline the policies of the Authority and the requirements of the Code as applied to Multi-Family Mortgage Revenue Bonds, and hereby agree to adhere to and abide with the Federal requirements and Application.

SIGNATURE

Date

Applicant or a principal of applicant must have experience in constructing and / or developing multi-family units in the State of California.

UNLESS WAIVED BY THE AUTHORITY, IN ITS SOLE AND ABSOLUTE DISCRETION, NO APPLICATION WILL BE ACCEPTED FOR CONSIDERATION UNTIL THE APPLICANT CAN PROVIDE EVIDENCE OF 1) SITE CONTROL WITH THE PROPER STRAP NUMBERS FOR THE REAL PROPERTY, EITHER BY DEED OR EXECUTED CONTRACT TO PURCHASE, 2) PROPER ZONING FOR THE NUMBER OF UNITS PROPOSED FOR THE PROJECT AND 3) EVIDENCE OF CREDIT ENHANCEMENT OR A PRIVATE PLACEMENT AGREEMENT.

**CRHMFA HOMEBUYER FUND
MULTI-FAMILY BOND PROGRAM
FORM OF EXPENSE AND INDEMNITY AGREEMENT**

Ladies and Gentlemen:

The undersigned ("Applicant") has requested that the Authority accept, review and consider its application for the issuance of bonds by the Authority for the benefit of the Applicant, and as an inducement to such acceptance, review and consideration, Applicant hereby agrees with the Authority as follows:

Section 1. Payment of Expenses. Whether or not the Applicant is induced or selected, a volume cap allocation is requested on behalf of the Applicant, or the Bonds are offered, sold or issued, the Applicant agrees to pay and be liable for, and to hold the Authority harmless against the payment of, any and all fees, costs and expenses related to the bond issue, including, without limitation, the fees of Bond Counsel, Credit Underwriter, Underwriters or Placement Agent, Structuring Agent/Program Administrator, Counsel to the Authority, recording charges, expenses of printing, offering circulars or official statements, the cost of printing the bonds and advertising the sale thereof.

Section 2. Indemnity. Whether or not the Applicant is induced or selected, a volume cap allocation is requested on behalf of the Applicant, or the Bonds are offered, sold or issued, the Applicant agrees to pay (a) all Project costs which are not or cannot be paid or reimbursed from the proceeds of obligations issued by the Authority, and (b) at all times to indemnify and hold harmless the Authority each of their members, officers, agents, structuring agent/program administrator, attorneys and employees against any and all claims, losses, costs, damages, expenses and liabilities of whatsoever nature or kind, directly or indirectly, arising out of the Applicant's application or related matters, or the issuance of the Bonds, including, without limitations, alleged tortuous conduct or breach of contractual relationships, whether predicated upon federal or state statutes, common law, principles of equity or otherwise, excepting only claims based upon willful misfeasance or nonfeasance of the Authority. In furtherance of the foregoing, the Applicant agrees to pay any and all attorneys' and paralegals' fees, litigation and court costs, including those relating to appeals and bankruptcy, incurred in the defense of any of the claims hereinabove enumerated, amounts paid in settlement, and amounts paid to discharge judgments, of the Authority as applicable, upon written demand thereof. It is also understood that the Authority may require additional indemnity agreements from the Applicant or others, such as guarantors, prior to the final approval of such Application.

It is further understood and agreed that the Authority or any of the persons hereinabove indemnified shall be entitled to retain counsel acceptable to the Authority to defend any such claim, but that neither the Authority nor any such person will enter into any settlement of the same without the prior written approval of the Applicant.

Section 3. Survival of Agreement. This Agreement shall survive the closing of the bond issue and shall not merge into or be superseded by any other agreement other than by a written amendment hereto specifically denominated as such and executed by the Authority and the Applicant.

