CITY OF DALLAS HOUSING FINANCE CORPORATION
MULTIFAMILY FINANCING APPLICATION
PROCEDURES AND REGULATIONS

I. INTRODUCTION

Thank you for your interest in the City of Dallas Housing Finance Corporation's Multifamily Finance Program. The City of Dallas Housing Finance Corporation (the "**DHFC**" or the "**Corporation**") was created as a public instrumentality and nonprofit corporation by the City of Dallas ("**City**"), pursuant to the Texas Housing Finance Corporations Act, Chapter 394 of the Local Government Code, as amended, (the "**Act**") to provide financing and refinancing (special conditions apply) for the cost of multifamily development and residential ownership within the City for persons of low- and moderate-income. This also includes housing for seniors, disabled, homeless, and other special needs to the extent authorized under the Act. The Act authorizes the Corporation to issue revenue bonds to accomplish such public purpose. Financing or refinancing through the DHFC is also available for any existing multifamily property located within the City that meets the requirements established herein.

It is **critical** that the applicant meets informally with DHFC staff, councilmembers, and neighborhood groups prior to submitting the application.

The DHFC has a Board of Directors of up to fifteen members, appointed by the City Council, which typically meets on the second Tuesday of each month, or as specially scheduled from time to time, in City Hall at 12:00 Noon or another publicly announced alternative meeting time. Meetings are open to the public. The DHFC has retained one or more financial advisors (collectively, "**Financial Advisor**"), outside counsel to the Corporation ("**DHFC Counsel**"), and special bond counsel ("**Bond Counsel**") to review applications and assist with the successful completion and financing of proposed projects.

If you have any questions concerning a proposed application, please contact Aaron Eaquinto, General Manager of the DHFC at (469) 799 2670 (the "**DHFC General Manager**").

II. GENERAL PURPOSE AND SCOPE OF REGULATIONS

A. The DHFC was created pursuant to the Act for the public purpose of providing financing and refinancing for the cost of multifamily developments and residential ownership within the City that will provide decent, safe and sanitary housing for persons of low and moderate income, at prices they can afford. The Act authorizes the DHFC to issue its revenue obligations to accomplish such public purpose. The DHFC has adopted these regulations ("**Regulations**"), including the Forms attached hereto and made a part hereof, to set forth general requirements and

procedures applicable to the issuance of obligations and acquiring an ownership interest in a residential development by the DHFC to provide financing or operating subsidy in the form of a tax exemption for such residential developments.

B. The activities of the DHFC shall be limited solely to the accomplishment of the public purposes set forth in the Act, and no plan of financing of any project, including participation by the DHFC for purposes of providing a tax exemption as defined in the Act, and in applicable parts of these Regulations, will be approved by the Board of Directors ("**the Board**") of the DHFC unless and until the Board shall first affirmatively find that such financing and/or partnership and its related project will be in furtherance of such public purpose, to be determined in accordance with the procedures set forth in these Regulations.

C. These Regulations are intended to apply to obligations issued to provide financing for a single multifamily residential rental development. These Regulations do not apply to any obligations issued by the DHFC for more than one residential development (e.g., loans-to-lenders and similar pooled programs).

D. The DHFC shall not issue obligations to provide financing or partner for any residential rental development unless the proposed owner of the development ("**Applicant**") has satisfied the requirements set forth herein. **The DHFC reserves the right to impose additional specific requirements with respect to any development**. Certain specific provisions of these Regulations may be waived by a majority vote of the Board present at the meeting at which such action is taken.

E. The DHFC, however, is not a lending institution or a zoning approval Corporation. Bonds issued by the DHFC must be investment grade rated which requires "credit enhancement", or the bonds must be placed with an institutional investor(s), as more fully described in these guidelines. The successful issuance of bonds therefore is dependent to a large degree on the strength and ability of the Applicant to secure credit enhancement for, or an institutional purchaser of, the bonds. The ability of the DHFC to issue tax-exempt bonds is also subject to receiving an allocation of the state volume cap unless the Applicant is a qualified 501(c)(3) nonprofit corporation, and approval of the issuance of bonds by the Dallas City Council.

F. <u>Need for Financing or DHFC Participation:</u> To qualify for financing the applicant must demonstrate one of the following:

1. Tax-exempt financing or the participation by the DHFC is necessary to comply with the federal and DHFC requirements to operate the project as proposed; or

2. If the project satisfies the federal requirements prior to receiving tax exempt financing or operating subsidy via the tax exemption, the project will increase the number of affordable units or provide new social services as a result of the tax-

exempt financing; or

3. The financing and DHFC participation is necessary to retain affordable units which would otherwise be lost (such as the current owner opting out of a HUD assistance program).

G. Resident Services: It is the policy of the City of Dallas that, as part of its approval of multifamily projects financed with tax-exempt bonds issued by the DHFC or tax credits allocated by TDHCA that require City of Dallas approval, the project owner is required to provide **$200** per unit per year, with a minimum of **$40,000** for the project per year, in resident services. Up to **50%** of the required investment may come from in-kind services provided that the DHFC Staff must give prior approval to the service and to the dollar value to be applied. The cash grants received by the project and applied to the social services for the tenants can count toward meeting the tenant support obligation and personnel costs may be counted to the service obligation only for on-site staff providing full-time social services. A list of potential resident services is attached hereto within "**Exhibit A**".

