



OKLAHOMA HOUSING FINANCE AGENCY
Affordable Housing Tax Credits Program (AHTC)
2013 Application Instructions

100 N.W. 63rd St., Suite 200
Oklahoma City, OK 73116 or
P.O. Box 26720
Oklahoma City, OK 73126-0720

Table of Contents

| | |
|--|----|
| Qualified Allocation Plan (QAP)..... | 4 |
| Introduction | 4 |
| Eligible Activities | 5 |
| Geographic Use of Development Resources | 5 |
| AHTCs Available for Award..... | 5 |
| Development Award Maximums..... | 5 |
| Application Questions | 6 |
| Technical Assistance Requests | 6 |
| Timely Application Submission | 7 |
| Application Fees and Postage Fees..... | 8 |
| Post Application Fees | 8 |
| Late Fees..... | 8 |
| Format | 8 |
| Provide a Fully Responsive Application | 9 |
| Resubmissions | 9 |
| Credit Funding Period | 10 |
| Set-Asides..... | 10 |
| Communications with OHFA during Application Review | 12 |
| Communications with the Board of Trustees of OHFA | 13 |
| Preliminary Review Reports..... | 13 |
| Final Review Reports | 13 |
| 4% Tax Credits with Bond Financed Developments..... | 14 |
| Rents..... | 14 |
| Utilities | 15 |
| Progress Reports..... | 15 |
| Completion Timelines | 15 |
| Compliance..... | 15 |
| Transfers..... | 16 |
| Additional Credits..... | 16 |
| Threshold Criteria..... | 17 |
| 1. Notice Requirements | 17 |
| 2. Market Analysis..... | 18 |
| 3. Nonprofit Owners | 19 |
| 4. Resolution of Local Support..... | 20 |
| 5. Capacity and Prior Performance | 20 |
| 6. Acquisition Credits | 23 |
| 7. Financial Feasibility and Viability..... | 23 |
| 8. Readiness to Proceed..... | 25 |
| 9. Other Certifications including the Public Housing Waiting List | 25 |
| 10. Capital Needs Assessment..... | 26 |
| 11. Development Amenities | 27 |
| Selection Criteria | 29 |
| 1. Income Targeting..... | 29 |
| 2. Term of Affordability | 30 |
| 3a. Development Location and Housing Characteristics..... | 30 |
| 3b. Incentivizing the Expanded Distribution of Housing Credit Funds..... | 31 |
| 4. Development Leverage..... | 31 |
| 5. Community Support..... | 33 |
| 6. Development Team Experience..... | 34 |
| 7. Management Experience..... | 35 |
| 8. Tenant Special Needs Populations..... | 35 |
| 9. Tenant Populations of Individuals With Children | 36 |
| 10. Tenant Populations of Elderly Individuals | 37 |

| | |
|--|----|
| 11. Tenant Ownership..... | 38 |
| 12. Preservation of 15 Year Old Affordable Housing | 39 |
| 13. Energy Efficiency/Green Building | 40 |
| 14. Historic Nature | 40 |
| 15. Negative Points..... | 41 |
| 16. Tie Breaker | 42 |
| Attachment #1 – Post Application Fees..... | 43 |
| Attachment #2 – Progress Report | 46 |
| Attachment #3 – Placed-In-Service Acknowledgment..... | 47 |
| Attachment #4 – Suggested Publication Notice Form | 48 |
| Attachment #5 – Program Market Study Requirements | 49 |
| Attachment #6 – Nonprofit Owners..... | 53 |
| Attachment #7 – Suggested Form: Local Resolution of Support | 54 |
| Attachment #8 – Release of Information Form | 55 |
| Attachment #9 – Suggested Previous Participation Form | 56 |
| Attachment #10 – Development Team Member Certificate | 57 |
| Attachment #11 – Identity of Interest Certification..... | 58 |
| Attachment #12 – Program Underwriting Standards..... | 61 |
| Attachment #13 – Section 42 Leasing Language | 65 |
| Attachment #14 – Development Services Certification..... | 66 |
| Attachment #15 – Referral Acceptance Certification | 67 |
| Attachment #16 – Capital Needs Assessment Certification | 68 |
| Attachment #17 – Development Amenities Certification..... | 69 |
| Attachment #18 – Development Amenities Waiver for rehab Projects | 70 |
| Attachment #19 – Development Self Score Sheet & Certification..... | 71 |
| Attachment #20 – Tenant Populations of Individuals with Children Amenities Certification | 74 |
| Attachment #21 – Tenant Populations of Elderly Individuals | 75 |
| Attachment #22 – Energy Efficiency Certification..... | 76 |
| Attachment #23 – Cost and Expense Separation | 78 |
| Attachment #24 – Fair Housing and ADA Certification | 79 |
| Attachment #25 – Fair Housing and ADA Certification | 80 |

AHTC Application Instructions

Qualified Allocation Plan (QAP)

Oklahoma Housing Finance Agency (OHFA)'s QAP consists of the Application Instructions, Application Form, and Title 330, Chapter 36 Affordable Housing Tax Credit (AHTC) Program Rules. In any instance where there is a conflict between the Rules and the Instructions and/or the Application Form, the Rules shall control. In any instance where there is a conflict between Oklahoma's QAP and Section 42 of the IRS Code, the IRS Code shall control. However, in some areas OHFA has chosen to be more restrictive than the Code. All parts of the QAP can be accessed on OHFA's website, www.ohfa.org.

It is the responsibility of the Applicant to confirm with OHFA the Application instructions and forms are the current ones in use. The instructions, forms, and the information contained herein are effective January 1, 2013.

A copy of Section 42 IRS Code can be found at www.irs.gov.

Introduction

The purpose of Oklahoma's AHTC Program is to use federal Tax Credits available under Section 42 of the Internal Revenue Code of 1986, as amended (the Code), to the maximum extent possible each year as a tool for the creation and maintenance of rental Housing Units for low and very low Income households in the State of Oklahoma in such a way as to further the following goals:

- Make such units affordable to households having the lowest Income and for the longest time period
- Assist in the provision of financially viable, market appropriate housing in areas of greatest need in the State
- Assist in the provision of quality housing at a reasonable cost to meet a variety of needs, including family, Elderly and Special Needs populations
- Provide opportunities to a variety of qualified sponsors, both for-profit and Nonprofit, for a variety of housing Development sizes
- Allocate only the amount of Credits necessary for financial feasibility of a Development and its viability as a qualified Low-Income Housing Development throughout the affordability period
- Allocate Tax Credits to rental housing Developments which provide the greatest overall public benefits

- Allocate Tax Credits to as many quality rental housing Developments as possible, considering cost, size, location, and income mix of proposals

Eligible Activities

1. Acquisition
2. Substantial Rehabilitation
3. Acquisition/Substantial Rehabilitation
4. Acquisition/Substantial Rehabilitation/New Construction
5. New Construction

For all Rehabilitation projects that are current Tax Credit Developments, to be eligible to receive credits Applications cannot be submitted prior to the end of the calendar year of the 15th year of the compliance period.

Geographic Use of Development Resources

AHTCs may be used statewide.

AHTCs Available for Award

The total 2013 AHTC Program Allocation is not known at this time. The AHTC Program Allocation for 2012 was \$8,341,318 based on the Oklahoma population.

Development Award Maximums

The maximum amount of Tax Credits that will be awarded to any Development is \$750,000. This maximum applies to all Developments including those that receive the 130% boost.

Application Questions

Questions regarding any information contained in this Application Package may be directed in writing to: Oklahoma Housing Finance Agency
Housing Development Team
P.O. Box 26720
Oklahoma City, Oklahoma 73126-0720

All OHFA/Housing Development Team (HDT) Staff can be accessed by email or phone. The individual fax number for each Staff member is 405.419.9 last three digits (extension number).

| | | |
|--|---------------------------|--------------|
| john.marshall@ohfa.org | HDT Leader | 405.419.8263 |
| darrell.beavers@ohfa.org | HDT Manager | 405.419.8261 |
| darcy.green@ohfa.org | HDT Program Supervisor | 405.419.8145 |
| jody.glaze@ohfa.org | HDT Secretary | 405.419.8133 |
| alicia.thomas@ohfa.org | Housing Financial Analyst | 405.419.8137 |
| brandi.muse@ohfa.org | Housing Financial Analyst | 405.419.8201 |
| danette.carr@ohfa.org | Housing Financial Analyst | 405.419.8136 |
| emily.anderson@ohfa.org | Housing Financial Analyst | 405.419.8162 |
| gerda.elpedes@ohfa.org | Housing Financial Analyst | 405.419.8269 |
| pamela.miller@ohfa.org | Housing Financial Analyst | 405.419.8134 |

Program Compliance:

| | | |
|--|----------------------------|--------------|
| tricia.braden@ohfa.org | AHTC Compliance Specialist | 405.419.8272 |
| sandra.mcgougan@ohfa.org | AHTC Compliance Specialist | 405.419.8271 |
| kash.parks@ohfa.org | AHTC Compliance Specialist | 405.419.8120 |

Technical Assistance Requests

Applicants are expected to have a clear understanding of IRC Section 42, OHFA Rules and Application Instructions that govern the AHTC, and must demonstrate their capacity to operate the Program with all applicable requirements.

Staff is available to provide technical assistance regarding a variety of housing and community development issues as they relate to individual Development Applications. Interested parties seeking technical assistance regarding affordable housing development are encouraged to make written requests citing the specific topics of interest. This allows Staff to perform appropriate research and prepare copied materials applicable to the meeting.

Upon receipt of requests for technical assistance, Staff will contact the interested parties to establish a mutually agreeable date and time for a meeting that will include all relevant parties to the Applications(s).

Drop-in technical assistance requests are not allowed.

Timely Application Submission

For 2013 there will be two Funding Periods for which Applications will be accepted.

NOTICE!!! All Applications for Funding Period One must be submitted no later than 4:30 p.m. on **Thursday, January 10, 2013**. All Applications for Funding Period Two must be submitted no later than 4:30 p.m. on **Wednesday, July 3, 2013**.

LATE APPLICATIONS - No Applications will be accepted after **4:30 p.m.** of the Due Date. Late Applications will be returned.

All information to be considered with an Application must be received by the deadline. Applications that are submitted by electronic means (email or fax) will not be accepted.

Applications can be mailed to the following address:

OKLAHOMA HOUSING FINANCE AGENCY

Housing Development Team

P. O. Box 26720

Oklahoma City, OK 73126-0720

OR

100 N.W. 63rd Street, Suite 200

Oklahoma City, OK 73116

Hand delivered Applications **must be** submitted to Jody Glaze, an HDT Housing Financial Analyst, the HDT Program Supervisor, or the HDT Manager. Deliverers should ensure their Applications are date-stamped and obtain a receipt. Applications must be delivered to the following address:

OKLAHOMA HOUSING FINANCE AGENCY

100 NW 63rd Street, Suite 200

Oklahoma City, OK 73116

It is the responsibility of the Applicant to verify timely receipt of the Application by designated staff.

A HOME or Oklahoma Housing Trust Fund (HTF) application submitted in conjunction with a Tax Credit Application must be submitted before or at the same time as the Tax Credit Application. The Applicant is encouraged to secure funding from these sources before submission of the Tax Credit Application, or be confident in the success of the Application submitted at the same time. If a HOME or HTF application is submitted with a Tax Credit Application and the HOME or HTF application is denied, the Applicant will not be allowed to submit a new HOME or HTF application for use with the Tax Credit Application after the Tax Credit Application Due Date.

A financial contingency plan, or Plan B, will only be considered for those Applicants requesting HOME funds (from OHFA) in conjunction with their AHTC request. The sole purpose of the

Plan B should be to cover the potential financial gap caused if for some reason HOME funds are not secured for the Development.

Application Fees and Postage Fees

- \$500.00 for single or contiguous sites 1 to 4 unit Developments
- \$1,000.00 for single or contiguous sites 5 to 50 unit Developments
- \$2,000.00 for single or contiguous sites 51 to 100 unit Developments
- \$3,000.00 for single or contiguous sites Developments of over 100 units
- \$500.00 for scattered sites, per site, up to a maximum of \$3,000.00
- **\$500.00 for all Nonprofit Sponsored Developments regardless of size or proximity. If a Nonprofit is applying, but not claiming the set-aside, the reduced fee shall still apply.**
- **The costs to notify elected officials by certified mail of Applications filed and to send Preliminary Reports by FedEx to Applicants shall be reimbursed to OHFA at the time of Application. The fees will be \$25.00 for each of the mail outs. A total of \$50.00 is due at Application for postage, in addition to the Application fees delineated above. The Application and postage fees must be included in the budget.**
- **Application and postage fees are due upon submission of the Application. If payment is returned for insufficient funds, it will be deemed nonpayment and the amount to defray bank costs will be due. Failure to submit the total amount due may cause the Application not to be considered for funding.**

Post Application Fees

- **The AHTC Program utilizes a series of post Application fees. These fees are fully delineated in Attachment #1.**

Late Fees

For 2013, late fees will be assessed upon progress reports, Carryover Allocations, final Allocation, and annual Owner Certifications as well as other pertinent documentation. Fees will accumulate per calendar day. For more detailed information see Attachment #1.

Format

Applications must be submitted in the following format:

- ◆ All sections are to be tabbed according to the Application Requirements/Format and

Evaluation and Rating Criteria Review as outlined in the Document & Tab Requirements Format list in the Application Form.

- ◆ **All pages are to be numbered sequentially within each tab. Handwritten numbering is acceptable.**
- ◆ Do not modify Application attachment forms that are marked as “DO NOT MODIFY THIS FORM.”

Applicants for AHTCs are only required to submit one (1) original Application.

Use of large, three ring loose-leaf binders are required.

All information to be considered with an Application must be received by the deadline.

Provide a Fully Responsive Application

It is the responsibility of the Applicant to provide a full and complete Application that contains sufficient information and documentation relevant to all Threshold and Selection Criteria to allow HDT Staff to make a factual determination as to whether, on its face:

- An Application satisfies each of the applicable Threshold Criteria.
- A Development is qualified to be evaluated under a given set-aside.
- There is sufficient information with which to conduct a review, assessment, and evaluation for Selection Criteria.

No blanks should be on the Application Form. If the information does not apply to you or your Application, then type N/A.

Failure to provide a complete and fully responsive Application may result in denial of the Application for funding.

Prior to submission, Applicant should verify that numbers as identified in the Application Form agree with the supporting documentation located in the individual Tabs.

Resubmissions

If an Applicant is resubmitting an Application for an award of Tax Credits for the same Development as an Application that was denied funding in the immediately preceding Tax Credit funding cycle, the Applicant will not be required to submit an entirely new Application. Only the following items are required for resubmissions:

- New Written and Publication Notices
- New Application Affidavit
- New Processed **Attachment # 8s**
- New Signed **Attachment #10s** from Development Team members
- New Signed **Attachment #11**

- The required documentation for any Threshold or Selection Criteria that caused the prior Application to be denied for funding, or that was an area of concern to OHFA in the prior Application.
- All documents must still meet all requirements. For example, the market study and Resolution of Support cannot be older than one year.
- Any information that has changed from the prior Application, including Application pages from Tab 1.
- This information must be provided in the same numbered tab order as the original Application.