Dated:

NAME OF APPLICANT:

By: _____

Title: _____

IF SUBMITTED IN HARD COPY FORM, AN ORIGINAL EXECUTED VERSION OF THIS FORM MUST BE INCLUDED AS A PART OF THE ORIGINAL BOND APPLICATION. PHOTOCOPIES OF THIS EXECUTED FORM MAY BE ATTACHED WITHIN ANY COPIES OF THE APPLICATION

Section 3 – Fees and Expenses

By its submission of an application, the Applicant agrees that it will be responsible for and pay all fees and expenses incurred by the Authority, in connection with each bond issued on its behalf. Such expenses, where eligible under the Internal Revenue Code (the Code), may be financed with tax-exempt Bond proceeds and will be considered part of the bonds authorized for issuance by the Authority. The Code provides that no more than two percent (2%) of the proceeds of a tax-exempt bond offering may be used to pay “Costs of Issuance.” The Applicant commits to pay from other sources any costs of issuance not payable from bond proceeds. The following fees are payable at the times and in the amounts as described below. ALL FEES ARE NON-REFUNDABLE, EXCEPT AS OTHERWISE PROVIDED HEREIN.

Application Fees and TEFRA Hearing Fee: Each application submission shall include a non-refundable Application Fee in the amount of Ten Dollars (\$10.00) per unit, but not less than Three Thousand Dollars (\$3,000.00), payable to the Authority, in the form of a cashier’s check with such initial Application for financing. This amount includes cost of the TEFRA Hearing.

Project Analysis Fee: Simultaneously with each application submission, the Applicant shall forward a non-refundable Project Analysis Fee in the amount of Two Thousand five hundred Dollars (\$2,500.00), to the Structuring Agent/Program Administrator. The payment shall be in the form of cashiers’ check

Credit Underwriting Fee: Each applicant shall be responsible for the payment to the Credit Underwriter (if required) of a non-refundable credit-underwriting fee in the amount specified in the agreement between the Authority and the Credit Underwriter. Such fee shall be payable to the Credit Underwriter, and must be paid prior to the commencement of the credit underwriting. Applicant is also responsible for other costs of credit underwriting, including appraisals, pre-construction analysis and engineering studies.

Good Faith Deposit: The Applicant shall remit to the Authority, a “Good Faith Deposit” in the amount of Ten Thousand Dollars (\$10,000.00) before professionals will commence work on the bond documents. The “Good Faith Deposit” will be deposited by the Authority and held until either 1) bond closing at which time it will, at the Applicant’s option, be returned to the Applicant or applied to the costs of bond closing, 2) there is a determination by the Authority that the volume cap request with respect to such project will not be funded within a reasonable period of time, 3) the term of the inducement has expired, or 4) there has been an abandonment by the Applicant, as determined by the Authority, of the acquisition and/or construction of the project in accordance with the terms of the Memorandum of Agreement. If any of the events in either (3) or (4) shall have occurred, the “Good Faith Deposit” shall be non-refundable, the Authority shall be entitled to retain the deposit to cover their administrative expenses, costs of operation and the furtherance of the mission to provide affordable housing in eligible counties. In the event of the occurrence of (2) above and the Applicant is not in breach of the terms of the Memorandum of Agreement, the “Good Faith Deposit” shall be returned without interest to the Applicant. If the “Good Faith Deposit” is not timely received by the Authority, the Authority shall have no obligation to proceed with the financing of the Applicant’s Project until receipt of the “Good Faith Deposit”.

Costs of Issuing the Bonds: The Applicant will be responsible for payment of all fees of the Authority including the Authority Counsel, Bond Counsel, Investment Banker and Structuring Agent/Program Administrator, in connection with the bond financing. In addition, the applicant shall pay to the Authority a one-time bond closing fee equal to one tenth of one percent (.10%) of the principal amount of all bonds to be issued for the project. Other costs of issuing the bonds include but are not limited to rating Authority fees, printing of the official statement, printing of bonds, trustee’s fees and closing expenses. Fees and expenses where eligible under the Code are to be payable from proceeds of the bond issue upon delivery of the bonds. (NOTE: The payment of costs of issuing the bonds from bond proceeds, including the underwriter’s discount, is limited by the Code to no more than two percent (2%) of the principal amount of tax exempt bonds issued. All such costs in excess of two percent (2%) of the bond proceeds will be paid from other funds of the Applicant. Such costs to be paid by the Applicant are to be deposited in escrow with the trustee prior to bond closing.)