I. Additional Considerations: Where appropriate, based on the tenant population, after school programs are to be the top priority for required resident services followed by job training. The DHFC will require the property owner/manager to provide an annual report on the types of resident services provided, level of funding and effectiveness.

The DHFC will also establish financial penalties for failure to provide the required resident services.

J. New Construction of Multifamily Units for Special Needs Housing: At the discretion of the DHFC Board of Directors and the General Manager of the DHFC and in conjunction with recommendations from the DHFC Financial Advisor, certain requirements contained in this multifamily policy can be amended on a case-by-case basis.

III. APPLICATION AND APPROVAL PROCEDURES

A. Filing Requirements: An Applicant desiring DHFC participation in the financing or refinancing of an existing or new construction of a multifamily residential rental development (the "**Project**") shall complete and file with the Corporation the following items:

1. A copy of the Application for Financing and the Multifamily Financing Questionnaire, including required attachments;

2. A nonrefundable Application Fee of **$5,000** per apartment project to the DHFC (Phased projects are to be treated as separate applications);

3. For for-profit and nonprofit developers who are applying to the State for the

Private Activity Bond Lottery a check for **$1,500** made payable to **DHFC Financial Advisor** for executive summary, a check for **$7,500** made out to **DHFC Bond Counsel** for review of the application and preparation of the inducement resolution and the application to the Texas Bond Review Board ($5,000 being refundable in the event no inducement is issued), and a check for **$5,000** payable to the **Texas Bond Review Board**;

4. For any indiciadual or entity who is submitting an application to the DHFC for consideration of a Workforce or Essential Function Bond transaction, a check, wire, or ACH for **$25,000** made payable to each the DHFC, DHFC Financial Advisor, and DHFC Counsel for executive summary;

5. Executed credit release forms (form attached) for all persons or entities owning a **5%** or greater (direct or indirect) interest in the project;

6. The Applicant must mail or deliver **1** hard copy as well as an electronic version of the complete application packet and the required fees, as described herein, to the DHFC General Manager at the following address. **Applications received without signed Certificate of DHFC Regulations <u>will be returned</u>.**

   Aaron Eaquinto
   aaron@dallashfc.com
   General Manager
   City of Dallas Housing Financing Corporation
   4925 Greenville Avenue, Suite 475
   Dallas, Texas 75206

7. A Courtesy Copy of the electronic version of the complete application packet should sent to the following recipients:

   DHFC Financial Advisor
   Tim.nelson@hilltopsecurities.com

   DHFC Bond Counsel
   george.rodriguez@bracewell.com

   DHFC Counsel
   rbowen@chapman.com

B. <u>The DHFC Board of Directors Actions:</u>

The Application must be received not less than thirty (**30**) business days in advance of a DHFC Board meeting to ensure consideration. The applicant is

required to demonstrate that they have sought community input where the project is located **prior** to submitting an application. A list of neighborhood groups will be supplied upon request. It is recommended that the applicant meet with the community leaders in order to determine whether the community supports the project. Preliminary official action on the application may be scheduled for consideration at any regular meeting or special meeting of the Board upon compliance with the application filing requirements:

a. a preliminary review of the Applicant's principals, officers, board members and/or agents including but not limited to:
    a. independent credit checks;
    b. criminal background security checks;
    c. civil litigation background check; and
    d. a web-based (Google, Yahoo, etc.) search showing the first ten (**10**) results.
        i. Applicant shall consent to the background checks above;
b. a sworn document stating the Applicant(s) have not offered anything of value to the DHFC or any of its members, advisors or employees prior to approval;
c. underwriting and market study analysis. The DHFC will contract with independent entities for underwriting and market studies, as needed; and
d. a meeting with the DHFC's consultants and staff may be required before the Project will be considered by the DHFC at a Board meeting,
e. Any material changes in Applicant's principals, officers, board members and/or agents, including any entities added to any partnership are subject to the requirements above including background checks.

1. After receipt of a completed application, within a reasonable time frame (typically **30** days), the DHFC General Manager, Financial Advisor, Bond Counsel (if appropriate), and DHFC Counsel will present the Application to the DHFC Board of Directors to consider approval of the application (either issue full inducement and/or approve the proposed partnership) and adopt a resolution as evidence of the DHFC's intent to issue bonds and/or partnership, and authorize the DHFC, DHFC General Manager, and advisors to take the application to City Council for approval, if the review of the Application demonstrates with reasonable certainty that:

    a. The Application, the obligations and/or partnership, and the Project will qualify for final approval by the Board in accordance with these Regulations and the DHFC's goals and objectives; and

b. All governmental approvals with respect to the obligations and/or partnership and the Project will be obtained; and

c. If bonds are to be issued, they are either: 1) credit enhanced by an approved provider whose senior unsecured long term debt has a rating from a nationally recognized rating agency of not less than "A"; or 2) privately placed to an institutional ("sophisticated") buyer in denominations of not less than **$100,000.00** with approved investment letters signed by the purchasing entity limiting transferability of the bonds to institutional ("sophisticated") buyers only.