Credit Funding Period

For 2013 there will be two Funding Periods for which Applications will be accepted.

Applications for Funding Period One are due **Thursday, January 10, 2013** and will be considered at the **May Board of Trustees Meeting**. Applications for Funding Period Two are due **Wednesday, July 3, 2013** and will be considered at the **November Board of Trustees Meeting**.

Applications are considered based upon the Development's attributes. Award of Credits is made using a system of Threshold and Selection Criteria.

- **Credits available for distribution will be based on the following:**
 - **100% of annual State Credit ceiling; plus**
 - **prior year unused AHTC; plus**
 - **AHTCs returned from Allocations made in previous years; plus**
 - **AHTCs received from National Pool**
- **If applicable and determined to be in the State's best interest, OHFA may choose to use these Credits in various other capacities.**
- **The OHFA Board of Trustees may adjust credit distributions and/or set-asides at their discretion.**

Set-Asides

The set-aside percentages and categories for the Credit Funding Period are as follows:

| | |
|---------------------------------|-----------|
| Nonprofit | 20% |
| Rural Development (USDA/RD) 515 | 10% |
| Other Rural | 15% |
| Elderly | 20% |
| General Pool | 30% |
| Discretionary | <u>5%</u> |
| Total Allocation percentages | 100% |

Applications will be considered in the following order for the set-aside categories selected by the Applicant and for which the Development qualifies:

- | | |
|-----------------|-----------------------|
| 1 st | Nonprofit |
| 2 nd | Rural Development 515 |
| 3 rd | Other Rural |
| 4 th | Elderly |
| 5 th | General Pool |

Developments shall only be considered in set-asides in which they qualify and request.

AHTC set-asides shall be applied as follows:

- All Applicants in each set-aside category will be considered based on total score by ranking Applications from highest to lowest score until the total amount of the AHTCs within each set-aside category have been reserved.
- Applicants not funded in their first qualified and requested set-aside will be considered in their next qualified and requested set-aside category.
- In the event the AHTC balance in any set-aside category is equal to at least 75% or more of the total Credits requested by the next highest ranked Applicant, Credits will be drawn from the Discretionary set-aside to fully fund the Application.
- In the event the AHTC balance in any set-aside category is less than 75% of the total Credits requested by the next highest ranked Applicant, the funds will remain in the set-aside until all Applicants in the set-aside have been awarded or all Applicants have been moved to their next qualified and requested set-asides.
- Applicants in the RD 515 set-aside must have 515 funding. Developments with only 538 funding do not qualify for this set-aside.
- In the event there is a balance remaining in any set-aside category the balance will be transferred to the Discretionary set-aside category, except Rural Development 515. Any amount remaining in the Rural Development 515 set-aside category after funding the Applications in that category shall be moved to the Other Rural set-aside.
- AHTCs used from the Discretionary set-aside category will be applied to the set-aside categories in the following order: Nonprofit, Rural Development 515, Other Rural, Elderly, and then the Discretionary set-aside balance transferred to the General Pool.
- Once AHTCs for each set-aside category have been reserved, remaining qualified Applicants will be moved to the General Pool set-aside category and ranked ordered by score from highest to lowest irrespective of any set-aside elections. AHTCs will be reserved in descending order by score.

- AHTCs in the General Pool will be reserved until such time as the amount of AHTCs remaining is less than the next qualified Applicant. The next qualified Applicant will have the option to accept the remaining AHTCs, if the Applicant can demonstrate that the Development is financially feasible with the balance of AHTCs. If an Applicant is not willing to accept or is unable to show financial feasibility with the balance of AHTCs, then the remaining balance of AHTCs shall be offered to the next qualified Applicant in rank order. This procedure shall be followed until all AHTCs have been reserved. In the event no Applicant is willing or can demonstrate financial feasibility to accept the remaining AHTCs the balance will carry forward to the next AHTC Funding Period.
- In the first Funding Period, in the event that the amount of funds left in the General Pool is seventy five percent (75%) of the amount of AHTCs requested by the next qualified Applicant the Development will be forward funded from the amount of AHTCs reserved for the second Funding Period.
- Total AHTCs reserved for the year shall not exceed the maximum ninety percent (90%). Allocation limitation to those entities other than Nonprofits as required by the Code.

Communications with OHFA during Application Review

Following submission of an Application, neither the Applicant nor any representative or Affiliate of the Applicant shall contact any OHFA employee, concerning the Application or any other Applications filed in the same Credit funding period. OHFA reserves the right to contact the contact person(s) identified by the Applicant for the purpose of clarifying any matter.

Submission of an Application does not guarantee a full and complete review of all Threshold and/or Selection Criteria. If OHFA receives a large number of Applications for a Credit funding period, such that a complete review of all Applications is not reasonably possible, OHFA may refuse to review any Applications for that Credit funding period that clearly fail to meet one of the Threshold Criteria, or that clearly cannot achieve a sufficient score to be considered for funding. Applicants will be notified in writing of OHFA's decision not to review their Application. No refund of the Application fee will be due to the Applicant based upon the lack of a full and complete review of the Application.

Preliminary Review Report: Following the release of the preliminary Review Report, the Applicant may submit questions or request clarification concerning the preliminary Review Report. All such questions or inquiries must be in writing and addressed to the Staff member designated in the cover letter accompanying the preliminary Review Report. These questions may be submitted electronically. OHFA suggests that emailed questions are sent to at least two Staff members. OHFA reserves the right to grant or deny requests for meetings with the Staff of OHFA at any time during the Application process. Any and all requests must be in writing.

Failure to comply may result in termination of the review process and denial of the Application.

Communications with the Board of Trustees of OHFA

Neither an Applicant nor members of the public shall communicate, directly or indirectly, with the Trustees regarding an Application under consideration by OHFA (except upon notice and opportunity for all parties to participate.) Applicants and others who wish to communicate with the Trustees must follow the specific steps as set forth in AHTC Chapter 36 Rules at 330:36-2-12.

Preliminary Review Reports

Upon completion of review of all Applications, HDT Staff will forward the preliminary Review Report to the contact person identified by the Applicant in the Application. Staff will mail the Review Report by certified mail with return receipt requested or other form of traceable delivery system to provide proof of transmission and receipt. Staff will make every effort to highlight areas that need a response, but Applicant should read the Reports in their entirety.

The Applicant must provide any information requested in the preliminary Review Report or other clarifying information by the deadline given in the cover letter accompanying the preliminary Review Report. Neither the Staff nor the Trustees will be required to consider a late response to the preliminary Review Report.

In the event the Applicant disputes any matter contained in the preliminary Review Report, including without limitation any finding, determination, recommendation or scoring, the Applicant's response to the Review Report must identify with specificity the disputed matter, finding, determination, recommendation, scoring, etc, and the Applicant's reason for disputing same, including any evidence which controverts the preliminary Review Report. Any applicable statutes, rules, regulations, or ordinances should be cited. Documentary evidence should be attached.

Failure to respond or dispute a finding or determination in the preliminary Review Report shall be deemed the acceptance of the finding or determination by the Applicant.

When providing updated documentation, the Applicant should make every effort to highlight, mark, note, or in some way bring attention to any and all information that is new and/or changed from that of the originally submitted document.

The Applicant's response to the preliminary Review Report must be in writing. Electronically transmitted responses, including fax and email transmissions, are not permitted and will not be reviewed. Applicants are encouraged to use certified mail, Federal Express, or another carrier providing proof of timely delivery to OHFA.

Final Review Reports

The HDT Staff will consider the Applicant's response to the preliminary Review Report prior to issuing the final Review Report. The Applicant will be informed of Staff's recommendations prior to the meeting of the Trustees where the Application is being considered. Staff will mail a copy of the final Review Report and Staff's recommendations by certified mail with return receipt requested or other form of traceable delivery system to provide proof of transmission and receipt.

In the event the Applicant disputes any matter contained in the final Review Report, Applicants must file **ten (10) copies** of any response(s) to the final Review Report or other information they wish the Trustees to consider **not less than forty-eight (48) hours** prior to the commencement of the meeting when the Application will be considered.

Electronically transmitted responses, including fax and e-mail transmissions, are not permitted and will not be accepted or considered by the Staff or the Trustees.

4% Tax Credits with Bond Financed Developments

Tax-exempt bond Developments financed at least fifty percent (50%) with the proceeds of tax-exempt bonds subject to the private activity bond volume cap are required to comply with all the requirements of the QAP, including the Rules and Application, with the exception of the competitive selection process.

Terms of the bond financing must be submitted at time of Application for Tax Credits and evidence of the bond financing must be submitted at least ten (10) business days before the Trustees meeting wherein the Application with four percent (4%) Tax Credits is to be considered. Failure to comply with this requirement may result in no Tax Credits being Allocated.

Code requirements for bond financed Developments must be met in addition to the AHTC requirements, i.e., rental units, rents, student exemptions, transfers on site, occupancy changes, verification of assets.

4% Credits & Bond Financed Development Application Deadlines:

Applications may be submitted at any time for 4% Credits and/or Multi-Family Bond developments. The Application will be considered at the Trustees Board meeting that is at least sixty (60) days past the Application submission date.

The last date these particular Applications will be accepted is August 1, 2013.

Rents

AHTC Developments often take advantage of multiple types of funding. Applicants should be advised that the maximum rents permitted will be based upon the most restrictive rent limits of the respective programs, **regardless of the amount of the Gross Rent Floor established by the AHTC Program.** If the property is receiving project based rental assistance support from HUD or RD, or other source the Applicant must provide the appropriate agency proposed rents and the number of units and bedroom size receiving assistance. The Applicant must use the appropriate agency proposed rents. Source documentation must be included in the Application.

If the Applicant is claiming “National Non-Metro” rents, appropriate documentation from RD must be provided.

Utilities

Utility allowances are to be calculated by the Applicant. The utility allowance used must be appropriate for the type of unit. These allowances may be derived from only one of following sources: a local service provider, a local public housing authority, or OHFA's utility charts. They can be found on the OHFA website, www.ohfa.org, as Appendix B to the AHTC Compliance Manual. Source Documentation of the utility allowance as well as the calculation must be included in the Application. If the property is receiving project based rental assistance support from HUD, RD, or other source, the Applicant must use the appropriate agency approved allowance. For changes in allowances after the Placed-In-Service date, please contact compliance staff.

Progress Reports

Construction **must** begin within **nine (9) months** of the last calendar day of the month of the AHTC Credit Reservation. HDT Staff may visit the site to ensure construction commencement.

Progress Reports **must** be filed each calendar quarter following approval of a reservation of Credits until the Form 8609 is issued for a Building. The form to be used for Progress Reports can be found as **Attachment #2**. Electronic submissions are preferred but not required. Progress Report Deadlines are as follows:

- January 10
- April 10
- July 10
- October 10

Applicants will be notified of any other deadlines in a timely manner. Compliance Reports may overlap with the Progress Reports. **Late reports will generate negative points and late fees.** Failure to follow any of these provisions may result in a return of Credits as well as affect consideration for future Applications.

If the Due Date for submission of any documents or fees falls on a weekend or a designated Federal holiday, then the Due Date becomes the next business day.

Completion Timelines

Within thirty (30) calendar days after the Certificate of Occupancy is issued for a Building in the Development, the Owner must notify OHFA by completing and submitting the Placed-In-Service Acknowledgment located as **Attachment #3**. A copy of the Certificate of Occupancy for each Building must accompany this Attachment. For substantial rehabilitation Developments, the architect's verification of substantial completion for each Building must accompany this Attachment if there is no Certificate of Occupancy.

Compliance

Any questions regarding compliance issues should be directed to the HDT Tax Credit Compliance Staff. The current OHFA AHTC Compliance Manual is also available on our website at www.ohfa.org.

An AHTC Compliance Manual CD may also be purchased by the Owner upon request at a cost sufficient to defray the cost of production.

It is the responsibility of the Owner/Applicant to inform property managers of all details promised in the Application. This especially applies to Selection Criteria that received points. No changes in the Selection Criteria will be allowed after an award is made. Failure to comply with all of the Selection Criteria as presented in the Application may lead to 8823s being filed and/or a potential loss of Tax Credits. A detailed list given to the management company is recommended. All Selection Criteria awarded points are included in the Regulatory Agreement.

Within two years of the last Building in the Development being Placed-In-Service, HDT Compliance Staff shall conduct the necessary file and unit inspections. This inspection process shall be repeated at a minimum once every three (3) years.

Fees are delineated in Attachment #1.

Transfers

It is the responsibility of the Owner/Applicant to notify OHFA no less than sixty (60) days prior to any Ownership, general partner or management Transfers after the Tax Credit Allocation has been awarded. For management Transfers, contact one of the AHTC Compliance Specialists for the checklist of documents required. For Ownership, general partner(s) or any interest in the Ownership entity, contact one of the Housing Financial Analysts for the checklist of required documents and fees. OHFA approval is required before a Transfer can occur.

Failure to submit the required documents and fees to OHFA within sixty (60) days of the date of the Transfer may cause any current or future Applications to be disqualified from further consideration.

Fees are delineated in Attachment #1.

Additional Credits

Additional Credit Application(s), criteria, and deadline(s) for Applications will be established and all appropriate parties notified of such if and when circumstances arise that warrant the Allocation of additional Credits.

Threshold Criteria

Applications must meet all Threshold Criteria listed below. Failure to meet all applicable Threshold Criteria in the initial submission of an Application may result in the Application being rejected without further review.

1. Notice Requirements

Notice Requirements apply to all Applicants. All Notice Requirements must be satisfied not less than thirty (30) and no more than ninety (90) calendar days prior to submission of the Application. The notice shall express the intent to submit an Application for Tax Credits to OHFA. If the Application is considered at a different Trustees meeting than in the notice, this notification requirement is considered to be met.

Written Notice:

Applicants must notify, in writing and by a **form of traceable delivery**, the Mayor, or highest elected official. If neither of the aforementioned exists, then the Chief Executive Officer of the local Governing Body should be notified. Also, the Chairman of the appropriate county commissioners and State legislators within whose district the Development is located at the time of Application must be notified. This written notice serves to provide a reasonable opportunity to comment on the Application. Applicants must provide a map with their written notice that clearly shows the location of the Development.

Additional Written Notice Requirements for Developments not within an Incorporated City/Town:

If the site for the Development is not within the specific corporate limits of a town or city, but is within two miles of an incorporated town(s) or city(ies) limits, the Applicant must provide the same notice to each such town(s) and city(ies) as if the site was located within the corporate limits of each such town(s) and city(ies).

Publication Notice:

All Applicants must provide notice of intent to file an Application published in the local newspaper of the area wherein the Development will be located. If there is no local paper, Applicants must publish in a newspaper of general circulation in the area wherein the Development will be located. The purpose of this notice is to inform the general public in the primary market area of the proposed Development.