The fee schedule, exclusive of expenses, of Bond Counsel and Structuring Agent/Program Administrator are as follows, with each such entity receiving a negotiated retainer prior to the commencement of efforts to conclude the bond closing:

Bond Counsel — The fees and expenses of Bond Counsel are the obligation of the applicant and will be a minimum fee of Thirty-five Thousand Dollars (\$35,000.00), plus expenses; also to be included and paid for by the Applicant are the costs of bond closing transcripts. If Bond Counsel anticipates that the fee will be in excess of the minimum, the Applicant will receive a good faith estimate of such fee at the discounted, negotiated rate offered to the Authority.

Structuring Agent/Program Administrator — \$2.00 per thousand dollars of first \$10,000,000 bonds issued, and \$1.50 for all bonds issued above \$10,000,000, plus expenses, with a minimum fee of Twenty Thousand Dollars (\$20,000.00), plus expenses, not to exceed Two Thousand Dollars (\$2,000.00); also to be included and paid for by the Applicant.

Administrative Fee — For the longer of the Qualified Project Period or final maturity of the bonds the Applicant will incur an Administrative Fee, remitted through the respective bond trustee to the Authority semi-annual on each interest payment date, unless otherwise agreed upon by Issuer and Applicant, in an amount equal to ten (10) basis points (.10%) annually of the aggregate principal amount of the bonds outstanding, with a minimum of Five Thousand Dollars (\$5,000.00). The Administrative Fee is to cover the administrative costs of the Authority, exclusive of any extraordinary costs as permitted under the respective bond documents and is exclusive of the trustee's fee, compliance agent fee, rebate analysts' fee, audit fee, independent analyst fee, and any extraordinary costs as permitted under the respective bond documents. Payment of the Administrative Fee is to be covered by bond credit enhancement and/or secured under the first mortgage on the project assigned to the bond trustee. The Authority may require the payment of the Administrative Fee to be guaranteed by the Applicant's principal.

Trustee Fee — The Authority will appoint a bond trustee to administer the funds and accounts pursuant to the trust indenture between the Authority and the trustee bank. The fees and expenses of the trustee are typically payable, semi-annually, in advance. All trustee fees and expenses, including fees of trustee's counsel, will be paid by the Applicant.

Other Professional Fees — The Authority may appoint an auditor to review the financial transactions under the bond documents, a compliance agent to ensure compliance with the Regulatory Agreement, and/or a rebate analyst to perform an analysis of rebate requirements with respect to the issue. Such fees and costs shall be paid by the Applicant.

AUTHORITY POLICY GUIDELINES

I. Program Description

The Authority is a duly constituted joint exercise of powers Authority, organized and existing under and by virtue of the laws of the State of California (the “State”). The Authority is authorized to issue bonds to finance multi-family housing projects in eligible counties pursuant to and in accordance with Chapter 7 of Part 5 of Division 31 of the California Health and Safety Code. The State of California Debt Limit Allocation Committee (“CDLAC”) allocates tax-exempt private activity volume cap granted to the State by the Federal Government (“Volume Cap”). The Authority will support successful applicants in their pursuit of Volume Cap, their coordination with other available State and Federal housing programs and may provide an Authority subsidy in the form of a grant or loan on a project by project basis.

II. Use of the Authority Funds

The Authority subsidy funds awarded through this program may be used for any eligible activity.

III. Eligible Applicants

The Authority will only act as the Issuer of multi-family housing bonds in cases where the Applicant or a principal of the Applicant has experience in constructing and/or developing multi-family rental units in the State of California.

IV. Uses of Program Funds

Multi-family housing bonds may be used to finance the acquisition, construction, reconstruction, and / or rehabilitation of qualified multi-family rental housing developments for persons or families of low, moderate, or middle income. Tax exempt and/or taxable financing may be issued for those qualified multi-family rental housing projects that meet the overall goals of the Authority and which comply with applicable Federal and State laws.

V. Eligible Properties

All properties receiving multi-family housing bonds must be located in eligible counties and be environmentally responsible and resource efficient throughout the life cycle of the building, which meets the criteria as, outlined in Section 2 of the application.