2. This official action of the DHFC should not be construed as an assurance of private activity bond volume cap allocation for the project, as an indication as to the marketability of bonds, or as the final approval of the bond financing structure by the DHFC, its Financial Advisor, DHFC Counselor Bond Counsel. Rather, it is an indication that the DHFC will attempt to issue its bonds for the project subject to 1) a readiness to proceed and financing structure approval process, 2) approval of the public hearing results and issuance of bonds by the City Council, 3) confirmation of a private activity bond allocation from the State, if necessary, and 4) market conditions and terms acceptable to the DHFC and to DHFC General Manager.

   After adoption of the inducement resolution or approval of a partnership, it is the Applicant's responsibility to proceed with reasonable dispatch to complete the bond financing or securement of other financing process in a timely manner, including, but not limited to, the payment of any additional fees or the filing of any required applications, documents, etc.

3. Applicant must provide the DHFC's professionals, Board of Directors and DHFC Staff with sufficient time, preferably **10** days and no less than **7** days, to review any documents, agreements, and other items requiring DHFC approval and signature to cause the successful closing and completion of the project.

C. <u>Project Related Documents for Each Application</u>

Each DHFC application is required to include the information requested in the "City of Dallas Housing Financing Corporation Multifamily Financing Questionnaire" attached hereto as "**Exhibit B**". Project related documents include but are not limited to financial analysis, project specifications, market studies, applicant organizational structure, and other information required by the DHFC.

THE DHFC BOARD OF DIRECTORS RESERVES THE RIGHT TO REQUIRE ADDITIONAL DOCUMENTATION AND INFORMATION, INCLUDING

INFORMATION TO CONDUCT BACKGROUND CHECKS ON KEY PRINCIPALS AND OTHER INDIVIDUALS ASSOCIATED WITH THE PROJECT. IF IT IS DEEMED NECESSARY FOR THE CONSIDERATION OF THE APPLICATION. IN ADDITION, THE FOLLOWING WILL ALSO BE REQUIRED:

1. a pro forma copy of any official statement, prospectus or other offering memoranda, through the use of which the proposed obligations are to be offered, sold or placed with any lender, purchaser or investor, which offering, sale or placement material shall contain prominent disclosure substantially to the effect that:

    a. neither the DHFC nor the City has undertaken to review or has assumed any responsibility for the matter contained therein;

    b. all findings and determinations by the DHFC and the City, respectively, are and have been made by each for its own internal uses and purposes in performing its duties under the Act and these Regulations;

    c. notwithstanding its approval of the obligations and the Project, neither the City nor the DHFC endorses or in any manner, directly or indirectly, guarantees or promises to pay such obligations from any source of funds of either; or guarantees, warrants or endorses the creditworthiness or credit standing of the Applicant or of any guarantor of such obligations; or in any manner guarantees, warrants or endorses the investment quality or value of such obligations; and

    d. such obligations are payable solely from funds and secured solely by property furnished and to be furnished and provided by the Applicant and any guarantor and are not properties otherwise belonging to the DHFC or the City.

2. Bond Counsel shall have the primary responsibility for the preparation of the legal instruments and documents to be utilized in connection with the bond financing of any Project by the DHFC including securing of volume cap requirements. No bonds or other obligations will be sold or delivered unless the legality and validity thereof have been approved by Bond Counsel. The Applicant and its legal counsel shall cooperate fully with the DHFC's agents in the preparation of such materials.

3. **The Applicant and Applicant's Counsel are fully responsible for notifying DHFC’s Staff, DHFC Counsel, Bond Counsel and Financial Advisor of all document meetings and conference calls; and promptly distributing to them all documents generated. Failure to do this could result in delay of Project approval.**

4. Any and all material proposed changes to the financing structure, ownership of the Project, or scope or materials of or for the proposed Project from that set forth in the Application must be disclosed to the DHFC immediately in writing by notification to DHFC Counsel, Bond Counsel and Financial Advisor and approved by the DHFC. The Applicant should show an expected ability to close, including receipt of all required permits, within one hundred fifty (**150**) days of receipt of bond allocation. The DHFC has no provision for "escrowed closings." In the event that a project does not receive an allocation of tax-exempt Volume Cap, unless the DHFC elects to approve and not close within the timeframe established by the DHFC, the DHFC reserves the right to terminate its inducement of private activity bond allocation to an Applicant.

   In the event that the Applicant requests the issuance of an additional principal amount of bonds, the Applicant shall be required to provide such request in writing, submit a supplemental application detailing the rationale for such request and pay an additional Application Fee and Public Hearing Fee (if an additional public hearing is required) and provide any additional amount of Processing Fee that would have been required if the entire request was considered at the time of the original Application. However, the DHFC reserves the absolute right, at its sole discretion, to decline to authorize the requested additional principal amount of bonds.

   Bond sale offering and transaction documents must be finalized and necessary ratings obtained.

   Investment Bankers market the bond issue. Bonds (sale of) are awarded subject to all conditions precedent to closing being accomplished.

   Final documents are executed and bonds issued within **90** days of extension. Funds are transferred to trustee and outstanding bond issuance expenses paid.