The suggested format for published notices is **Attachment #4**.

At a minimum, published notices must contain the following information:

- (a) The name of the Applicant;
- (b) The name of the proposed Development;
- (c) Whether the Development will be new construction, acquisition and substantial rehabilitation and/or substantial rehabilitation;

- (d) Maximum number of units proposed, the type of Development, and percentage of Income restricted units, and whether the Development will be for families, the Elderly, or persons with Special Needs;
- (e) The Applicant must provide the location of the project.
- **The physical address, if available, must be used.**
 - If no physical address is available, the Applicant must provide a description of the location that clearly identifies where it is located in relation to the nearest street/road intersection.
 - If neither a physical address nor a viable description of the location in reference to a street/road intersection is available, the Applicant must provide a full, complete, and exact legal description for the property.
- (f) The month the Applicant reasonably expects the Application to be considered by the OHFA Trustees for an award of TCA. (May or November)
- (g) The names, business addresses and telephone numbers of the Applicant or the Applicant's designated contact person in regard to the proposed Development;
- (h) The name, business address and telephone number of the contact person at OHFA (Darrell K. Beavers, Housing Development Team Manager, OHFA, P.O. Box 26720, Oklahoma City, OK 73126-0720, (405) 419-8261, darrell.beavers@ohfa.org) to whom inquiries about the hearing on the Application and the proposed Development should be directed.

Documentation Requirement for Written Notice: Applicants must provide originals (or copies if an original is not available) of proof of mailing and proof of receipt, a copy of the written notice and map. Receipts should be legible. These forms can, in the alternative, be in electronic format.

Documentation Requirement for Published Notice: Applicants must provide the original (or copy if an original is not available) of any published notices along with a notarized Publication Affidavit.

2. Market Analysis

All Applicants must submit a third party, independent housing market analysis. Market analyses must clearly demonstrate and document the status of the market demand for the type and number of Housing Units proposed to be developed. All market analyses must contain specific minimum levels of information. OHFA's market study summary must be included in the beginning of the market study.

The minimum content requirements for market analyses are delineated in **Attachment #5.**

All existing and/or under construction Tax Credit properties in the Primary Market Area (PMA) must be taken into consideration.

Market analyses must be prepared no more than twelve (12) months prior to the date the Application is filed with OHFA. Updates are not accepted.

Applicants are required to submit an electronic copy of their full market study along with their regular Application materials. This electronic version may be in the form of a CD, stick/flash drive, or other electronic storage device. Email attachments will not be accepted. (Note that this is in addition to, and not a substitution for, the regular hard copy of the study)

For those Applicants also applying for HOME funds (through OHFA), in Conjunction with a Tax Credit Application: The Applicant will only be required to submit one (1) market study between the two (2) (HOME & AHTC) Applications. The single market study should be submitted with the Tax Credit Application. Note that the study submitted must still cover all requirements of both the AHTC and HOME programs.

Documentation Requirements: Third party independent market analysis performed by a State certified general appraiser (may have a temporary license) **or** by an experienced market analyst with supporting documentation of qualifications and analyses completed in the past. Both an original hard copy and an electronic copy must be submitted.

3. Nonprofit Owners

Applicants proposing Developments under the Nonprofit set-aside of the AHTC Program must meet the definition of a Nonprofit Owner and/or Nonprofit Ownership participant as defined in Section 42(h)(5)(C) of the Tax Code and the AHTC Chapter 36 Rules at 330:36-1-4. Affiliated for profit entities will be reviewed for compliance with Code Section 42(h)(5)(B)(C). Profit motivated Applicants are prohibited from forming Nonprofit Affiliates or engaging non-housing related Nonprofits solely for the purpose of qualifying for the Nonprofit set-aside.

Applicants qualifying for the Nonprofit set-aside, even if not funded through the Nonprofit set-aside will still be bound to all Nonprofit requirements.

Documentation Requirement for the Nonprofits:

- Provide a copy of the Nonprofit certification letter from the IRS verifying that the Nonprofit is a qualified Nonprofit organization as described in paragraph (3) or (4) of section 501(c) and is exempt from tax under section 501(a). The Nonprofit organization must have already obtained this certification; letters regarding pending certifications are not acceptable.
- A copy of organizational documents and any amendments. Must include as one of the purposes to provide decent housing affordable to low Income persons.
- Documentation to show the Nonprofit is authorized to do business in the State. This documentation must be a Certificate of Good Standing dated no more than twelve (12) months prior to the date of Application.

- A list of housing projects, demonstrating at least one (1) year of demonstrable experience in affordable housing.
- At least fifty-one percent (51%) Ownership interest of the general partner or managing member. See **Attachment #6**. An Ownership chart is required.
- Evidence that the Nonprofit will materially participate on a regular basis, in the planning and construction of the Development, and in the operation and management of the Development throughout the Compliance Period. See **Attachment #6**.
- A Certification that the Nonprofit is not Affiliated with or Controlled By any for profit entity. See **Attachment #6**.

4. Resolution of Local Support

Applicants are required to demonstrate official local support by the local governing body with jurisdiction over the site within which the proposed Development is located at the time of Application. This support must take the form of a resolution duly adopted by the local governing body. Resolutions of support remain in effect for a period of one (1) year from the date of initial passage provided that no major changes are made to the proposed Development for which the resolution was issued.

Conditional Resolution:

If the local governing body issues a conditional Resolution of Support, OHFA may contact the governing body to ascertain the impact of the conditions. Conditional resolutions may result in a determination the Application has not met Threshold Criteria.

Documentation Requirement: A resolution of local support, using the suggested form of resolution contained as **Attachment #7**, duly adopted by the local governing body, or by the elected tribal governing body. If the one (1) year period expires prior to the Trustees meeting in which the Application is being considered, Applicants are required to submit a signed certification in letter form from the same governing body certifying the resolution is still valid. If the Applicant has questions, Staff may be contacted.

5. Capacity and Prior Performance

Applicants must demonstrate and document the extent of the capacity of their Development Team in developing, managing, and operating the type of housing Development being proposed.

Applicants, Owners, general partners, Developers or principals of each, who are new to Oklahoma's AHTC Program are limited to an award of Tax Credits for only one (1) Development until the 8609(s) have been issued **and** compliance staff has conducted their first visit. Applicants, Owners, general partners, and Developers are considered new to Oklahoma's AHTC program until they have submitted an Application that has been awarded Tax Credits, the 8609s on the Development have been issued, **and** compliance staff has conducted their first visit.

An Applicant/Owner/Developer (or principals of each) may not have open, at any one time, more than five (5) Oklahoma AHTC Developments. Open means from Tax Credit award to the last Building Placed-In-Service date.

Staff will use the documentation provided in the Application and any outside knowledge of the team to determine capacity. Staff will review the number and the severity of reasons for any extension request(s). If sufficient capacity is not demonstrated the Application may Fail Threshold.

“Development Team” means the Applicant, architect, attorney, Consultant, Developer, general contractor, market analyst/appraiser, property management company, Owner, tax professional, and the principals of each.

Removal of General Partner may be considered lack of capacity and performance.

Applicants may be considered ineligible for an award of Tax Credits in scenarios whereby the documentation supports instances of nonperformance. Instances of poor or nonperformance may occur during construction, lease up, the Compliance Period, or the Extended Use Period. Below is a list of some possible performance issues. This is not an exclusive list.

- **Failure to meet and maintain minimum property standards;**
- **Failure to meet and maintain any material aspect of a Development as represented in an Application;**
- **Excessive late or incomplete reports to OHFA;**
- **Having been involved in uncured financing defaults, foreclosures, or placement on HUD’s list of debarred contractors;**
- **Events of material uncorrected noncompliance with any Federal or State assisted housing programs within the prior seven (7) year period;**
- **Appointment of a Receiver or bankruptcy within the prior seven (7) year period;**
- **Failure to comply with OHFA’s requests for information or documentation on any Development funded or administered by OHFA; or**
- **Removal as a general partner.**

Documentation Requirement: Please verify which team members need to submit which documents.

- If an entity is “to be formed” regardless of its role, complete Tab 1 and list “to be formed” as the Tax ID number.
- If an entity is “to be formed” the Applicant is required to provide a statement Certifying the entity is “to be formed.” **Attachments #8, #9, and #10** are not required.
- Please do not provide any social security numbers or personal identification numbers, staff does not need this information and it will be returned.
- Organizational charts of the Ownership entity and general partner entity, including the principals of the general partner entity.

- Applicants, Developers, general partners (or principals of each), are required to submit financials. Financials must be signed by a CPA or a principal member of the entity submitting financial statements. OHFA may require additional financial statement information.
- Applicants, Developers, co-Developers, general partners, management companies, co-management companies, and any other Development Team Member(s) for whom the Applicant is claiming points in the Development Team Member Experience Criterion must document their performance in Tax Credit Developments in Oklahoma as well as other states. The list must include current and past Developments that received federal or State assistance. Include newly awarded Developments, Developments under construction, and Developments that were in their Compliance or Extended Use Periods within the last seven (7) years, regardless of continued involvement. This information may be documented on **Attachment #9**. **If the Applicant uses their own list it must include all of the information requested in Attachment #9**. Indicate lack of continued involvement in the Status column on the **Attachment #9**.
- Applicants, Developers, co-Developers, general partners, management companies, and co-management companies must complete an **Attachment #8** for each state in which they are currently participating (except Oklahoma). **If participating only in Oklahoma please state so in the Application and complete an Attachment #9**. A complete **Attachment #9** must be sent with all **Attachment #8s**. (Note that the **Attachment #9** still needs to show all Developments for the previous seven (7) years even if the entity is no longer participating. If a party completing an **Attachment #9** is no longer participating in a Development the status column should so indicate. A signature, the due date to return to OHFA, and the State Agency information must be filled in. The due date to return to OHFA is the Tax Credit Application Due Date. The Applicant will mail the document to other State Agencies, then the other State Agencies will mail back to OHFA. Before sending to other State Agencies make a copy and submit to OHFA with the Application. Provide proof of mailing documentation proving the **Attachment #8(s)** was mailed. All documentation must be mailed prior the Application Due Date.
- For Attorneys, Consultants, General Contractors, Tax Professionals, and Architects the Applicant is claiming points for under the Development team Experience Criterion no **Attachment #8** is required. Applicants should provide an **Attachment #9** and mark the box indicating the state would have no record of this team member's participation in the Development due to their role. For these Development Team members only, if the date of 8609 issuance is unknown it may be indicated on the **Attachment #9**.
- Documentation to show the Applicants, Developers, co-Developers, general partners, management companies, and co-management companies are authorized to do business in the State of Oklahoma. This documentation must be a Certificate of Good Standing dated no more than twelve (12) months prior to the date of Application.
- Signed Certifications from the Owner, Developer, co-Developer, general partner, management company, co-management company, general contractor, and any other Development Team Member(s) for whom the Applicant is claiming points in the Development Team Member Experience Criterion, indicating there have been no

instances of nonperformance as delineated above. The Certification is **Attachment #10**. **All Certifications must be notarized.**

- If for some reason a Development Team member cannot complete an **Attachment #9** or **Attachment #10** for professional ethical reasons, provide a statement from the team member to that effect. If claiming points, the statement must indicate the Development Team member has five (5) or more Developments.
- Signed and Notarized Identity of Interest Certification by the Owner or Representative of the Ownership Entity. This information may be documented on **Attachment #11**.

6. Acquisition Credits

Applicants requesting acquisition Credits must provide an opinion of counsel, in a form satisfactory to OHFA, that all requirements of Code Section 42(d)(2)(B) have been met or a waiver obtained from the IRS.

Documentation Requirement: An opinion of counsel, a copy of the waiver, or a copy of the letter indicating a waiver will be granted.

7. Financial Feasibility and Viability

Applicants must document that Commitments are in place to insure that the proposed Development is financially feasible and can maintain its viability as affordable housing.

If part of a multi-phase Development or part of a Development that is in close proximity to another Development sharing common Ownership, provide a Certification that all costs and expenses are and will be separate for each phase/Development. The Certification can be found at **Attachment #23**.

Under the Housing and Economic Recovery Act of 2008 (HERA), for Buildings Placed-In-Service before **December 30, 2013**, the applicable percentage shall not be less than nine percent (9%). **IF A BUILDING IS NOT PLACED-IN-SERVICE BEFORE DECEMBER 30, 2013, THE APPLICABLE PERCENTAGE WILL EITHER BE, THE RATE IN EFFECT WHEN THE CARRYOVER AGREEMENT WAS EXECUTED – not the 9% mandated by HERA legislation (if the Owner made the election to lock the rates), OR THE RATE IN EFFECT WHEN THE BUILDING IS PLACED-IN-SERVICE (if the Owner did not make the election to lock the rates at carryover).** If any new legislation or regulation is adopted it will be implemented by OHFA accordingly. OHFA will continue to underwrite at 9%, unless Owners/syndicators have a different requirement. **PLAN ACCORDINGLY.**

Underwriting guidelines are located as **Attachment #12**.

Documentation Requirement: At a minimum:

- Construction budget
- 15 year pro forma, showing debt coverage ratio
- Letters of funding Commitment for **ALL** (non leverage qualifying) funding sources, including construction and permanent.

- For any leverage qualifying sources that due to timing restrictions a firm Commitment cannot be obtained at the time of Application, proof that the source has been formally applied for must be included.
 - No less than sixty (60) days prior to the Trustees meeting at which the Application will be considered, the Applicant must provide proof from the awarding entity that the source being claimed has been awarded or is contingent only upon the award of Tax Credits.
- Commitment letters from syndicators must define the amount to be paid for the Tax Credits (cents on the dollar), number of pay-ins and percentage of partnership as well as any special conditions]

OR

- **A letter of interest from the syndicator with a projected price that OHFA can underwrite to.**
 - **Within sixty (60) days of the award date (the date of the Trustees meeting in which the Application was approved) a firm Commitment letter with all pertinent information must be provided to OHFA.**
 - **Failure to provide will result in a revocation of the Tax Credit award.**

Applicants must demonstrate to OHFA’s satisfaction that the Application has firm financing Commitments in place for 100% of the Development's total estimated construction and permanent financing.

If firm financing for all sources of funds are not obtained, this is a Failed Threshold Item.

Commitment letters must include the loan amount, interest rate, loan term, debt service coverage ratio (permanent lender), loan amortization period (permanent lender), and borrower loan fees, collateral and conditions precedent to funding.

Applicants must provide appropriate Commitments that demonstrate the Development's financial feasibility and viability as a qualified Low-Income Housing Development.

A financial contingency plan, or Plan B, will only be considered for those Applicants requesting HOME funds (from OHFA) in conjunction with their AHTC request. The sole purpose of the Plan B should be to cover the potential financial gap caused if, for some reason, HOME funds are not secured for the Development.