VI. Terms and Conditions

The Authority will only provide financing for projects that are in compliance with the provisions of Section 142(d), Internal Revenue Code of 1986, as amended (the Code), and the regulations promulgated thereunder, and the provisions of Chapter 7 of Part 5 of Division 31 of the California Health and Safety Code. The Authority may also provide financing for projects on which the interest is taxable under the Code.

The Authority will issue obligations for financing only if the project is in an area where the applicant has demonstrated, to the Authority’s satisfaction, that a need exists for a project as proposed. In order to qualify for financing, a project must, at a minimum, meet the following requirements:

1. The project must provide safe, sanitary, and decent multi-family residential housing for low-, moderate- or middle-income persons or families.
2. The project must be owned, managed, and operated as a project to provide multi-family residential property comprised of a building or structure, or several approximate buildings or structures

each containing one or more dwelling units and functionally related facilities in accordance with Section 142(d) of the Code.

3. Ninety-five percent or more of the net proceeds of the bonds must be used to provide exempt facilities such as residential rental property.

4. Each dwelling unit in the project shall contain complete facilities for living, sleeping, eating, cooking, and sanitation for a single person or family.

5. None of the units in the project may be used on a transient basis, nor shall they knowingly be leased for a period of less than six months, nor shall they be used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, hospital, sanitarium, nursing home, rest home, or trailer park.

6. None of the units in a structure of four units or less may, at any time, be occupied by the owner of the project or an individual related to the owner as such terms are defined by the Code.

7. At least 20% of the dwelling units in the project must be rented to persons or families whose gross incomes, as determined in accordance with the Section 8 requirements of the United States Housing Act of 1937, do not exceed 50% of the County Median Income, or 40% of the dwelling units must be leased to families with gross incomes at or below 60% of the County Median Income. The term of these restrictions will end on the latest of:

- a. Fifteen years after the date on which 50% of all units in the projects are occupied.
- b. The first date on which no tax-exempt bonds issued with respect to the project are outstanding, but in no case, less than ten years from the issuance or reissuance of the bonds, or
- c. The term of any contract pursuant to Section 8 of the United States Housing Act of 1937.

8. After satisfying the applicable requirement in paragraph 7, the remaining units of the project must be rented to eligible persons of low-, moderate-, or middle-income persons as determined by the Authority and as defined in the Act, irrespective of race, creed, national origin, religion, familial status or sex, and to special needs persons as provided for in Section IX. Eligibility of Beneficiaries.

9. The owner of the project will obtain and maintain a file on income certification from each tenant prior to said tenant's occupancy of a unit and will submit copies of such income certification to the Authority or its designated agent on an annual basis. A unit occupied by an individual or family who, at the commencement of the occupancy, was of low or moderate income shall be treated as having been occupied by an individual or family of low or moderate income, as the case may be, during their tenancy even though they may subsequently cease to be of low or moderate income unless the income of the individual or family exceeds 140% of the applicable income limit.

10. The Applicant agrees to comply with the conditions set forth in Exhibit A to the CDLAC Resolution relating to the Project, if any.

11. The Applicant agrees to prepare and submit to CDLAC, not later than each anniversary of the Closing Date of the bonds, until the end of the Qualified Project Period, a Certificate of Continuing Program Compliance, in substantially the form required by CDLAC.

VII. Application Process

Applications will be accepted on an ongoing basis until all funds are exhausted. [NOTE: should we consider the CDLAC schedule?]

Applicants must submit the description of their proposal in sufficient detail to permit the Authority to identify the location of the development and describe the proposal to the public and the media. This description must include the following types of information:

1. The proposed name of the development.
2. The physical address of the development and a map showing the location of the development.
3. The proposed owner of the development, including the telephone number of the contact person who could answer questions about the proposal from the public or the media.
4. Whether the development is new construction or rehabilitation.
5. The total number of housing units proposed.
6. The total number of buildings to be constructed or rehabilitated.
7. The number of floors and the number of units in each building.
8. The proposed rent for each multi-family unit type as determined by the number of bedrooms.
9. Whether the development will be for the elderly or families.
10. The name of the local jurisdiction in which the development will be located.
11. A proposed site plan and an example of an exterior elevation.
12. The experience of the development team constructing multi-family projects for low or moderate-income individuals or families.
13. The proposed amenities that will be offered to residents.
14. A market study showing the need for the development.
15. Any other information that the Applicant feels will assist in describing the development to the public and the media.
16. Other information that the Authority determines will assist the Board of County Commissioners in evaluating the application.
17. Environmentally Compatible Buildings

The above information will not be rated or scored but will be used to assist in the evaluation of applications.