APPLICANTS ARE RESPONSIBLE FOR THE TIMELY SUBMISSION OF THE MATERIAL REQUIRED TO PROCEED THROUGH EACH STEP OF THE FINANCING PROCESS. THE INDIVIDUAL BOND FINANCING STEPS ARE MORE FULLY DESCRIBED AS FOLLOWS:

IV. FINAL APPROVAL AND CLOSING SEQUENCE

1. After the DHFC takes preliminary inducement (official action) and votes for full inducement and prior to any public hearings, neighborhood meetings or Council briefings, the Applicant must:

   a. Provide a **Letter of Serious Intent** from an acceptable credit enhancement source for the bond issue; or

b. Provide a **Letter of Serious Intent** from an institutional ("sophisticated") buyer for the bonds to be issued. The Letter must state that the provider has performed a preliminary review and analysis of the Project and Applicant and intends at a determinable future date; and subject to final verifications and structuring, either: (i) to provide a credit enhancement for the issue; or (ii) to purchase the bonds.

2. **The Board shall adopt a resolution, in such form as is recommended by Bond Counsel and DHFC Counsel, authorizing the issuance of obligations to provide financing for the Project. DHFC Staff, Consultants, and City Officials will prepare and present all documents, information, briefing memorandum and Council communications necessary for City Council briefings and agenda items for approval.** Final approval will be granted only upon receipt by the Board of evidence satisfactory to it that the Applicant has complied with these Regulations in all material respects not otherwise waived by the Board; and

   a. all requirements for and prerequisites to final approval under these Regulations, have either been satisfied or waived and are in form and substance satisfactory to the Board; and

   b. the operation of the Project will constitute a lawful activity, is qualified for approval by the City, and complies with and promotes the purposes and satisfies the requirements of the Act, and the Statement of Policy contained in these Regulations; and

   c. a statement by the developer describing all construction or interim financing needs and their ability to secure such financing.

3. Following City Council action, the Board will take up and consider final action on the Application when requested to do so, by the DHFC General Manager, DHFC Counsel, Bond Counsel and Financial Advisor.

V. OTHER ACTIONS REQUIRED

1. Applicants must also meet with interested neighborhood groups at a community location prior to the City Council briefings and review. After the DHFC Board receives the Application, notification of the receipt of the Application to neighborhood groups and all City Council members will be made by DHFC. DHFC Staff will assist developers by notifying the appropriate City Councilmember(s) and interested neighborhood groups as to the time and location of the meeting; and

2. After the DHFC approves full inducement, the DHFC will next hold a public

hearing, which meets the requirements of Tax, Equity and Fiscal Responsibility Act ("**TEFRA**") relating to the Project and the issuance of obligations to finance the Project. Such public hearing shall be held no less than seven (**7**) days following publication of proper notice of the public hearing in the Dallas Morning News. The Applicant, or representative thereof, shall be present at such public hearing to present a description of the Project and to answer questions pertaining thereto.

3. Within **95** days of receipt of the Multifamily Application and prior to City Council approval, the DHFC, Financial Advisor, Bond Counsel and DHFC Staff will anticipate presenting a briefing to the Housing and Homelessness Solutions Committee. These briefings are required prior to any formal approval action by the City Council. City officials will prepare and present all documents, information, briefing memorandum and Council communications necessary for City Council briefings and agenda items for approval.

4. Following the public hearing, neighborhood meeting, and briefing of the Housing and Homelessness Solutions Committee the DHFC Staff, on behalf of the Applicant, will seek approval from the Dallas City Council for the bond issuance and plan of financing for each project.

VI. SCHEDULE FOR MULTIFAMILY APPROVAL

A. Minimum of **3** ½ months for full process of approval.

Begin: Applicant submits application **30** days prior to monthly meeting.

30 days: Monthly Meeting (**2nd** Tuesday of the month) – The Board considers preliminary inducement allowing the transaction to move forward and initiating the next level of review by Financial Advisor, Bond Counsel, Bond Counsel, City Attorneys and other City staff, as applicable.

44 days: Neighborhood Meetings conducted by Applicant with DHFC Staff in attendance within fourteen (**14**) days of the DHFC Board consideration.

Detailed analysis, including letter of certification as to Applicant's creditworthiness and viability of bond structure presented to DHFC officers, attorneys, and DHFC Staff by Financial advisor.

45 days: Six (**6**) weeks for DHFC Staff to review and brief City Manager.

60 days: DHFC Board to consider full inducement and/or partnership MOU.

63 days: TEFRA Ad in Dallas Morning News for tax exempt bond issuance.

70 days: TEFRA Hearing; and City Council Agenda Items Submitted to Council.

90 days: Housing and Homelessness Solutions Committee.

104 days: City Council Action.

105 days: DHFC considers Final Action as necessary.

B. Subsequent Filing Requirements and Document Preparation

Prior to review of the Application for final approval by the DHFC Board, the Applicant may file such additional documents or statements in support thereof as the Applicant shall consider relevant and appropriate, and shall file the following:

THE DHFC BOARD OF DIRECTORS RESERVES THE RIGHT TO REQUIRE ADDITIONAL DOCUMENTATION IF IT IS DEEMED NECESSARY FOR THE CONSIDERATION OF THE APPLICATION.

C. Document Preparation, Signing and Filing

By appointment, the President, Vice President, Treasurer, Secretary, General Manager and/or Assistant General Manager of the DHFC will be available following the monthly board meeting to sign documents as needed.