All permanent Commitments must include a fixed interest rate. The interest rate must be locked in at the time of Application. If the rate is not fixed or locked, then the Applicant must provide documentation on a rate ceiling. To ensure that the required debt service coverage ratio is met, Staff will underwrite the project at the rate specified in the Commitment if it is locked. Otherwise, the project will be underwritten at the ceiling rate. Failure to include this rate will cause the Application to Fail Threshold.

130% Basis Boost

Developments may qualify for up to a 130% basis boost under one of two criteria, (1) by location, being located in either a Qualified Census Tract (QCT) or Difficult to Develop Area (DDA), or (2) by requesting and showing a financial need for the general financial adjustment boost.

Debt Coverage Ratio:

Debt service coverage is defined as the ratio of a property's net operating income to debt service obligations. Rental income, any subsidies, and reserve funds should be sufficient to cover the property's debt and operating expenses over the period of low-income use.

All Developments

A minimum debt service coverage ratio of **1.15** is required for all debt financing which would foreseeably result in foreclosure if not repaid. The debt coverage ratio must be maintained each year for 15 years.

No negative cash flow is allowed in any year.

8. Readiness to Proceed

Applicants must document their ability to proceed in a timely manner should they receive an award of AHTCs.

Documentation Requirement:

- Site Control evidenced by deed, purchase contract, option to purchase, or lease for a term which exceeds the term of affordability and is not revocable by seller. The costs must be identified for the purchase of the property. If purchasing Land and/or Building(s) from self or related parties, provide a current independent third party appraisal of value.
- Applicants must provide an explanation as to how the property will be transferred to the Ownership entity. This Transfer must be completed by the time Carryover packets are due. If the Transfer is not completed at the time Carryover packets are due, this may be a nonperformance issue.
- Preliminary versions of the floors plans and site plans.
- Proper zoning in place **at the time of Application** with documentation including type and authorization date.

9. Other Certifications including the Public Housing Waiting List

Documentation Requirement:

- Certification that student, felony, and Section 42 requirements will be followed. See **Attachment #13.**
- Certification of the Owner/Applicant to notify tenants of Development and/or community services available in their area. See **Attachment #14.**

- Certification of the Owner/Applicant that the Owner/Applicant will accept referrals from the local PHA and/or OHFA. See **Attachment #15.**
- Certification of the Owner that Owner will comply with all Fair Housing and Americans with Disabilities Act (ADA) laws. See **Attachment #24.**
- Certification of the Architect that Architect will comply with all Fair Housing and Americans with Disabilities Act (ADA) laws. See **Attachment #25.**
- More information on Fair Housing requirements for rental developments can be found at <http://www.nchfa.com/Rental/RDfairhousingact.aspx>.

10. Capital Needs Assessment

Capital Needs Assessment (CNA) means a qualified professional's opinion of a property's current physical condition determined after a physical inspection of the interior and exterior of the units and structures. The physical inspection should include an interview with the onsite manager and maintenance personnel. This assessment should identify deferred maintenance, physical needs, remaining useful life, material building code violations that affect the property use, structural and mechanical integrity, and the future physical and financial needs. The assessment must include the cost of labor and materials identified in detail and the extent of future expenditures contemplated to ensure the costs will be addressed through operating and replacement reserves. Components which should be examined and analyzed in this assessment include but are not limited to:

- Site, including topography, drainage, pavement, curbing, sidewalks, parking, landscaping, amenities, water, sewer, storm drainage, gas and electric utility lines;
- Structural systems, both substructure and superstructure, including exterior walls and balconies, exterior doors and windows, roofing system and drainage;
- Interiors, including unit and common area finishes (carpeting, vinyl or tile flooring, plaster walls, paint condition, etc.), unit kitchen finishes, cabinets and appliances, unit bathroom finishes and fixtures, and common area lobbies and corridors; and
- Mechanical systems, including plumbing and domestic hot water, HVAC, electrical, lighting fixtures, fire protection, and elevators.

Allocations for rehabilitation require a Capital Needs Assessment performed by a qualified independent third-party (architect, engineer, contractor, Rural Housing Services) which considers the proposed rehabilitation activities to ensure that the proposed improvements plus reserves have a useful life that meets the full term of affordability based on extended use agreements as presented in the Application. The assessment should also demonstrate the need for the rehabilitation work and in the degree proposed. Assessment should also include notation of interview with onsite personnel or owner and the cost of labor and materials.

In addition, all rehab Developments must include a complete, detailed tenant income audit that identifies all existing tenants and their income. The audit shall separately identify those tenants whose income exceeds applicable Income limits. The Applicant should further ensure that all

tenants who will continue to reside in the property comply with the applicable Income limits. This can be completed by the Applicant or others.

Documentation Requirement:

- Certification of the Owner/Applicant that the proposed improvements plus reserves have a useful life that meets the full term of affordability, and that an interview was conducted with either the owner or onsite personnel. See **Attachment #16**.
- Third-party independent analysis performed by a qualified architect, engineer, contractor, or Rural Housing Service. The assessment may be prepared no more than twelve (12) months prior to Application submission.

11. Development Amenities

Only amenities which exceed the minimum required by applicable laws or building codes will be accepted. The following is list of required amenities. This is a minimum requirement but should not be considered an exclusive list of potential Development Amenities.*

Owners shall choose one “Building façade” from the following:

- Building facades that are a minimum of 60% brick or stone
- Building facades that are a minimum of 40% brick or stone. The remaining percentage shall be comprised of Cement type boards

Owners must verify that each of the following will be in place:

- Ceiling fans in each bedroom and in the living room
- Washer & Dryer access as provided by one of the following
 - Washer & Dryers in each unit
 - Washer and Dryer hook-ups in each unit
 - A shared laundry room facility

Additionally Owners must verify that at least one of the following will be provided in each unit:

- Dishwasher
- Garbage Disposal (in each unit)
- Microwave (either built-in or free standing)

Documentation Requirements:

The Applicant must provide a Certification that specifically lists the amenities that will be utilized in this Development. This Certification must be signed by both a representative of the Ownership entity and the project architect. See **Attachment #17**.

*For Rehab projects only, a waiver to this requirement (to a certain extent) may be sought. The Owner and Project Architect must Certify that the necessary amenities cannot feasibly be provided due to the existing structure of the Development. See **Attachment #18**.

Selection Criteria

Applications that meet all Threshold Criteria will be scored using the Selection Criteria below. Applicants must complete the **Development Self Score Sheet & Certification - Attachment #19**.

Applicants will not be asked to respond to any Selection Criteria deficiencies in the preliminary Review Report. The preliminary Review Report will provide Applicants with Staff's score. In the event the Applicant disputes the score in the preliminary Review Report they should follow the procedures outlined under Preliminary Review Reports in these instructions. However, in no event will the Applicant be able to score higher on any Selection Criteria than the self score they submitted. Further, Applicants will not be allowed to submit new documentation that was not submitted with the original application.

Notwithstanding the point ranking under the Selection Criteria, OHFA's Trustees may in their sole discretion Allocate Credits to a project irrespective of its point ranking. The Allocation must be in compliance with Code Section 42, in furtherance of housing goals, and in the interests of the citizens of Oklahoma.

All Selection Criteria must be throughout the Extended Use Period that is proposed in the Application. All Selection Criteria given points will be included in the Regulatory Agreement. **Development Owners are strongly encouraged to provide their management company or management staff with all the necessary information regarding these Commitments. OHFA Compliance Staff will be monitoring for any failure to maintain these Commitments.**

1. Income Targeting

Total Points Possible: 5

Applications will be evaluated to the extent the Development targets lower-Income populations with AHTCs. Income Targeting points will be awarded based on percentage of total AHTC units targeted to persons at or below 50% AMI to the total number of AHTC units in the Development. Points will be awarded as follows:

| | |
|------------|-----------------|
| 10% | 1 point |
| 20% | 2 points |
| 30% | 3 points |
| 40% | 4 points |
| 50% | 5 points |

Documentation Requirements: The Unit Distribution and Rents and the 15 year pro forma must reflect the targeting. Also refer to **Development Self Score Sheet & Certification - Attachment #19**.

2. Term of Affordability

Total Points Possible: 10

A Development may Commit to remain affordable to Low-Income persons for extended periods of time over and above the programmatically required affordability period (minimum 30 years). **Points will not be awarded unless the Applicant agrees to waive its right to request a Qualified Contract after year 14 of the Compliance Period.** Points will be awarded as follows:

Additional term of affordability of 10 years beyond required minimum. 10 Points

If the Development receives points in this category, it will not receive points in the Tenant Ownership category.

Documentation Requirement: Refer to **Development Self Score Sheet & Certification-Attachment #19**. By checking the appropriate box on the **Attachment #19**, the Owner Certifies that they waive their right to request a Qualified Contract after year 14 of the Compliance Period.

3a. Development Location and Housing Characteristics

Total Points Possible: 10

A Development's geographic location and prevailing market conditions, at the time of Application help determine points. **The following is an exclusive list.** Points will be awarded as follows:

- **Development in a QCT or DDA**
- **Development - in a Presidentially Declared Major Disaster area in the current or preceding calendar year. In order to qualify for points, FEMA must designate the county where the Development is located for Individual Assistance and/or Public Assistance. More information as well as a searchable database of disaster declarations can be found at www.fema.gov. (Disaster declarations are in the form of "FEMA - ##### - DR")**
- **Development in an Enterprise Zone or Enterprise Communities. More information can be found at www.ok.commerce.gov.**

5 points for each characteristic

Documentation Requirements: QCT number and map reflecting QCT area, provide documentation reflecting DDA; provide the Presidential declaration of disaster area **in the form of FEMA - ##### - DR** as found on FEMA's website www.fema.gov; provide substantial evidence of location in an Enterprise Zone or Enterprise Communities.

3b. Incentivizing the Expanded Distribution of Housing Credit Funds

Total Points Possible: 2

Points will be awarded to proposed Developments in a City or Town in which no Low-Income Housing Tax Credit Awards have been made in the two (2) year period preceding this Application's date of consideration.

For this requirement, a year will run from the month of the Trustees meeting to the same month the next year. For example, if a Development is awarded Credits in a City/Town in November 2010, only Applications to be considered AFTER November 2012 will be eligible to receive these points for the same City/Town (assuming no awards were made in the interim).

For Developments that are proposed in unincorporated areas, the unincorporated area will be considered as part of the City or Town if it is within five (5) miles of the City or Town.

For Applications proposing Developments in Oklahoma City or Tulsa, points will be awarded if the Applicant provides proof the proposed Development is not within a five (5) mile radius of any Development that was awarded within the two (2) year period preceding the Application's month of consideration whether the previously awarded Development is within the same city as the proposed property or not.

Documentation Requirements: The Applicant should indicate on **Attachment #19, Development Self Score Sheet**, that they are entitled to these points. The Applicant needs to provide proof of proximity or lack thereof of the proposed property to Cities and Towns for the unincorporated areas. Applicants must provide a map clearly indicating the location of Tax Credit Properties within the City and surrounding Cities and the number of miles between the proposed property and other Tax Credit Developments within Tulsa, Oklahoma City, and the immediately surrounding Cities.

4. Development Leverage

Total Points Possible: 15

A Development must attract tangible, cost beneficial investments or contributions of permanent financing sources. In order for leverage to be considered, it must be directly related to the Development.

Leverage will be measured as the percentage of **leverage resources** to **total Eligible Basis** (before any boost). Points will be awarded as follows:

| | |
|-------------------|------------------|
| 1% to 5% | 2 Points |
| 6% to 14% | 4 Points |
| 15% to 29% | 6 Points |
| 30% to 44% | 8 Points |
| 45% to 54% | 10 Points |
| 55% to 75% | 12 Points |

76% or more 15 Points

Normal rounding practices shall apply.

Leverage resources are limited to permanent funding from the following exclusive list:

- AHP (Affordable Housing Program) of the FHLB (Federal Home Loan Bank)
- CHP Plus or equivalent program of the FHLB (Federal Home Loan Bank)
- CDBG (Community Development Block Grant)
- HOME Program
- RHS (Rural Housing Services) 515 Program
- RHS (Rural Housing Services) 538 Program, for the value of the loan
- Cash Contributions*
- NAHASDA Funds
- Any other grant funds

Any type of rent subsidy/rental assistance, and any below market rate loans will **NOT** qualify as a leverage source.

* Cash contributions from Ownership entities, their Affiliates, and all other sources will be considered leverage only with a signed statement by the donor that no repayment is required.

If due to timing restrictions a firm Commitment for a given leverage source(s) cannot be obtained by the Tax Credit Application submission date, then the Applicant must submit proof that an Application for the source in question has formally been submitted.

No less than sixty (60) days prior to the Trustees meeting at which the Application will be considered, the Applicant must provide proof from the awarding entity that the leverage source(s) for which points are being claimed has been approved or is contingent only upon the award of Tax Credits.

Failure to provide proof of approval will result in the loss of leverage points for that source and may result in the Application failing threshold for lack of financial feasibility.

If an Application to OHFA for HOME funding is denied at some point prior to the Trustees meeting at which the Tax Credit Application will be considered, then points will not be awarded.

Sources claimed for points in this criterion cannot also be used to claim points in the Community Support criterion.

Documentation Requirements: Commitment letters including amounts, terms, and other pertinent information from all sources must be included in Tab 4. If this is not available at the time of Application submission, then submit proof that the leverage source(s) in question has (have) been formally applied for. If the source has not been approved by the Due Date of responses to the Preliminary Review Report or sixty (60) days prior to the Trustees meeting, whichever is later, then points will not be awarded for that leverage source. Submit a worksheet, identifying sources and amounts of leverage, and calculation of points.

5. Community Support

Total Points Possible: 5

Consists of local governments and other community partners who commit support for a proposed Development. Such support must be directly related to the proposed Development and take the form of tangible contributions. The contribution should reduce the total Development costs or add to the value of the proposed Development. Points will be awarded as follows:

| | |
|--------------------------|-----------------|
| \$5,001-\$7,000 | 1 Points |
| \$7,001-\$9,000 | 2 Points |
| \$9,001-\$11,000 | 3 Points |
| \$11,001-\$14,000 | 4 Points |
| \$14,001-or more | 5 Points |

Some examples of Community Support:

- Fee waivers
- Tax abatements
- Public improvements
- Donations/Discount of real property and/or materials
- Other contributions of direct value to the Development

To receive points, community support must be specifically related to the Development proposed in the Application. Applicants cannot count prior expenditures unrelated to the Development. Sources claimed for points in this criterion cannot also be used to claim points in the Development leverage criterion. Rental subsidies are not eligible.

Documentation Requirements: Letters of Commitment that clearly describe the contribution, when the contribution will be made, in what amounts, to whom, and the duration of such Commitments. **These letters must specify that the donation is specific to the Development.** Applicants must also provide a worksheet detailing contributions and calculation of points. If there is only one source of support, then no worksheet is necessary. If community support is in the form of real property, an appraised value must be included assessing the value of the donated or discounted property and a letter from the seller stating he/she is aware he/she sold the property at a discounted amount.

Actual Cash contributions should be included in the Sources and Uses (Section VI of the Application Form).