The Applicant may submit any supplementary information about the project at any time to further describe the development. The Applicant must conduct one advertised workshop within the neighborhood where the project will be located unless a similar workshop has been held within the past 12 months. The requirements for conducting the meeting are as follows:

Property owners within 500 feet of the development must be notified by mail at least seven days in advance of the meeting.

A copy of the notice must be mailed to the Authority at least seven days in advance of the meeting.

An advertisement of the meeting must be placed in the local newspaper serving the area at least seven days in advance of the meeting.

The Applicant will be required to tell the neighborhood the nature of the development, solicit suggestions and concerns, and explain their development concept. After conducting the meeting, the applicant must submit the following to the Authority:

- a. A list of the persons notified of the neighborhood meeting by mail with supporting documentation.
- b. A copy of the ad.
- c. A copy of any letters received.
- d. A sign-in sheet for the meeting.
- e. A summary of the materials presented and the issues raised by the neighborhood.

The Applicant must provide a letter of support from the local jurisdiction in which the development is located. The letter must be signed by one of the following:

1. The chief executive officer of the jurisdiction (City Manager, County Administrator) or designee authorized by the chief executive, in writing, to sign a letter of support, or

2. The chief elected official (Mayor, Board Chairman) after consideration and approval by the governing body. **Letters from individual commissioners will not meet the above requirement.**

VIII. Evaluation Process

Applicants and their project will be selected or rejected by the Authority, at the Authorities sole discretion. Applications will be evaluated using a two-part process, as follows:

Part I– Bond Counsel and Structuring Agent/ Program Administrator used by the Authority will review and make a written evaluation on each of the proposed developments. The bonds for this program will be issued by the Authority. The Authority will have the ability to review the application to ensure that it meets the guidelines of the Authority.

Part II – The Board will receive the information from staff and the professional advisors. Presentations from some or all of the applicants will be scheduled, if deemed necessary. The Board will select the applicant, if any, that will be eligible to receive multi-family housing bonds if approved by the Authority. The Board shall not be obligated to approve the issuance of multi-family housing bonds to any applicant.

IX. Appeals Process

The decision of the Board is final and may not be further appealed.

The submission of an application and the decision of the Board do not give rise to any entitlement to the ultimate issuance of multi-family housing bonds. The approval of a project for multi-family housing bond funding is solely within the discretion of the Board. Applicants shall have no cause of action seeking to compel the approval of a project for multi-family housing bond funding or otherwise challenge the discretionary decision of the Board.

X. Eligibility of Beneficiaries

The Applicant will select the beneficiaries that will lease the units using its written criteria, provided it is consistent with the requirements of the Code. In addition, the beneficiaries must meet the following qualifications:

1. In addition to the units rented to meet the federal test, at least 10% of the units must be rented to tenants with an income at or below 50% of the Area Median Income.
2. The Applicant will establish a goal that at least 5 percent of all units will be available to special needs persons. The Applicant will make a good faith effort to comply with the 5 percent goal, but will not be required to hold units open if such individuals do not enter into leases. A good faith effort will be evidenced by letters and marketing material directed to specific non-profit agencies that serve persons with special needs.

XI. Reduction or Termination of Award

It is the desire of the Authority to ensure that each funded development is successful in meeting the needs of the residents of the community. However, if the Applicant is unable to meet the timeline for the use of funds or use the funds for eligible activities, the Authority may require that allocations be returned to CDLAC. Prior to terminating any funding, written notice must be provided to the Applicant and the Authority and the Applicant given a period of time to correct the problem.

XII. Administration of the Program

The Authority will administer the program consistent with these policies.