D. Public Notice Requirements

Notice of all regular and special meetings of the DHFC are posted at City Hall with the City Secretary at least 5 business days in advance of each meeting. Matters to be considered at a DHFC meeting must be included as an agenda item on the public notice. Notice of Neighborhood Meetings set up by Applicant with the assistance of the DHFC Staff must be posted **72** hours in advance of each meeting and the appropriate Councilmember whose district the property is located in must be notified of the time and place of the meeting.

E. **ADDITIONAL REQUIRED CRITERIA FOR APPLICANT**:

1. Either the management company or the Applicant must have a local regional office.

2. The Applicant must gain the support of the community where the multifamily project is located, and it is recommended that the support of the community is obtained prior to their submitting an application.

3. The Applicant must have a proven track record for providing resident services to low- to moderate-income tenants at their present or previously owned multifamily projects.

VII. SALE OF BONDS

There are a variety of bond financing structures and credit enhancements that may be utilized by the Applicant such as loans-to-lenders, letters of credit, mortgage insurance surety bonds, etc. Prospective Applicants are encouraged to contact the DHFC's Financial Advisor for further information regarding financing structures prior to submission of an Application for inducement or for partnership consideration. The Applicant is required to execute the bond purchase agreement awarding the sale of the DHFC's bonds to an Investment Banker or to an institutional purchaser through a private placement which obligates the Applicant to the payment of the costs of issuing such bonds as more fully described herein.

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

If the obligations are to be publicly sold, whether by competitive bid or negotiated sale, the bond issue must be structured so as to receive an investment grade rating of A or higher by Standard & Poor's Rating Group, and/or Moody's Investors Service, and/or credit underwriter for unrated bonds. In such case, the Application must indicate the type and nature of the proposed credit enhancement or surety, and the name and telephone number of a contact person (if known at the time of Application) at such institution.

If the bonds are to be privately placed, the DHFC may require a different rating or permit, at its sole discretion, for the issuance of the bonds without a rating. In order for a private placement transaction to be considered by the DHFC, the placement agent must comply with the following minimum requirements:

1. The sale must be made to an accredited investor (the "**Purchaser**") and cannot be an underwriting or purchase with an intent to resell any portion of the bonds;

2. The bonds must be issued in minimum denominations of not less than **$100,000**;

3. At such time as the bond financing is presented to the DHFC for Financing Approval, the Applicant (or placement agent, if applicable) must

    a. identify the Purchaser of the bonds;

    b. provide a written commitment from the Purchaser in form and content customarily used by real estate lending institutions outlining the terms and conditions of such commitment to purchase the bonds;

    c. provide confirmation that the Purchaser is in the business of

originating or acquiring and owning for its account, tax-exempt bonds or mortgage loans on multifamily rental housing projects;

d. ensure that there shall be no offering statement of the DHFC, or when a placement agent is involved in the sale of the bonds, there may be a placement memorandum prepared by the agent for the Purchaser; and

e. ensure that there will be one bond issued, and the initial and any subsequent purchaser(s) of such bond shall be an accredited investor (i.e., travelling investor letter) as defined herein. The transferability requirement may be waived by the DHFC if an initial investor letter is obtained and the bonds are issued in minimum denominations of **$100,000**. In the case of a private placement transaction, the DHFC with an executed investment letter from the investor purchasing the bonds substantially to the effect that: (1) it is engaged in the business, among others, of investing in tax-exempt securities or (2) is an "accredited investor" as defined in Regulation D, Rule 501

    i. promulgated by the Securities and Exchange Commission pursuant to the Securities Act of 1933;

    ii. it has made an independent investigation into the financial position and business condition of the applicant and therefore waives any right to receive such information; and

    iii. it has received copies of the financing documents pursuant to which such obligations are issued. A form of such investment letter will be provided by the DHFC.

VIII. INCOME LIMITS ON TENANTS

A. Applicants must meet all federal income limits applicable in connection with the issuance of tax-exempt bonds and or any financing requirements of a partnership transaction including but not limited to housing tax credits allocated through the Texas Department of Housing and Community Affairs, 221(d)(4) transaction, etc. “For-Profit” applicants must choose to meet the income limits set forth in paragraph (**1**), (**2**), or (**3**) prior to the issuance of the bonds.

Tax-Exempt Issuance

1. Safe Harbor Rule (only applies to 501(c)(3) Multifamily Mortgage Revenue Bonds) requires that **75%** of the units are occupied by residents with “low

income" (**80%** or below the area's median income, adjusted for family size); and

2. **20** percent of the dwelling units must be occupied by "Very Low Income" individuals whose income is **50** percent or less of area median income, adjusted for family size; or

3. **40** percent of the dwelling units must be occupied by individuals whose income is **60** percent or less of area median income, adjusted for family size.

B. The determinations under paragraphs (**1**), (**2**), and (**3**) shall include adjustments for family size.

Taxable Issuance

1. Taxable issuance requires **20** percent of dwelling units be occupied by individuals whose income is **80** percent or less of area median income, adjusted for family size.

2. State law requires that **90** percent of the units be restricted to low to moderate income families as determined by the DHFC. The maximum incomes can go as high as **140** percent of the median income and it is entirely up to the DHFC to determine what those limits will be. The remaining **10** percent of the units are unrestricted.

3. "Nonprofit" Applicants may be subject to additional requirements which should be verified by their tax advisors and Bond Counsel. Federal income limitations change every year. Please contact Bond Counsel for the list of median income figures.