Any other tangible (but not cash) contributions, including discounted materials, fee waivers, etc should not be included in the Sources and Uses (Section VI of the Application Form).

6. Development Team Experience

Total Points Possible: 5

Development Teams will be evaluated on the experience of their members in Owning and successfully operating Developments in the LIHTC Program. To meet the condition "Owning and successfully operating," 8609s must have been issued for the Development and OHFA Compliance Staff must have completed the first compliance monitoring. For Owners/general partners (or Principals thereof), points will be based on the total number of successful Developments that are operating in compliance with the Code.

| | |
|-------------------------------|-----------------|
| 4 or more Developments | 5 points |
| 2 - 3 Developments | 3 points |
| 1 Development | 1 point |

If Owner/general partner's experience is inadequate to score the full 5 points, the experience of certain Development Team members may be substituted or used in addition. **However, no more than 5 total points will be awarded for this criterion, regardless of the additional experience of the Development Team members.** Points may be awarded for the following Development Team members with experience in **5 or more** LIHTC Developments:

| | |
|---------------------------|----------------|
| Attorney | 1 point |
| Consultant | 1 point |
| Developer | 1 point |
| General Contractor | 1 point |
| Tax Professional | 1 point |
| Project Architect | 1 point |

Documentation Requirements: A list of Development Team members that points are being claimed for along with the number of points being claimed for each member including the Owner/general partner. An **Attachment #8, Attachment #9, & Attachment #10** for any Development Team member or Owner/general partner. Points for Development Team members other than the Owner/general partner(s) cannot be awarded without a signed **Attachment #10** from the team member indicating their intent to participate in the Development. If Development Team members for whom points have been awarded are replaced, they must be replaced by someone who has the minimum experience necessary to qualify for points.

The Owner/general partner(s) may have experience in LIHTC Developments outside the State of Oklahoma, but in order to receive points the 8609's must be complete. However, for a

Development Team member other than the Owner/general partner(s) to receive points the 8609's do not yet have to be completed.

Development Team members for this criterion must also be reflected in Application, Tab 1.

Applicant/Owner/Developer and/or principals of each may have open, at any one time, no more than five (5) Oklahoma AHTC Developments. Refer to the Capacity Section.

7. Management Experience

Total Points Possible: 9

Applications must demonstrate the experience of a management company, co-management company, or a management consulting company in providing management services for Developments in the LIHTC Program. Points will be based on the total number of successful Developments that are operating in compliance with the Code. Developments will be counted regardless of location. For any Oklahoma properties to be included for points, OHFA Compliance Staff must have completed the first compliance monitoring.

| | |
|-------------------------------|-----------------|
| 6 or more Developments | 9 points |
| 3 – 5 Developments | 6 points |
| 1 – 2 Developments | 3 points |

Documentation Requirements: Signed Attachment #8, Attachment #9, and Attachment #10 for the management company, co-management company, or management consulting company must be provided. If points were given for this category and there is a management company, co-management company, or management consultant company change, the new company must have enough experience with the LIHTC Program to qualify for an equal or greater number of points, and documentation must be submitted for the new company. No point accumulation between different types of management entities is allowed.

8. Tenant Special Needs Populations

Total Points Possible: 10

Applications will be evaluated to the extent the Development Commits to serve Special Needs populations. Points will be available under this criterion based upon the percentage of units dedicated to Special Needs.

Applicant dedicates at least 5% of the total residential units per Development with rents set at one-half or less of the allowable Tax Credit rent for Special Needs populations. To calculate one-half or less you should designate the unit at 50% or 60% of AMI, subtract the utility allowance from the maximum rent, divide by 2, this equals the amount of net rent to be charged to a Special Needs tenant. Projects receiving rental assistance must provide a

letter from the appropriate agency indicating the amount of proposed discounted rents and bedroom sizes.

5 points

Special Needs for this particular point criterion may include, but are not limited to Homeless, persons with mental or physical disabilities, or individuals that are handicapped. This designation must not violate any Fair Housing regulations.

Applicant proposes to develop a facility 100% dedicated to Special Needs populations.

10 Points

Special Needs for this particular point criterion may include, but are not limited to Homeless, persons with mental or physical disabilities, individuals that are handicapped, or any combination thereof. This designation must not violate any Fair Housing regulations.

Applicant proposes to develop a facility 100% dedicated to Elderly

10 Points

For this particular point criterion the Development must be dedicated to a 100% Elderly population as defined in the Chapter 36 Rules.

Documentation Requirements: The Unit Distribution and Rents and the 15 year pro forma must reflect the one-half or less of Tax Credit rents for the 5% designation. **Any manager's unit must be included in the calculation of 5% of the total residential units.** For the 100% designation, the "one-half of allowable rents" is not a requirement. Also refer to **Development Self Score Sheet & Certification - Attachment #19.** **The Applicant must designate which Special Needs population is being served.**

9. Tenant Populations of Individuals With Children

Total Points Possible: 10 (2 Points for Each Amenity)

Applications will be evaluated to the extent it is demonstrated that the Development will provide amenities and a unit mix of at least 50% of the units with 2 bedrooms or larger. **Amenities must be new and specific to the Development, and not a part of the unit. This is an exclusive list.**

Such amenities will include:

Onsite computer workstations (with internet access)

Playground or Tot Lot w/ Equipment

Library

Swimming Pool / Splash Pad

Outdoor Covered Seating

FEMA approved storm shelter

Club House/Community Room

Sports Facilities (e.g. Soccer Field, Basketball Court, Tennis Court, fitness centers, etc.)

Documentation Requirements: The Applicant must provide an **Attachment #20** that specifically lists the amenities for which points are being claimed, indicates at least 50% of the units will be within a half mile radius of all amenities, Certifies that amenities will be separate for each phase if part of a multi-phase Development, and Certifies that amenities will be separate if Developments are located near each other. This Certification must be signed by both a representative of the Ownership entity and the architect. The market study must indicate a need for units with two bedrooms or more. Plans for the Development must reflect the amenities and a unit mix with at least 50% of the units with 2 bedrooms or larger. A unit mix with a least 50% of the units with 2 bedrooms or larger is only a minimum qualification, and does not count as an amenity for which the Development may earn points. For all Developments, 50% of the units must be within a half mile radius of the amenity in order to earn points.

Applicants may only receive points for Tenant Populations of Individuals With Children **or** Tenant Population of Elderly Individuals, not both.

10. Tenant Populations of Elderly Individuals

Total Points Possible: 5 (1 Points for Each Amenity)

Amenities must be new and specific to the Development, and not a part of the unit. This is an exclusive list.

Such amenities will include:

Onsite computer workstations (with internet access)

Dedicated Green Space with Walking trails

Fitness Center

Library

Swimming Pool

Outdoor Covered Seating

FEMA approved storm shelter

Club House/Community Room

Documentation Requirements: The Applicant must provide an **Attachment #21** that specifically lists the amenities for which points are being claimed, indicates at least 50% of the units will be within a half mile radius of all amenities, Certifies that amenities will be separate for each phase if part of a multi-phase Development, and Certifies that amenities will be separate if Developments are located near each other. This Certification must be signed by both a representative of the Ownership entity and the architect. The market study must indicate a need for Elderly units. Plans for the Development must reflect the amenities. For all Developments, 50% of the units must be within a half mile radius of the amenity in order to earn points.

Applicants may only receive points in this category if the Development is 100% Elderly as defined in the Chapter 36 Rules. Applicants may also only receive points for Tenant Populations of Individuals With Children **or** Tenant Population of Elderly Individuals, not both.

11. Tenant Ownership

Total Points Possible: 10

Points will be awarded to those Applications that propose tenant ownership after the 15 year Compliance Period with a satisfactory plan. A satisfactory plan which includes projections on maintenance, tenant reserve funds, home buyer training, continued affordability, and sales price calculation must be provided.

- Though some maintenance can be expected to be performed by the tenant, the list of maintenance duties should not be excessive. The list should not include Owner's duties such as gutters, exterior paint, fencing, mailboxes, window screen replacement, plumbing repairs, and other items that the Owner is required to maintain for health and/or safety issues or to meet minimum standards. The purpose is to have the tenant learn to do some chores and take responsibility in others, but not for the tenant to perform the Owner's duties.
- A discussion regarding tenant reserve funds should be included in the plan. The amount, source and frequency of contributions should be clearly outlined. It should also be delineated whether the reserve fund stays with the unit or the tenant.
- Training for future homeowners is an essential part of this type of program. At the minimum homebuyer education classes should be offered. These are the classes usually associated with down payment assistance. If the Applicant chooses, classes in homeownership can also be offered. These might include classes on insurance, maintenance, saving for long term repairs, etc.
- The tenant ownership plan should discuss the continued affordability of housing to the tenants. How will the new ownership payment (including insurance and taxes) compare to the rental payments before the end of the Compliance Period? Estimates are acceptable. Will there be any limits to the amount of increase between the two payments? If the sales price is more than the tenant can afford, will there be any down payment or other type of purchasing assistance?
- The calculation of the sales price is also an important component of the ownership plan. What factors and amounts will go towards the sales price amount? Will the tenant reserve funds, if any, be applied to the sales price? If the Development has a deferred loan and/or a balloon payment loan, it does not seem equitable for the tenant to pay for the bulk amount of the loan, just because it was structured that way in the beginning to benefit the Developer/Owner. Will the sales price be adjusted in any way at the time of purchase? If so, what factors will determine the write down amount, and what will be that amount?
- Another issue that must be addressed in the plan is whether or not a Nonprofit entity will actually acquire the Development before the tenants purchase. If the Nonprofit is involved in the Development, then provide a brief description of the agency. Also of importance are a discussion of potential homeowners associations and the timeline of the purchasing process. Though starting early in the Compliance Period is acceptable, usually tenants will change before year 15. The plans that start the process perhaps in years 10-13 seem more reasonable.

- Those units not sold must remain affordable to Low-Income persons for ten (10) years beyond the required minimum of thirty (30) years.
- As a reminder, tenants cannot be denied or chosen simply because of their willingness or ability to purchase the home. Also, tenants cannot be evicted in year 15 if they do not want or are not able to buy the housing. The Tax Credit Program is a rental program and has to be operated that way. All units not sold in year 15, or those units that for some reason revert back to the Development, have to be rental units. Hypothetically, this could be all units for the entire forty (40) years. Make sure the tenant ownership plan does not present anything contradictory to these requirements.

If the Development receives points in this category, it will not receive points in the Term of Affordability category.

Documentation Requirement: Applicants must submit a detailed plan which includes projections on maintenance, tenant reserve funds, home buyer training, continued affordability, sales price calculation, and etc. The plan will be evaluated for feasibility.

Provide a Certification that all units not sold will remain affordable to Low-Income persons for ten (10) years beyond the required minimum of thirty (30) years.

12. Preservation of 15 Year Old Affordable Housing

Total Points Possible: 5 (points will not be pro-rated.)

Five points will be awarded to those Applications proposing the acquisition and substantial rehabilitation of affordable housing originally constructed more than 15 years prior to the current calendar year (example; for 2010 Applications the Development(s) must have been constructed prior to 1995). Affordable does not mean tenants receiving Section 8 assistance or units rented at a discount rate to market. Traditionally, one of the type of programs listed below is involved or a similar type program.

- Properties with **project-based Section 8** contracts
- Properties with USDA **Section 515** loans
- Properties financed with **Low Income Housing Tax Credits**
- Properties financed with **Section 202/811** loans
- Properties financed with **1937 Housing Act** funds

Documentation Requirement: Proof of the prior affordable status of the housing the Applicant is proposing to acquire and substantially rehabilitate and the year the property was originally constructed.

13. Energy Efficiency/Green Building

Total Points Possible: 10

Only items which exceed the minimum required by applicable laws or building codes will be eligible for points. The following is an exclusive list of amenities for which OHFA may award points:

One point shall be awarded for each item below, up to a maximum of 10 points. Each amenity selected must be provided in one hundred percent (100%) of the units in the Development. **This is an exclusive list.**

- Shower heads with a maximum of 2.5 gallons per minute flow rate
- The use of better than R-2 insulation on exposed hot water pipes
- Installation of Energy Star qualified appliances
- Energy Star qualified windows with Low E glass
- Energy Star qualified HVAC
- Energy Star qualified Efficiency Water Heaters
- Radiant barrier per ASTM standards in attic and/or roof sheathing; and/or exterior wall sheathing
- Low or no VOC paint
- On-site recycling for aluminum, newspaper, glass, and plastics
- Photovoltaic lighting for all exterior lighting
- Programmable thermostats

Choose one of the following:

- Insulation: Attic insulation better than R- 38, wall insulation better than R – 13, and floor insulation better than R-19

OR

- Spray foam insulation or natural fiber batt insulation exceeding code requirements

Documentation Requirements:

- The Applicant must provide **Attachment #22** that specifically lists the amenities for which points are being claimed. This Certification must be signed by both a representative of the Ownership entity and the project architect.

14. Historic Nature

Total Points Possible: 4

Four points will be awarded to those Applications utilizing Historical Tax Credits.

In accordance with Section 101(d) (2), the tribes on the National Park Service's List have formally assumed the responsibilities of the SHPO for purposes of Section 106 compliance on their tribal lands. They have designated Tribal Historic Preservation Officers (THPOs) whom Federal agencies consult in lieu of the SHPO for undertakings occurring on, or affecting historic properties on, tribal lands.

Definition of "Historic Nature:"

A. A historic Building (also may be known as structure, resource, or property) is one that is either individually listed in the National Register of Historic Places or is eligible for individual listing in the National Register of Historic Places.

B. Additionally, the planned rehabilitation of the Building must be consistent with the *Secretary of the Interior's Standards and Guidelines for Rehabilitation*.

Documentation Requirement:

A. The Applicant shall provide documentation consisting of (1) a letter from the State Historic Preservation Office (SHPO) confirming individual listing in the National Register of Historic Places, or individual eligibility for listing in the National Register of Historic Places. In those cases where the property is not listed in the National Register, the SHPO must have received either a completed National Register of Historic Places Registration Form (for individual properties or districts as appropriate) that clearly demonstrate the property's eligibility OR a completed Historic Preservation Certification Application, Part 1 that is completed in accordance with National Park Service instructions and clearly demonstrates the property's eligibility. Or, (2) a signed Historic Preservation Certification Application, Part 1 executed by the National Park Service, and

B. (1) a letter from the State Historic Preservation Office confirming that a completed Historic Preservation Certification Application, Part 2 has been received from the Applicant and is under review by the SHPO or has been forwarded to the National Park Service for action; or (2) a copy of the Historic Preservation Certification Application, Part 2 approved by the National Park Service.

15. Negative Points

Total Maximum Points Possible: -20

Points will be deducted for instances of poor performance in the operation of Tax Credit Developments that share common general partnership, Management Company and/or Applicant/Ownership, and principals of each, with entities of the current Application.

Points will be deducted for the following:

Allocation Department

| | |
|-----------------------------------|--------------------------------------|
| Late submission of reports | 2 points deducted - each late |
| Late payment of fees | 3 points deducted - each late |

***Compliance Department**

Late submission of Annual Owner Cert.