XIII. Conflicts with Federal and State Law

In the event these policies are found to conflict with Federal and / or state law, now or in the future, Federal and / or state law will take precedence. The Authority will amend these policies to the extent necessary to make the policies consistent with Federal and / or state law.

XIV. Local Approvals

These policies require that developers receive a letter of support from the local jurisdictions in which the development is located.

Readiness to Proceed and Financing Approval Review:

1. The Applicant has the responsibility of securing a lender/credit facility or bond purchaser to credit underwrite/enhance or purchase (and not for the purpose of re-offering) the bond financing for the project. The Authority's Structuring Agent/Program Administrator will assist the Applicant where possible.
2. If the project is deemed ready to proceed and the financing structure is acceptable to the Board, the project(s) will be ready for a sale of bonds.
3. After adoption of the Inducement Resolution, it is the Applicant's responsibility to proceed with reasonable dispatch to complete the bond financing process in a timely manner, including, but not limited to, the payment of any additional fees or the filing of any required applications, documents, etc.
4. Each Applicant that is selected for inducement by the Authority shall provide the Authority with a proposed development timeline and a monthly update as to how the development process is proceeding until closing.
5. The CDLAC application for an allocation of Volume Cap is initiated through the filing of a notice of intent to issue such bonds and submission of the CDLAC Application. Such notice of intent to issue bonds shall include a certification as to the public approval, the amount of the bonds proposed to be issued, and the fee required by CDLAC (which is currently \$600.00).
9. Written confirmation of allocations is issued by CDLAC subject to the availability of a sufficient amount of volume cap. The confirmation will state the amount of the allocation made for such bonds.

Bond Sale and Bond Closing:

There are a variety of bond financing structures with or without credit enhancements that may be utilized by the applicant such as letters of credit, mortgage insurance surety bonds, etc. The Applicant is required to execute the bond purchase agreement awarding the sale of the Authority's bonds to its Investment Bankers or to an institutional purchaser through a private placement which obligates the Applicant to the payment of the costs of issuing such bonds as more fully described herein. The Authority, at the expense of the applicant, will retain an independent structuring agent to assist in determining the economic viability of a project. The Authority will require in connection with the issuance of the bonds, a guarantee of recourse obligations and an environmental indemnity agreement in form and substance satisfactory to the Authority, its counsel, and its Bond Counsel from such persons or entities identified in the application, which guarantees shall be required regardless of the credit enhancement utilized. The form and substance of all financing documents shall be subject to the satisfaction and approval of the Authority, its counsel and its Bond Counsel.

1. Any and all material changes to the financing structure, ownership of the Project, scope of the Project or materials to be used in the proposed Project from that set forth in the application, must be disclosed immediately in writing by notification to the Authority's Bond Counsel and its Structuring

Agent/Financial Advisor and approve by the Authority. The Applicant should show an expected ability to close, including receipt of all required permits, within the time limits proscribed by CDLAC. The Authority has no provision for “escrowed closings.” In the event that an issue does not close within the time frame established by CDLAC, the Authority will no longer be authorized to issue the bonds and the allocation will revert to CDLAC.

2. Bond sale offering and transaction documents must be finalized and necessary ratings if any obtained prior to the sale of the bonds.

3. Final documents should be executed and bonds issued within the appropriate time period required by law from the notification of allocation of tax-exempt volume cap. At least one day prior to closing, all required funds other than bond proceeds must be transferred to the trustee and outstanding bond issuance expenses provided for.

4. Prior to the sale of the bonds, the Applicant will be required to conduct a Phase I environmental audit by an engineering firm acceptable to the Authority. At bond closing, the Applicant will be required to provide an environmental indemnity in favor of the Authority from a financially responsible person or entity in the form to be provided by Bond Counsel.

5. The Authority with the assistance of their Structuring Agent/Program Administrator shall, from time to time, select investment bankers to serve as senior and co-managing underwriters (the “Investment Bankers”) and remarketing agents for the Authority’s multi-family housing revenue bond issues. Presently Phil Harloff (727-567-1033) serves as the Authority’s Structuring Agent/Program Administrator for their multi-family program. The underwriter(s) and remarketing agent(s) for the Authority’s multi-family housing revenue bond issues will be paid a negotiated fee. The Authority may, in its sole discretion, approve any other co-managing underwriter, and determine the division of the management fee, on any bond issue.