IX. FEES AND OTHER COSTS

A. Processing Fees and Costs

A nonrefundable Processing Fee of **$25,000** shall be payable as follows: **$15,000** to Bond Counsel and **$10,000** to the DHFC within three (**3**) days after the reservation date for for-profit PAB applicants and within three (**3**) days after the issuance of preliminary official action for 501 (c)(3) Applicants. Bond Counsel has received authorization from the DHFC to collect fees from developers after **$15,000** has been incurred by Bond Counsel. The fee of **$25,000** shall be nonrefundable. The DHFC processing fee in the amount of **$10,000** will **not** be a credit at closing.

Concurrently with the closing of the financing, the Applicant shall pay or cause to

be paid all closing and bond issuance costs including, but not limited to, the following:

1. Fees and expenses of Bond Counsel;

2. Fees and expenses of the DHFC's designated general counsel at **$145** per hour; Financial Advisor at **$50,000** plus **$2.00** per **$1,000** Bond or **.20%** of the total financing amount if bonds are not issued with a minimum of **$20,000** for **9%** applications; other consultants, for services rendered to the DHFC in connection with the Project or the issuance of the obligations and expenses of credit and background security checks;

3. Fees and expenses of DHFC Counsel representing DHFC and DHFC subsidiaries and affiliates associated with the Project.

4. The actual amount of any closing or acceptance fees of any trustee for the obligations, any fees and premiums for casualty and title insurance, any security filing costs, any fees for placing the obligations, any out-of-pocket expenses incurred by professionals acting on behalf of the DHFC, and any other costs and expenses, including issuance expenses, relating to the obligations, their security and the Project; and

5. Other costs determined by the DHFC.

B. Transfer / Assumption Fee

DHFC will require a fee of .**25%** of bonds outstanding or **$15,000**, whichever is greater, as a Transfer / Assumption Fee in connection with any sale or transfer of the project. This fee is payable at the time of application for DHFC approval of the sale or transfer and is exclusive of any costs and expenses incurred by the DHFC's consultants.

C. Administration Fee/Closing Fee/Compliance Monitoring

Applicants who are not getting the ad valorem tax exemption shall be responsible for the closing fee of **$5,000** or **.50%** of the bonds, whichever is greater, and an annual administration fee of **$5,000.00** or .**10%** of the bond amount issued, whichever is greater, paid annually. 501(c)(3) Applicants who are also receiving the ad valorem tax exemption, shall be responsible for the closing fee of **$5,000** or **.10%** of the bonds, whichever is greater, and an annual administration fee of **$5,000** or **.50%** of the bonds outstanding, whichever is greater, paid annually. This fee includes compliance monitoring for submission of the necessary reports to the Internal Revenue Service regarding the continued compliance with the applicable income limits.

Except as otherwise agreed to by the Corporation, on any transaction where the bonds are expected to be outstanding for less than 10-years, 10-years of annual administrative fees will be due at the bond closing – on all other transactions, three-years will be due at the bond closing;

D. Governmental Coordination Fee

1. For any bond issuance in which DHFC has induced the application but another entity other than the DHFC is ultimately decided to act as bond issuer, the DHFC will receive a governmental coordination fee equal to 50 basis points of the par amount of the issuance.

E. Continuing Costs

Each Applicant shall pay to the DHFC, within thirty (**30**) days after receipt of a bill or statement therefor, the following amounts, to wit:

1. Any amounts payable pursuant to the Application or any other indemnity contract or agreement executed in connection with any financing hereunder;

2. The amount allocable to each applicant (whose financing has been completed) of costs and expenses incurred by the DHFC in the administration of the indemnity contract or agreement, any program established in connection with the financing of a Project and the outstanding obligations of the DHFC, including an annual accounting and/or audit of the financial records and affairs of the DHFC. The amount of costs or expenses paid or incurred by the DHFC under this clause shall be divided and allocated equally among all Applicants whose financing has been completed; and

3. The DHFC may request an annual audit of the program paid by the Applicant. The audit must be provided by a DHFC approved auditor. A list will be provided upon request.

F. Changes in Fees

1. The Corporation reserves the right at any time to change the fees payable under these Regulations, and to make the same effective as to any Applicant whose Application is filed subsequent to the date of such change.

2. All fees imposed by the DHFC under these Regulations subsequent to closing will be imposed in such amounts as will provide funds as nearly equal as may be practical, to that amount necessary to pay the administrative costs of conducting the business and affairs of the DHFC, plus reasonable reserves therefor.

X. NONPROFIT FINANCINGS

1. The DHFC may consider 501(c)(3) nonprofit corporation multifamily financings for those nonprofit corporations proposing such projects. The provision of affordable housing should be the primary purpose of the nonprofit owner or be an integral part of the nonprofits larger mission.

   Qualifying Corporations: To participate in the program, the nonprofit corporation must qualify as an exempt organization under Section 501(c)(3) of the Code, whose exempt purposes include the providing of housing for low- and moderate-income persons and families. The nonprofit or its parent shall be in existence for at least five (**5**) years and should demonstrate financial stability and expertise in developing and managing multifamily housing.