2 points deducted - each late

Negative points will remain in effect for a period of one (1) full year from the date of infraction. Negative points will not be assessed for instances of poor performance that occur after the issuance of the preliminary Review Report, in order to give the Applicant an opportunity to respond. Those instances of poor performance may result in negative points on a future Application, however.

*Any Compliance Department negative points will be carried throughout the one (1) year period by the Management Company as well as any other applicable entities of the Development. However, in considering Applications under review, Staff will not duplicate these negative points for any particular report/fee.

In situations where an Application would qualify to receive negative points on a particular late report/fee for the Management Company and some other entity(ies), the negative points assigned to the other entity will be applied (and the points assigned to the Management Company will not).

The maximum Negative points that can be carried by a particular Management Company will be capped at nine (9).

16. Tie Breaker

In case there are Applications with the same final score in any set-aside that will affect funding, Applications will be funded based on Tax Credits per unit. Tax Credits per unit will be determined by dividing the Tax Credits requested by the number of Tax Credit units, including employee units. The Application using the least Tax Credits per unit will be awarded funding first, the second Application using the least Tax Credits per unit will be funded next, and so forth until such time as the Tax Credits have been Allocated under the set-aside.

In the event that several Applications have the same number of Tax Credits per unit, a drawing shall occur at the Trustees meeting in which the Applications are being considered for funding. All Applications with the same Tax Credits per unit in any set-aside will be entered in the drawing. The first Application drawn, will be funded first, the second Application drawn, will be funded next, and so forth until such time as the Tax Credits have been Allocated under the set-aside. Applications not drawn under a set-aside will be placed in the next set-aside in which they qualify in rank score order.

In circumstances that only the order within a set-aside or from which set-aside a given Development will be funded is affected, then, the drawing will take place prior to the Trustees meeting. In cases where there may be insufficient funds available to fund any of the tied Developments, the drawing will always be held at the Trustees meeting.

No Documentation is required.

Attachment #1 – Post Application Fees

General. All checks for fees shall be payable to "Oklahoma Housing Finance Agency." Failure to pay any fee at the appropriate time could result in negative points on future Applications, as well as other consequences.

NSF. If payment is returned for insufficient funds, it will be deemed nonpayment and the amount to defray costs will be due.

Notice costs. All costs of copies and postage incurred by OHFA in connection with the notification provisions of 330:36-2-11, 330:36-2-13, and any other provisions in which OHFA incurs costs to accommodate the Applicant must be paid by the Owner/Applicant. Failure to do so may result in the rejection of consideration of the Application.

Allocation. An Allocation fee shall be paid in an amount equal to eleven percent (11%) of the total Allocation, but in any event not less than \$1,000. The Allocation fee is due within fourteen (14) calendar days of notification from OHFA of the approval of the Tax Credit Allocation. A Carryover Allocation Agreement will not be executed, nor will Form 8609(s) be issued unless this fee has been received by OHFA. Nonpayment may result in revocation of Credits.

Processing. A processing fee of one percent (1%) of the TCA must accompany the request for a Final Allocation. A service fee of \$100.00 must also accompany the Request for Final Allocation of Credit. Form 8609(s) will not be issued unless this fee has been received by OHFA.

Regulatory Agreement filing. An executed Regulatory Agreement must be submitted to OHFA as part of the Request for Final Allocation and be accompanied by a check payable to the County Clerk of the county or counties in which the Development is located. The check or checks shall be in an amount sufficient to cover the filing fees of the county (ies).

Compliance monitoring. In addition to the documentation required by OHFA, an annual compliance monitoring fee shall be paid to OHFA on or before January 28th of each year of the Compliance Period and Extended Use Period. The compliance monitoring fee will be based on the fees in effect for the year the compliance fee is invoiced and is subject to annual adjustment. If a Development includes scattered sites, a compliance monitoring fee for each site must be paid. If the compliance monitoring fee is not paid within 30 calendar days of the Due Date, then a Late Fee will be assessed. The Late Fee is equal to twenty five percent (25%) of the compliance fee. Failure to remit timely payment of compliance monitoring fees may result in the filing by OHFA of a lien against the Development. The compliance monitoring fee shall be computed as follows:

1. RHS Developments:

- A. For Developments financed by RHS under the Section 515 (and otherwise qualify under the Code) receiving a TCA in 2011 or before where an agreement has been entered into between OHFA and RHS wherein the RHS agrees to

provide OHFA with the required information respecting the Income and rent of the tenants in the Development, the fee shall be \$240.00 per Development per year, plus \$12.00 per OAHTC unit per year within any Building within the Development;

2. Single Site or Contiguous Site Developments of four (4) Units or less: \$275.00 per Development, per year.

3. All other Developments: For all other Developments including those financed by RHS under Section 515 receiving a TCA in 2012 or later the fee shall be \$375.00 per Development, plus \$21.00 per AHTC unit in any Building within the Development, per year.

Additional monitoring. In the event noncompliance with the Code or Regulatory Agreement or the Chapter 36 Rules requires OHFA to conduct an examination of the Owner, any Building within the Development or any documentation to verify correction of said noncompliance, OHFA shall be reimbursed its costs by the Development or Owner for such an examination, including an hourly rate for the OHFA examiner, not to exceed \$35.00 per hour, plus any and all actual travel, lodging and per diem expenses of said examiner. Such reimbursement of expenses and costs shall be paid to OHFA within ten (10) calendar days of receipt of OHFA's invoice of same.

Ownership/General Partner Transfer. In the event that the Owner submits a request for approval of a Transfer of Ownership/general partner of the Development or any of the Buildings therein, a fee equal to 3% of the amount of the original Tax Credit Allocation, but no less than \$2,500.00 shall be paid. This fee must accompany the request for approval and is nonrefundable.

Management Transfer. In the event that the Owner submits a request for approval of a Transfer of the management company of the Development, a \$500.00 fee per Development shall be paid. This fee must accompany the request for approval and is nonrefundable.

Copies of Rules. Copies of the Chapter 36 Rules will be provided at a cost of \$10.00 per copy, but can be accessed on the website, www.ohfa.org.

Compliance Workshop. A cost sufficient to defray the total cost of the presentation will be charged for attendance at the Compliance Workshop.

Qualified Contract fees. The Qualified Contract Preliminary Application (QCPA) fee shall be \$1,500.00. Additionally, the Qualified Contract Application (QCA) fee shall be \$12,500.00 plus any third party fees and expenses incurred by OHFA and not paid directly by the Applicant. See the Rules (330:36-4-3(a)(13) for more information on third party fees. Submission deadlines for these fees will be established in the Qualified Contracts Application materials.

Annual Owner Certification fees. Failure to file the annual Owner Certification in the electronic format prescribed by OHFA will result in an administrative fee of \$150 per unit being assessed.

Late fees.

Progress reports. Progress reports as required in OHFA Rules 36-4-2.1 when filed late will be assessed a late fee of \$10.00 per calendar day, per each late report.

Carryover Allocations. Applicants who fail to timely file all requirements in the AP as to Agreement, Application, ten percent (10%) cost Certifications, opinions, and documents shall incur \$100.00 late fee per calendar day.

Final Allocations. Applicants who fail to timely file all requirements in the AP as to the Regulatory Agreement, Application, cost Certifications, opinions, and documents shall incur \$100.00 late fee per calendar day.

Transfer Documents. Owners who fail to timely file all requirements in regard to a Transfer of Ownership or general partnership interest (or other type of entity) will incur \$25.00 late fee per calendar day.

Placed-In-Service Acknowledgment Form. Owners who fail to timely file a Placed-In-Service Acknowledgment Form shall incur \$10 late fee per calendar day. Placed-In-Service Acknowledgment Forms must be received by OHFA compliance staff no later than thirty (30) days after a particular Building is Placed-In-Service.

Annual Owner Certifications. Owners who fail to file the annual Owner Certification as required in 36-6-7(c)(4) within thirty (30) days of the Due Date shall incur a \$50 per Development Late Fee per calendar day. Negative points will also be given for failure to timely file the Certification.

Attachment #2 – Progress Report



AHTC QUARTERLY PROGRESS REPORT

| | | |
|---|-------------------------|-------------------|
| QUARTER: _____ Name of Development: _____ OHFA #: _____ | City: _____ _____ | |
| Summary of Current Project Status as of: _____ (Insert Date) | | |
| _____ _____ _____ _____ _____ _____ _____ _____ _____ _____ | | |
| REMINDER: If you have placed any Buildings in service, a Placed-In-Service Acknowledgement Form is required. | | |
| Costs Incurred To Date: \$ _____ | | |
| Pending Issues: _____ _____ _____ | | |
| Name: | Mailing Address: | Phone/Fax: |

Attachment #3 – Placed-In-Service Acknowledgment

This completed form must be received by OHFA Compliance Staff no later than thirty (30) days after the particular Building listed below has been Placed-In-Service.

OHFA File Number: _____

BIN: _____ of _____ Buildings

Development Name: _____

Development Address: _____

City: _____ State: OK Zip: _____

I _____, hereinafter known as the “Owner,” hereby Certify that at least one unit in the above referenced Building is completed, ready, and suitable for occupancy. I hereby Certify that I have read and understand Sections 42(e) (3) and 42(e) (4) of the Internal Revenue Code, and that the costs claimed for Affordable Housing Tax Credits attributable to this Building are true and correct.

I understand that OHFA may request additional documentation in order to complete final processing of the above referenced Development. I hereby Certify that I have read, understand, and agree that a newly constructed or rehabilitated Building is not Placed-In-Service until at least one unit in such Building has been completed and certified by the appropriate local authority, registered architect, or Building inspector as ready for occupancy; and the compliance and monitoring requirements set forth in the Affordable Housing Tax Credit Program Rules in effect as of the date of this Certification, and as may be amended in the future.

I hereby Certify that the date which this Building is to be considered Placed-In-Service is:

_____.

A copy of the Certificate of Occupancy for each Building must be enclosed with this form.

OWNER:

By: _____ Date _____

Signature of Owner

Date

Owner mailing address: _____

Phone Number: _____

DO NOT MODIFY THIS FORM

This form can be an original or an electronic copy.

Attachment #4 – Suggested Publication Notice Form

NOTICE TO THE PUBLIC OF A TAX CREDIT APPLICATION
(ACQUISITION/SUBSTANTIAL REHABILITATION/ACQUISITION & SUBSTANTIAL
REHABILITATION/ACQUISITION & SUBSTANTIAL REHABILITATION & NEW
CONSTRUCTION/NEW CONSTRUCTION)
CHOOSE ONE OF AFFORDABLE (SINGLE/MULTI) CHOOSE ONE
FAMILY HOUSING

_____, Applicant, will submit an application to the Oklahoma Housing Finance Agency (OHFA) to obtain tax credits on the (acquisition, substantial rehabilitation or new construction) of a proposed development, the name of which will be _____. Said development will be for _____ (families, the elderly, special needs) and is proposed to be located at _____ (street address, city or town, zip, OR describe corner of street/road intersection, OR legal description. The street address is required unless unavailable, then the intersection and lastly the legal description).

There will be a total of _____ units in the development:

Of this total, _____ percentage will be rent and Income restricted units.

OHFA Trustees will consider this application at OHFA's _____, 2012 Trustees meeting. Trustee meeting dates can be found on OHFA's website, www.ohfa.org.

Any questions regarding this application may be directed to _____ (name, address and phone and fax numbers of contact of Owner/Applicant).

For information regarding the hearing of the application, contact Darrell Beavers, Housing Development Team Manager, OHFA, P.O. Box 26720, Oklahoma City, OK 73126-0720, (405) 419-8261, darrell.beavers@ohfa.org

NOT PART OF FORM NOTE: OHFA encourages contact with local government agencies at the earliest possible stage in the planning of the Development. In larger jurisdictions, OHFA recommends the Applicant investigate the proposed Development's conformance with neighborhood or local area plans.

Items in () need to be replaced with actual information selected.

Attachment #5 – Program Market Study Requirements

A market study prepared by a Person/firm with expertise and demonstrated experience in the preparation of market studies related to residential rental properties must be submitted with the Application. The study cannot have been prepared more than twelve (12) months prior to the date of filing the Application. This market study shall be utilized by OHFA to determine whether the Development meets housing needs and demands.

Even though a market study may address all of the elements required below, OHFA may reject the market study if it is determined, in OHFA's sole discretion, that the information presented will not enable OHFA to make a decision regarding need and the viability of the proposed Development, or if OHFA determines that a demand and/or need for the Development is not demonstrated.

Applicants are also required to submit an electronic copy of their full Market Study along with their regular Application materials. This electronic version may be in the form of a CD, stick/flash drive, or other electronic storage device. E-mail attachments will not be accepted. (Note that this is in addition to, and not substituted for, the regular hard copy of the study)

The Market Study must provide:

- A Market Study Summary Page. Form is after this attachment.
- A map delineating the primary market area (PMA) for the proposed Development. The PMA should be realistic and not too large. Provide explanation on how and why the PMA was chosen.
- A full description of the site accompanied by a photograph of the site. A discussion of the appropriateness of the location.
- A demographic summary of the market area, including incomes, households, growth trends, economic factors relating to employment, labor force, and community facilities (i.e. parks, schools, etc.).
- An evaluation of the current affordable housing stock existing in the market area, including an identification of geographical location, occupancy levels, age of stock, upkeep condition, bedroom mix, amenities and rents being charged. Include comparable rental residential Developments in the primary market area and all Tax Credit Developments. Explain why comparable properties were chosen. All existing and/or under construction Tax Credit properties in the PMA must be taken into consideration in the analysis. If they are not comparable, explain why. If Market Rate Developments were used, explain.

- A discussion of any relevant information regarding existing rent overburden statistics. An evaluation of the need for affordable housing within the primary market area. (This criterion is not applicable to rehabs with current occupancy of 90% or more.)
- A discussion of whether or not the proposed Development, in light of vacancy and absorption rates for the applicable market areas, is likely to result in an increased vacancy rate for comparable units within such market area, (i.e., standard, well-maintained units within such market area that are reserved for occupancy by low and very low Income tenants).
- Development absorption rates for at least one (1) year from the date of the study for units in comparable affordable rental residential Developments in the same market area as the Development. If Market Rate Developments were used, explain. Further, provide a projection of the time necessary for the Development to achieve sustaining occupancy. (This criterion is not applicable to rehabs with current occupancy of 90% or more.)
- Provide the recommended vacancy rate.
- Discuss the capture rate for the primary market area. The capture rate is an important component of the market study. Capture rate is defined as, “The percentage of age, size, and Income Qualified Renter Households in the Primary Market Area that the property must capture to achieve the Stabilized Level of Occupancy. The Capture Rate is calculated by dividing the total number of units at the property by the total number of age, size, and Income Qualified Renter Households in the Primary Market Area.” This is the National Council of Affordable Housing Market Analysts (NCHAMA) definition.
- An evaluation of whether the projected initial rents for the Development are/are not reasonably affordable by low and very low-Income tenants and within the rental range for the comparable Developments within the market area. Include market advantage/disadvantage analysis.
- A summary of qualifications for the individuals who participated in the development of the market study.
- A signed written statement is required from the preparer of the market study which certifies that the market study is true and correct to the best of the professional's knowledge and belief, and that there is no identity of interest between the professional and the Applicant, Developer, Owner or the entity for whom the report is prepared.