6. If the obligations are to be publicly sold, whether by competitive bid or negotiated sale, the bond issue must be structured so as to receive an investment grade rating of “A” or higher by Standard & Poor’s Ratings Group, and/or Moody’s Investors Service. In such cases where a credit enhancement is used, the application must indicate the type and nature of the proposed credit enhancement or surety, and the name and telephone number of a contact person (if known at time of application) at such institution.

7. If the bonds are to be privately placed, the Authority may require a different rating or permit, at its sole discretion, the issuance of the bonds without a rating. In order for a private placement transaction to be considered by the Authority, the placement must comply with the following minimum requirements: (1) the sale must be made to either a QIB or an accredited investor (the “Purchaser”) and cannot be an underwriting or purchase with an intent to immediately resell any portion of the bonds, (2) the bonds must be issued in minimum denominations of not less than \$100,000, (3) at such time as the bond financing is presented to the Authority for Financing Approval, the Applicant (or placement agent, if applicable) must (a) identify the Purchaser of the bonds and (b) provide a written commitment from the Purchaser in form and content customarily used by real estate lending institutions outlining the terms and conditions of such commitment to purchase the bonds, (c) the Purchaser must represent that it is in the business of originating or acquiring and owning for its account, tax-exempt bonds or mortgage loans on multi-family rental housing projects, (d) there shall be no offering statement of the Authority. However, there shall be a limited offering memorandum or a private placement memorandum prepared by the agent for the Purchaser, and (e) there will be one bond issued, and the initial and any subsequent purchaser(s) of such bond shall be an accredited investor (i.e., investor letter) as defined herein. In the case of a private placement transaction, Applicant or placement agent, upon delivery of the bonds, shall provide the Authority with an executed investment letter from the investor purchasing the bonds substantially to the effect that: (1) it is engaged in the business, among others, of investing in tax-exempt securities or is an “accredited investor” as defined in Regulation D, Rule 501(a) promulgated by the Securities and Exchange Commission pursuant to the Securities Act of 1933; (b) it has made an independent investigation into the financial position and business condition of the applicant and therefore waives any right to receive such information; and (c) it has received copies of the financing documents pursuant to

which such obligations are issued. The Authority's Bond Counsel will provide a form of such investment letter.

8. In the event that the Applicant requests a tax credit certification from the Authority pursuant to Section 42 of the Code, such certification will be given based solely on the independent analysis conducted by a duly qualified independent analyst, which analysis shall be at the expense of the Applicant. Payment of the outstanding bond issuance expenses, the transfer of funds and the execution of final documents shall occur at closing. Under the Code, not more than two percent (2%) of the proceeds from a "new money" tax-exempt bond issue can be used to pay "Costs of Issuance". The Applicant is responsible at the closing to pay any costs of issuance not payable from bond proceeds. Costs of Issuance include but are not limited to underwriters discount (or placement fee), the fees and expenses of Bond Counsel, Authority Counsel and Structuring Agent/Financial Advisor, printing of the official statement/limit offering memorandum for the sale of bonds, printing of the bonds, Trustees and the Authority fees, Letter of Credit fees, Credit Underwriter Fee, Rebate Analyst fee, Auditor fee, Tax Credit Analyst Fee, and closing expenses, bond ratings, and a reserve for contingencies.

9. After authorization of the issue by the Authority, approval by the Board and receipt of evidence of a volume cap allocation, the bond closing may be scheduled at such time and location acceptable to the Authority. A pre-closing session and a closing session are generally scheduled for consecutive days. The pre-closing is designed to allow the parties to review all final documentation and ensure that all is in order for the transfer of funds. All Costs of Issuance in excess of amounts to be paid from bond proceeds must be advanced by the applicant not later than 2 P.M. on the preclosing date. Upon closing of the bonds, the proceeds will be deposited with a trustee selected by the Authority to be disbursed for the acquisition, construction, and/or rehabilitation of the project and other costs as provided in the bond documents and pursuant to applicable law.

Applicants are responsible for the timely submission of the material required to proceed through each step of the financing process.