   Private Activity Bond Volume Cap: Qualifying nonprofit corporation financings are not subject to the State Private Activity Bond Volume Cap created by the Tax Reform Act of 1986.

   Termination of Inducement: The Corporation Resolution with respect to its intent to issue bonds for the project will terminate six (**6**) months from the date of its adoption ("**Inducement Period**").

2. The DHFC may consider extending the Inducement Period upon the submission by the nonprofit Applicant of the following:

   1. Status report providing tangible evidence of the progress of the financing of the project;

   2. Payment of an additional **$1,000** to the DHFC, which fee shall be credited against the final Administrative Fee of the DHFC;

   3. Payment of an additional fee of **$1,000** to DHFC Counsel, which fee shall be credited against the final DHFC Counsel Fees;

   4. Payment of an additional fee of **$1,000** to Bond Counsel, which fee shall be credited against the final Bond Counsel Fees; and

   5. Payment of an additional fee of **$1,000** to DHFC's Financial Advisor, which fee shall be credited against the final DHFC's Financial Advisor Fees.

XI. MISCELLANEOUS

A. Additional Amenities

In addition, Applicants may be requested to provide additional amenities similar to those listed below to further the goals, objectives of these Regulations, the goals

of the City of Dallas housing policy, and to induce the DHFC to grant approval:

1. A substantial number of **2** and **3** family size bedroom units;

2. Licensed day care facilities (however, this cannot be financed with Bond proceeds);

3. Extended care facilities for children over six (**6**) for after school, spring break and summertime;

4. Computer training with a lab and training assistant;

5. Amenities that promote family living;

6. Enhanced security measures;

7. Negotiation for additional amenities; and

8. Relocation Plan, if there is relocation.

B. Review Criteria

In order to further meet intended goals, objectives and these Regulations of the DHFC, projects will be subject to the following review criteria:

1. Suitable financial and legal plans;

2. Compatibility of the Project with the existing neighborhood;

3. Project's effect on existing property (land and improvements);

4. Project's relationship to the surrounding transportation system;

5. Level of Applicant's management expertise;

6. Site and design plan, including unit size, density and amenities;

7. Consideration of the type of value of rehabilitation expenses and the present financing on the property; and

8. The commitment of Applicants to maintain fair housing practices, which prohibit the exclusion of tenants based on race, age, color, religion, sex, national origin, familial status, or handicap.

C. Unauthorized Representations and Bond Marketing Practices

1. No Applicant, or any representative of Applicant or the DHFC, shall represent, directly or indirectly, to any interim lender (or any other lender), supplies, contractor or other person, firm or entity, that the DHFC has agreed or is firmly committed to issue any obligations in relation to any Project or Application until the Board has given final approval for the issuance thereof under these Regulations, and then subject to the governmental approval of the City required by these Regulations and subject to any requirements imposed by the DHFC's Articles of Incorporation and Bylaws.

2. No Applicant, or any representative of the Applicant or the DHFC, shall ever make any representation, directly or indirectly, express or implied, of any fact or facts contrary to the disclosures required to be made by these Regulations.

3. Neither the Applicant nor any securities firm, underwriter, broker, dealer, salesman or other person, firm or entity shall offer, sell, distribute or place any obligations authorized by the DHFC by any process, method, or technique, or in any manner, transaction or circumstances, or to any person or persons; the effect of which would be to require such obligations to be registered; or would require filings to be made with regard thereto under the laws of the state of jurisdiction where such offer, distribution or placement is made, without first registering the same or making the filings regarding the same required by such laws.

D. Amendments; Waivers; Effective Date

1. The DHFC reserves the right at any time to amend these Regulations effective as to any Applications filed subsequent to the effective date of any such amendments.

2. The Board reserves the right to waive any portion of these Regulations as to any Applicant, Application or Project upon written request seeking such waiver and stating the reasons therefor.

3. These Regulations are and shall be effective from and after their adoption by the Board and shall be effective as to any Application pending at the time of their adoption and approval.

E. Zoning

Proper zoning must be in place or the Applicant shall have consulted with City staff in Sustainable Development and Construction regarding the necessary zoning approvals in order for the DHFC to grant approval for an Applicant.

F. Section 8 Tenants

The Applicant additionally must covenant and warrant to the DHFC that, until the earlier to occur of the expiration of the Qualified Project Period or the Date upon which no Bonds shall remain outstanding:

1. The Applicant will accept tenants qualifying under the housing program under Section 8 of the United States Housing Act of 1937, as amended, as such program is in existence and in effect as of the date hereof (the "**Program**") on the same general criteria (including financial criteria based only on post Section 8 certification of the Tenant) as the Applicant accepts other tenants in the Project; provided, however, that in no event shall the Applicant be required to reduce rents of Units, or maintain rents of Units at certain levels, in order to comply with this Section; and

2. The Applicant will ensure qualified and available units in the Project remain listed with the Dallas Housing Authority as available for the Program.

G. Non-Discrimination

Applicant shall not discriminate on the basis of race, age, color, religion, sex, national origin, familial status, or handicap in the lease, use, or occupancy of the Project or in connection with the employment or application for employment of persons for the operation and management of the Project and shall not deny admission to any person exclusively on the basis of rent assistance payments under a local, state, federal or other housing assistance program, including, but not limited to, Section 8 of the Housing Act.