MARKET STUDY SUMMARY

(To be included at the beginning of the market study)

Development Name: _____

The Market Study prepared by: _____

Date of Study: _____

Page # of specific answers requested below. Please do not list a large range of pages.

- An electronic copy of this Market Study submitted for OHFA.
- A map delineating the primary market area (PMA).
- Provide a brief explanation on how and why the PMA was chosen. It should not be too large.
- A photograph of the site.
- A full description of the site.
- Discussion of the appropriateness of the location.
- A demographic summary of the market area, including incomes, households, growth trends, economic factors relating to employment, labor force, and community facilities (i.e. parks, schools, etc.)
- An evaluation of the current affordable housing stock existing in the market area, including an identification of geographical location, occupancy levels, age of stock, upkeep condition, bedroom mix, amenities and rents being charged.
- Include comparable rental residential Developments in the primary market area and all Tax Credit Developments.
- Explain why comparable properties were chosen. If Market Rate Developments were used, explain.
- A discussion of any relevant information regarding existing rent overburden statistics. (Not applicable to rehabs with current occupancy of 90% or more.)
- An evaluation of the need for affordable housing within the primary market area. (Not applicable to rehabs with current occupancy of 90% or more.)
- A discussion of whether or not the proposed Development, in light of vacancy and absorption rates for the applicable market areas, is likely to result in an increased vacancy rate

for comparable units within such market area, (i.e., standard, well-maintained units within such market area that are reserved for occupancy by low and very low Income tenants).

Development absorption rates for at least one (1) year from the date of the study for units in comparable affordable rental residential Developments in the same market area as the Development. If Market Rate Developments were used, explain. (Not applicable to rehabs with current occupancy of 90% or more.)

A projection of the time necessary for the Development to achieve sustaining occupancy. (Not applicable to rehabs with current occupancy of 90% or more.)

Provide the recommended vacancy rate.

Discuss the capture rate for the primary market area.

An evaluation of whether the projected initial rents for the Development are or are not reasonably affordable by low and very low-Income tenants and within the rental range for the comparable Developments within the market area. Include market advantage/disadvantage analysis.

A summary of qualifications for the individuals who participated in the development of the market study.

A signed written statement is required from the preparer of the market study which certifies that the market study is true and correct to the best of the professional's knowledge and belief, and that there is no identity of interest between the professional and the Applicant, Developer, Owner or the entity for whom the report is prepared.

Attachment #6 – Nonprofit Owners

Development Name: _____

Applicant Name: _____

Nonprofit Name: _____

I Certify that the qualified Nonprofit Owns at least fifty-one percent (51%) Ownership interest of the general partner or managing member.

I Certify that the qualified Nonprofit will materially participate on a regular basis, in the planning and construction of the Development, and in the operation and management of the Development throughout the entire Compliance Period.

I Certify that the qualified Nonprofit is not Affiliated with or Controlled By any for profit entity.

Representative of Nonprofit Entity

Representative of Ownership Entity

Signature

Signature

Printed Name

Printed Name

Title

Title

Date

Date

DO NOT MODIFY THIS FORM

Attachment #7 – Suggested Form: Local Resolution of Support

BE IT RESOLVED:

WHEREAS, _____ (Owner/Applicant), is proposing to construct (and/or acquire/rehabilitate/substantially rehabilitate) a _____ (insert number of units proposed) unit housing development to be located in the limits of the of _____ (insert County, Town or City) at _____ (insert street address or site description); and

WHEREAS, the _____ (insert County, Town or City) supports economic development and promotes affordable housing for the benefit of the citizens of _____ (Insert County, Town or City)

NOW THEREFORE BE IT RESOLVED BY THE BOARD OF TRUSTEES (or CITY COUNCIL, COUNTY COMMISSIONERS, ETC.) OF _____, (insert County, Town or City) that the Board of Trustees (or City Council, County Commissioners, Etc. supports favorable consideration to be given for a tax credit award for this Development.

BE IT FURTHER RESOLVED, it is noted that the proposed development is consistent with _____ (insert County, Town, or City) affordable housing strategies and comprehensive plan.

APPROVED AND PASSED this _____ day of _____, 20_____.

NOT PART OF FORM NOTE: If the community is in support of the Development and is offering fee waivers, tax abatements, public improvements, donations of materials and/or labor specifically to this Development, please include those items in the Resolution of Support.

Items in () need to be replaced with actual information or choose one item and delete the rest.

Attachment #9 – Suggested Previous Participation Form

Name: _____

List all current and past developments, regardless of continued involvement, for Oklahoma, as well as other States.

I Certify that due to my role in all listed Developments the state(s) these Developments are located in would have no record of my involvement/performance.

Incomplete forms and lack of full disclosure may result in disqualification of the application.

[If this funding source involved,]
 [indicate with an X or ✓.]
 [↓ ↓ ↓]

| Property ID: | Property Name and Address | Total # of Units | LIHTC | HOME | Other | Principal's Role | Status (Active, Sold, Expired) | Date 8609 Issued |
|--------------|---------------------------|------------------|-------|------|-------|------------------|--------------------------------|------------------|
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |

Make copies as needed.

Signature of Representative

Attachment #10 – Development Team Member Certificate

OKLAHOMA HOUSING FINANCE AGENCY AFFORDABLE HOUSING TAX CREDIT PROGRAM

Development Name: _____

Team Member Role: Check all boxes that apply

Accountant/Tax Professional Architect Attorney Developer

Consultant Contractor Owner Mgmt. Company

Gen. Partner Co-Developer Co-Management Company

Other (please specify) _____

The undersigned Development Team Member for the referenced Applicant and Development hereby affirms to Oklahoma Housing Finance Agency and its Trustees that the undersigned:

1. Has not failed to meet and maintain minimum property standards;
2. Has not failed to meet and maintain any material aspect of a Development as represented in an Application;
3. Has not been involved in any uncured financing defaults, foreclosures, or placement on US HUD's list of debarred contractors;
4. Has not had within the prior seven (7) years, events of uncorrected noncompliance with any federal or state assisted housing programs;
5. Has not had the appointment of Receiver, conviction on a felony criminal charge, or bankruptcy within the prior seven (7) years.
6. Has not failed to comply with OHFA's requests for information or documentation on any Development funded or administered by OHFA. (If so requested)
7. Intends to participate in the Development proposed by the Application.

By: _____

Printed Name: _____

Company: _____

Tax ID Number: _____

SUBSCRIBED AND SWORN to before me on this the _____ day of, _____
_____ 20____.

NOTARY PUBLIC

(SEAL)

My commission expires: _____

DO NOT MODIFY THIS FORM

Attachment #11 – Identity of Interest Certification

Development Name: _____

Owner Name: _____

OHFA has determined the following constitutes an **Identity of Interest**:

Identity of Interest between of the parties to this Tax Credit Application and general contractors, subcontractors, materials suppliers, or equipment lessors (hereinafter “Contractors”) will be construed as existing under any of the following conditions:

- When there is any financial interest of the Applicant and any other member of the Development Team, management team, or any Contractors.
- When one or more of the officers, directors, stockholders, members, or partners of the Applicant is also an officer, director, stockholder, member, or partner of any other member of the Development Team, management team, or any Contractors.
- When any officer, director, stockholder, member, or partner of the Applicant has any financial interest whatsoever in any other member of the Development Team, management team, or any Contractors.
- When any member of the Development Team, management team, or Contractors advances any funds to the Applicant.
- When any member of the Development Team, management team, or Contractors provides or pays, on behalf of the Applicant, the cost of any materials and/or services including architectural services or engineering services other than those of a surveyor, general superintendent, or engineer employed by any other member of the Development Team, management team, or Contractor in connection with its obligations under its contract with the Applicant.
- When any member of the Development Team, management team or Contractors takes stock or any interest in the Applicant entity as part of the consideration to be paid him/her.
- When any relationship exists which would give the Applicant or any other member of the Development Team, management team or Contractors Control or influence over the price of the contract or the price paid to any other member of the Development Team, management team or to Contractors.
- When there exists or comes into being any side deals, agreements, contracts or understandings entered into thereby altering, amending, or cancelling any of the

management plan/management agreement documents, organization documents or other legal documents pertaining to the property, except as approved by OHFA.

IDENTITY OF INTEREST DISCLOSURE

The following list constitutes a listing of those who have an **Identity of Interest** to this Application.

Applicant: _____

Do any of the following have an **Identity of Interest** in any other party to this Development?

General Partner: No Yes

Developer: No Yes

Management Company: No Yes

Sponsor: No Yes

Contractor: No Yes

Sub-contractors: No Yes

Tax Attorney: No Yes

CPA: No Yes

Material Suppliers: No Yes

Equipment Lessors: No Yes

Other Service Providers: Please identify: No Yes

Describe relationship, identifying percentage of any Ownership, percentage of materials or services to the Development and all financial matters in the Development.

I, _____ (please print name), hereby Certify that I have read the **Identity of Interest** statement above and understand what OHFA has determined constitutes an **Identity of Interest**.

The undersigned _____ (please print) hereby Certifies that,
Check one:

No Identity of Interest relationship exists.

An Identity of Interest relationship exists and hereby disclosed on the following page(s) of this qualification form those entities with which an **Identity of Interest** relationship exists.

I hereby Certify, under penalty of law, and with knowledge that this information may be verified, that the information submitted is true and accurate.

I further understand that failure to disclose any **Identity of Interest** to OHFA will also subject me to any administrative remedies available to OHFA. Such remedies may include suspension and debarment from participating in any OHFA programs.

I further understand and agree that I will update this **Identity of Interest** if my circumstances change, and I agree to provide a new **Identity of Interest** at any time requested by OHFA.

IN WITNESS THEREOF, I have set my hand this ____ day of ____, ____.

Signature of General Partner (or Principal thereof)

Title of Officer, if General Partner is a Corporation

The **Identity of Interest** Affidavit was acknowledged before me this ____ day of _____, _____ by _____ known to me to be the person described in and who executed the foregoing instrument and acknowledge that he/she executed the same as his/her free and voluntary act of deed.

Notary Public

My commission Expires: _____

DO NOT MODIFY THIS FORM

Attachment #12 – Program Underwriting Standards

Applicants requesting OHFA Development resources are expected to secure the maximum amount of private debt available to their proposed Development, prior to making Application for AHTCs.

Generally, once an Applicant has defined their Development's maximum debt capacity, AHTCs should then be structured into the Development's financing in order to fulfill the Development's remaining equity needs.

The amount of the Tax Credits requested cannot be increased after the Application has been submitted to OHFA. After underwriting the amount of Credits may be reduced. Credits also may be reduced at Carryover and/or final if the underwriting supports a lower amount.

If a lender, syndicator, or other program has more stringent requirements, those must be satisfied as well.

Under the Housing and Economic Recovery Act of 2008 (HERA), for Buildings Placed-In-Service before **December 30, 2013**, the applicable percentage shall not be less than nine percent (9%). **IF A BUILDING IS NOT PLACED-IN-SERVICE BEFORE DECEMBER 30, 2013, THE APPLICABLE PERCENTAGE WILL EITHER BE, THE RATE IN EFFECT WHEN THE CARRYOVER AGREEMENT WAS EXECUTED – not the 9% mandated by HERA legislation (if the Owner made the election to lock the rates), OR THE RATE IN EFFECT WHEN THE BUILDING IS PLACED-IN-SERVICE (if the Owner did not make the election to lock the rates at carryover).** If any new legislation or regulation is adopted it will be implemented by OHFA accordingly. OHFA will continue to underwrite at 9%, unless Owners/syndicators have a different requirement. **PLAN ACCORDINGLY.**

Developer and Contractor Fee Limitations

OHFA AHTC Chapter 36 Rules 330:36-4-2.1

These are the maximum amount of fees allowed for costs and Eligible Basis.

Round down to avoid overages.

A Large Development is more than sixty (60) units.

Developer Fees The amount of Developer Fees shall be limited to:

A. Small Developments. Developer Fees may not exceed eighteen percent (18%) of the Eligible Basis (before any boost) of the Qualified Low-Income Building(s), excluding the Developer Fees.

B. Large Developments. Developer Fees may not exceed fifteen percent (15%) of the Eligible Basis (before any boost) of the Qualified Low-Income Building(s), excluding the Developer Fees.

For Acquisition and Rehabilitation, the Developer Fee must be prorated between the acquisition and the rehabilitation based upon the percentage of Eligible Basis represented by each.

Contractor Fees The amount of contractor fees shall be limited to:

A. Small Developments. Contractor fees may not exceed sixteen percent (16%) of the Hard Construction Costs. Contractor fees are further limited as follows:

- (i) general requirements shall not exceed six percent (6%) of the Hard Construction Costs.
- (ii) general overhead shall not exceed two percent (2%) of the Hard Construction Costs.
- (iii) builders profit shall not exceed eight percent (8%) of the Hard Construction Costs.

B. Large Developments. Contractor fees may not exceed fourteen percent (14%) of the Hard Construction Costs. Contractor fees are further limited as follows:

- (i) general requirements shall not exceed six percent (6%) of the Hard Construction Costs.
- (ii) general overhead shall not exceed two percent (2%) of the Hard Construction Costs.
- (iii) builders profit shall not exceed six percent (6%) of the Hard Construction Costs.

AHTC Rules at 330:36-1-4 - Hard Construction Costs means the following types of activities, but not limited to, earthwork, site work, on-site utilities, roads and walks, concretes, masonry, metals, carpentry (rough and finish), moisture protection, doors/windows/glass, insulation, roofing, sheet metal, drywall, tile work, acoustical, flooring, electrical, plumbing, elevators, blinds and shades, appliances, lawns and planting, fence, cabinets, carpets, heat & ventilation. A reasonable construction contingency can also be included.

Operating and Replacement Reserves

Minimum operating reserves must equal six months of projected operating expenses plus, debt service payments, plus annual replacement reserve payments.

In lieu of such operating reserves, Developer guarantees or letters of credit may be accepted, taking into account the Developer's demonstrated financial capacity and liquidity, its program record, and the number of other guarantees it has outstanding. The guarantee for reserves only relates to the Development budget.

Minimum replacement reserves should equal \$250 per unit annually for new construction and \$300 for substantial rehabilitation Developments. If there is interest income on reserves it must be clearly defined and separated from other income.

Total reserves should be reasonable and not excessively high in relation to the minimum requirements above. Because reserves impact the gap calculation, as do all costs, reserves may be adjusted by OHFA and/or result in a Failed Threshold item.

Operating Expenses

Some type of maintenance expenses must be shown. Either maintenance salaries or an estimate for the cost of contracting out the work should be included.

Debt Coverage Ratio:

Debt service coverage is defined as the ratio of a property's net operating income to debt service obligations. Rental income, any subsidies, and reserve funds should be sufficient to cover the property's debt and operating expenses over the period of Low-Income use. DCR must meet all lender requirements as well.

All Developments

A minimum debt service coverage ratio of **1.15** is required for all debt financing which would foreseeably result in foreclosure if not repaid. The debt coverage ratio must be maintained each year for 15 years.

Projections and Pro formas

Applicants are required to express realistic operating expense and vacancy rate projections in pro formas that are indicative of prevailing market conditions. Applicants are allowed to provide their own pro forma forms. However, the pro forma provided by OHFA **must** also be provided and staff will consider the OHFA provided pro forma to be correct if there are any discrepancies between the two. A reasonable cash flow must be exhibited throughout the 15 years. No negative cash flow is allowed in any year.

If other income is not increasing at the same rate as income or not increasing at all, then it must be shown separately on pro forma.

Cost Limits

OHFA/HDT shall encourage a realistic per unit cost limitation for AHTC Developments, while encouraging cost efficient production and shall not give preference solely for lowest construction costs. Developments that have high cost per unit may be ineligible for a reservation. OHFA will use the HUD 221 (d) (3) Limits as a guide (with an exception for Historic Rehabs). OHFA will Allocate only the amount of Credit necessary for financial feasibility of a Development and its viability as a qualified Low-Income Housing Development throughout the affordability period.

Minimum Rehabilitation Cost per Unit

A minimum rehabilitation investment threshold of no less than \$20,000 per unit or at least twenty percent (20%) of Eligible Basis, whichever is greater to assure meaningful, rather than simply cosmetic, substantial rehabilitation of properties.

Appraisals in Acquisition/Substantial Rehabilitation Properties

For acquisition/substantial rehabilitation properties, OHFA shall limit the acquisition price upon which Tax Credits are Allocated to the "as is" appraised value of the property.

Deferred Developer Fee

OHFA does not allow interest to accrue on deferred Developer fees.

Cash Contributions

Actual Cash contributions should be included in the Sources and Uses (Section VI of the Application Form).

Other Tangible non cash contributions

Any other tangible (but not cash) contributions, including discounted materials, fee waivers, etc. should not be included in the Sources and Uses (Section VI of the Application Form).

130% Boost

Projects not located in a QCT/ DDA are eligible for the 130% general financial adjustment boost by requesting and showing a financial need for the general financial adjustment boost. \$750,000 is maximum amount of AHTCs that can be received with the 130% boost. This is inclusive of any adjustment.

The maximum amount of Tax Credits will be based on the lesser of Gap or Eligible Basis Method of calculation. However, the final Allocation could be less due to underwriting.

Attachment #13 – Section 42 Leasing Language

Development Name: _____

Applicant Name: _____

The Owner hereby Certifies the proposed Development will include the proper language in the Tenant Application and Lease Addendum. The Tenant Application language must include questions about full time students and felonies. The lease or an addendum must include Section 42 language.

Owner’s Signature

Printed Name

Title

Date

DO NOT MODIFY THIS FORM

Attachment #14 – Development Services Certification

Development Name: _____

Owner Name: _____

The Owner hereby Certifies to notify tenants of development and/or community services available in the area. Such notification shall be in the form but not limited to letters to tenants, flyers, posters, etc. Documentation shall be made available to OHFA at any time requested.

Representative of the Ownership Entity

Date

Printed Name

DO NOT MODIFY THIS FORM

Attachment #15 – Referral Acceptance Certification

Development Name: _____

Owner Name: _____

The Owner hereby Certifies that the Owner/Applicant will accept referrals from the local PHA and or OHFA.

Representative of the Ownership Entity

Date

Printed Name

DO NOT MODIFY THIS FORM

Attachment #16 – Capital Needs Assessment Certification

Development Name: _____

Owner Name: _____

The Owner hereby Certifies that the proposed improvements plus reserves have a useful life that meets the full term of affordability, and that an interview was conducted with either the owner or onsite personnel.

List the Names and titles of all onsite personnel interviewed

| <u>Name</u> | <u>Title</u> |
|-------------|--------------|
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |

Representative of the Ownership Entity

Date

Printed Name

Individual who performed CNA

Date

Printed Name

DO NOT MODIFY THIS FORM

Attachment #17 – Development Amenities Certification

Development Name: _____

Owner Name: _____

The Owner hereby Certifies that the following amenities will be included in the plans and specifications for the project, they are included in the budget, and that they exceed the minimum requirements of the applicable building codes.

Check all that apply

Owners shall choose one “Building façade” from the following:

- Building facades that are a minimum of 60% brick or stone
- Building facades that are a minimum of 40% brick or stone. The remaining percentage shall be comprised of Cement type boards

Owners must verify that each of the following will be in place:

- Ceiling fans in each bedroom and in the living room

Washer & Dryer access as provided by one of the following

- Washer & Dryer in each unit
- Washer and Dryer hook-ups in each unit
- A shared laundry room facility

Additionally Owners must verify that at least one of the following will be provided in each unit:

- Dishwasher
- Garbage Disposal
- Microwave (either built-in or free standing)

Representative of the Ownership Entity (date)

Printed Name

Project Architect (date)

Printed Name

(If applicable ensure any appliances provided match designations made on the Attachment #20 Energy Efficiency Certification)

DO NOT MODIFY THIS FORM

Attachment #18 – Development Amenities Waiver for rehab Projects

Development Name: _____

Owner Name: _____

The Owner hereby Certifies that the following amenities cannot feasibly be completed for the above named Development.

Please check those that **cannot** be done. All others must be included in the Development as described in Section 11 of the Application Instruction, “Development Amenities.”

Check all that apply

Owners shall choose one “Building façade” from the following:

- Building facades that are a minimum of 60% brick or stone**
- Building facades that are a minimum of 40% brick or stone. The remaining percentage shall be comprised of Cement type boards**

Owners must verify that each of the following will be in place:

- Ceiling fans in each bedroom and in the living room**

Washer & Dryer access as provided by one of the following

- Washer & Dryer in each unit
- Washer and Dryer hook-ups in each unit
- A shared laundry room facility

Additionally Owners must verify that at least one of the following will be provided in each unit: Check any of the following that **cannot** be provided

- Dishwasher**
- Garbage Disposal**
- Microwave (either built-in or free standing)**

Representative of the Ownership Entity (date)

Printed Name

Project Architect (date)

Printed Name

(If applicable ensure any appliances provided match designations made on the Attachment #20 Energy Efficiency Certification)

DO NOT MODIFY THIS FORM

Attachment #19 – Development Self Score Sheet & Certification

1. Income Targeting – 5 Points Possible _____ **Self Score**

_____ percent (____%) of the Development's Tax Credit units will be designated to persons at or below fifty percent (50%) AMI for the Extended Use Period.

2. Term of Affordability – 10 Points Possible _____ **Self Score**

YES NO The Development will remain affordable to Low-Income persons for ten (10) years beyond the required minimum of thirty (30) years. If awarded points, the right to request a Qualified Contract is waived.

3a. Development Location and Housing Characteristics _____ **Self Score**
10 Points Possible

3b. Incentivizing the Expanded Distribution of Housing _____ **Self Score**
Credit Funds – 2 Points Possible

4. Development Leverage – 15 Points Possible _____ **Self Score**

5. Community Support – 5 Points Possible _____ **Self Score**

6. Development Team Experience – 5 Points Possible _____ **Self Score**

7. Management Experience – 9 Points Possible _____ **Self Score**

8. Tenant Special Needs Pop. - 10 Points Possible _____ **Self Score**

Five percent (5%) of the total residential units will have rents at fifty percent (50%) or less of the allowable Tax Credit rents. These units will be designated to serve the Special Needs population of _____ throughout the Extended Use Period.

OR

One hundred percent (100%) of the total residential units will serve the Special Needs population of _____ throughout the Extended Use Period.

OR

One hundred percent (100%) of the total residential units will serve the Elderly population throughout the Extended Use Period.

9. Tenant Populations of Individuals with Children _____ **Self Score**
10 Points Possible

10. Tenant Populations of Elderly Individuals _____ **Self Score**
5 Points Possible

11. Tenant Ownership - 10 Points Possible _____ **Self Score**

The Development is claiming points for Tenant Ownership and the Owner Certifies that the units not sold will remain affordable to Low-Income persons for ten years (10) years beyond the required minimum of thirty (30) years.

12. Preservation of Affordable Housing Developments _____ **Self Score**
5 Points Possible (no pro-rating)

13. Energy Efficiency/Green Building – 10 Points Possible _____ **Self Score**

14. Historic Credits – 4 Points Possible _____ **Self Score**

Total Self Score _____

(cannot receive both Term of Affordability and Tenant Ownership points)

(cannot receive both Tenant Populations of Individuals with Children and Tenant Populations of elderly Individuals points)

Verify all documentation in individual Tabs is complete, accurate, and coincides with this Owner’s Self-Score Sheet and Certification.

Remainder of Page Intentionally Left Blank

Certification:

The undersigned, being duly authorized, hereby represents and Certifies the Selection Criterion information, to the best of his/her knowledge, is true, complete and accurately describes the proposed Development. The undersigned is fully aware of the facts and circumstances surrounding the Commitments for the Selection Criterion. Misrepresentations of any kind will be grounds for denial or loss of the Tax Credits, and may affect future participation in the Tax Credit Program in Oklahoma. The undersigned is fully aware all Selection Criterion will be part of the recorded Regulatory Agreement.

The undersigned has executed this Certification in the name of the Owner this _____ day of _____, 20_____.

Representative of the Ownership Entity

Printed Name

Title

Date

ACKNOWLEDGEMENT

The Development Self Score Sheet and Certification was acknowledged before me this day of _____, _____, by _____ known to me to be the person described in and who executed the foregoing instrument and acknowledge that he/she executed the same as his/her free and voluntary act of deed.

Notary Public

My commission Expires: _____

DO NOT MODIFY THIS FORM

Attachment #20 – Tenant Populations of Individuals with Children Amenities Certification

Development Name: _____

Owner Name: _____

The Owner hereby Certifies that the following amenities will be included in the plans and specifications for the project and that they have been included in the construction budget. **The Owner further Certifies the amenities marked below will be new and specific to the Development and not included in any other phase of the Development if it is a multi-phase Development and are not included in any other Development located in close proximity to this Development.**

The Owner also Certifies that at least fifty percent (50%) of the units in the Development will be located within ½ mile of all amenities.

Included (Check all that apply)

- Onsite Computer Workstations** (with internet access)
- Playground or Tot Lot w/equipment**
- Library**
- Swimming Pool / Splash Pad**
- Outdoor Covered Seating**
- FEMA approved storm shelter**
- Club House/Community Room**
- Sports Facilities (e.g. Soccer Field, Basketball Court, Tennis Court, fitness center etc.) Type: _____**

Representative of the Ownership Entity

Date

Printed Name

Architect

Date

Printed Name

DO NOT MODIFY THIS FORM

Attachment #21 – Tenant Populations of Elderly Individuals

Development Name: _____

Owner Name: _____

The Owner hereby Certifies that the following amenities will be included in the plans and specifications for the project and that they have been included in the construction budget. **The Owner further Certifies the amenities marked below will be new and specific to the Development and not included in any other phase of the Development if it is a multi-phase Development and are not included in any other Development located in close proximity to this Development.**

The Owner also Certifies that at least fifty percent (50%) of the units in the Development will be located within ½ mile of all amenities.

Included (Check all that apply)

- Onsite Computer Workstations** (with internet access)
- Dedicated Green Space with Walking trails**
- Fitness Center**
- Library**
- Swimming Pool**
- Outdoor Covered Seating**
- FEMA approved storm shelter**
- Club House/Community Room**

Representative of the Ownership Entity

Date

Printed Name

Architect

Date

Printed Name

DO NOT MODIFY THIS FORM

Attachment #22 – Energy Efficiency Certification

Development Name: _____

Owner Name: _____

The Owner hereby Certifies that the following energy efficiency items will be included in the plans and specifications for one hundred percent (100%) of units in the project, they are included in the budget, and that they **exceed the minimum requirements** of the applicable building codes.

Included (Check all that apply)

- 1) Shower heads with a maximum of 2.5 gallons per minute flow rate
- 2) The use of better than R-2 insulation on exposed hot water pipes
- 3) Installation of Energy Star appliances
- 4) Energy Star qualified windows with Low E glass
- 5) Energy Star HVAC
- 6) Energy Star Efficiency Water Heaters
- 7) Radiant barrier per ASTM standards in attic and/or roof sheathing and/or exterior wall sheathing
- 8) Use of Low or no VOC paint throughout the development for compliance period
- 9) On-site recycling for aluminum, newspaper, glass, and plastics
- 10) Photovoltaic (solar powered) lighting for all exterior lights
- 11) Programmable thermostats

Choose one of the following:

- 12) Insulation: Attic insulation better than R- 38, wall insulation better than R – 13 and floor insulation better than R-19

OR

- Spray foam insulation exceeding code requirements

OR

Natural fiber batt insulation exceeding code requirements

Representative of the Ownership Entity

Date

Printed Name

Project Architect

Date

Printed Name

DO NOT MODIFY THIS FORM

Attachment #23 – Cost and Expense Separation

Development Name: _____

Applicant Name: _____

The Owner hereby Certifies the costs and expenses for this Development will be separate from the costs and expenses of any other phase of the Development if part of a multi-phase Development.

The Owner hereby Certifies the costs and expenses for this Development will be separate from the costs and expenses of any other Development located in close proximity and sharing common Ownership or principals thereof with this Development.

Owner's Signature

Printed Name

Title

Date

DO NOT MODIFY THIS FORM

Attachment #24 – Fair Housing and ADA Certification

Development Name: _____

Owner Name: _____

The Owner hereby Certifies the Development will comply with all Fair Housing and Americans with Disabilities Act (ADA) requirements including those dealing with accessibility.

Owner's Signature

Printed Name

Title

Date

The **Fair Housing and ADA Certification** was acknowledged before me this ____ day of _____, _____ by _____ known to me to be the person described in and who executed the foregoing instrument and acknowledge that he/she executed the same as his/her free and voluntary act of deed.

Notary Public

My commission Expires: _____

DO NOT MODIFY THIS FORM

Attachment #25 – Fair Housing and ADA Certification

Development Name: _____

Architect's Name: _____

The Architect hereby Certifies the Development will comply with all Fair Housing and Americans with Disabilities Act (ADA) requirements including those dealing with accessibility.

Architect's Signature

Printed Name

Title

Company

Date

The **Fair Housing and ADA Certification** was acknowledged before me this _____ day of _____, _____ by _____ known to me to be the person described in and who executed the foregoing instrument and acknowledge that he/she executed the same as his/her free and voluntary act of deed.

Notary Public

My commission Expires: _____

DO NOT MODIFY THIS FORM