EXHIBIT "A"
Criteria for Multifamily Projects

1. Where the proposed project fits within the City's priorities listed in the Comprehensive Housing Policy, as amended:

    a. The development proposal has been selected within the past three years to receive City funding (including federal funds such as HOME, CDBG, etc. or local funding such as General Obligation Bond funding) under a competitive application process administered by the Department of Housing and Neighborhood Revitalization and otherwise remains in compliance with all funding requirements;
    b. The proposal includes participation by the DHFC or Dallas Public Facility Corporation applicable to housing (if created). Such participation must include ownership of the underlying development site by the entity and/or equity stake in the ownership structure of the development;
    c. The proposal involves the redevelopment of public housing owned by the Dallas Housing Authority under the Choice Neighborhoods, Rental Assistance Demonstration, HOPE VI, or other similar HUD programs that may be created;
    d. The development proposal is located in a census tract with a poverty rate below **20%**;
    e. The development proposal is within any area designated as a Redevelopment Reinvestment Strategy Area ("**RSA**") or a Stabilization RSA in this Comprehensive Housing Policy; or
    f. Developments with at least **50** units for which the Owner must enter into an MOU with the lead entity of the Continuum of Care by which the project will prioritize at least **20%** of units for tenants referred from the Continuum of Care Housing Priority List.

In addition to the Priority Housing Needs listed above, the DHFC will also consider:

2. Whether the City has already provided, or committed to provide, direct financial assistance to the project.

3. Whether the project involves the elimination of slum or blight already existing on the subject property.

4. Whether the site has appropriate zoning for the project.

5. The proximity and capabilities of nearby schools, and comments of school district officials regarding the project.

6. The comments of owners and residents of properties located in the surrounding area at a public meeting held in the community in which the project will be located, attended by City of Dallas or Dallas Housing Finance Corporation representatives.

7. Whether there is already an over-concentration of multifamily development in the surrounding area.

8. Whether the applicant has agreed to incorporate appropriate safety and security features into the project.

9. Whether the applicant has responded to and/or plans to address the lawful concerns, if any, raised by residents or owners of properties in the surrounding area.

10. Whether the proposed project will be of high quality.

11. Whether the applicant has taken into consideration, in the project design, the standard or specialized needs of expected tenants.

12. Whether the proposed project will have an adverse effect on the surrounding area.

13. Whether the project is compatible with existing or anticipated single-family developments in the surrounding area.

14. Whether the project is compatible with existing or anticipated uses allowed under current or anticipated zoning in the surrounding area.

15. Whether the estimated parking demand and trip generation for the project will impose an undue burden on public facilities.

16. Whether the current and probable future capacities of adjacent and nearby streets on the City's thoroughfare plan are adequate to address any anticipated changes caused by the project.

17. Whether there is existing or proposed adequate public transit available.

18. Whether the location, density and height of the buildings, structures, and equipment will be detrimental or injurious to future development of the surrounding area or otherwise impose an undue burden on public facilities.

19. Whether trees will be planted or protected and other landscaping provided to create, preserve, and enhance the natural beauty and vegetative space in the vicinity of the project.

20. Whether managers of the project will reside on site.

21. Whether the Applicant has demonstrated the financial capacity to complete and operate the project.

22. Whether the proposed project's rental market has the ability to absorb the proposed additional rental units.

23. If two (**2**) or more new projects are proposed within a mile of each other, whether either or any of the projects:

    a. Contributes to the rehabilitation or elimination of substandard housing;

    b. Provides a significantly lower density of units per acre; or

    c. Provides revenues for the creation or support of additional affordable housing.

24. Whether the Applicant has presented a suitable development plan for the entire development site, including property acquired by the Applicant in excess of that to be developed specifically for the project.

25. Whether there exists any other factor relevant to the issue of whether the project is in the best interest of the City of Dallas.

26. Other multifamily criteria listed in the Comprehensive Housing Policy.

CITY OF DALLAS HOUSING FINANCE CORPORATION
APPLICATION FOR FINANCING

The undersigned, duly authorized representative of_____ (the "**Applicant**"), the owner or prospective owner of the proposed residential development described in the Multifamily Financing Questionnaire, hereby applies to the City of Dallas Housing Finance Corporation ("**DHFC**") for project financing pursuant to the Texas Housing Finance Corporations Act, Chapter 394 of the Local Government Code, as amended, and in accordance with the DHFC's Application Procedures and Regulations for Financing Multifamily Residential Rental Development Projects (the "Regulations"). In connection therewith, I hereby declare, represent and warrant as follows:

1. The Applicant intends to own, rehabilitate or convert, and operate a multifamily residential rental development (the "**Project**") to be located within the City of Dallas, Texas, and desires that the DHFC issue obligations to provide financing for such residential development in accordance with the Regulations.

2. The Applicant has received and reviewed the Regulations in effect on the date hereof and hereby agrees to comply with all terms and provisions of the Regulations.

3. The Applicant submits herewith:

    a. One (**1**) completed electronic copy of this Application and the Multifamily Financing Questionnaire (the "**Questionnaire**") as required pursuant to the Regulations. The Questionnaire has been completed to the best of our ability, and the information contained therein and, on any attachments, thereto is true and correct and represents a reasonably comprehensive outline of the Project for which this Application for Financing is made;

    b. Applicant submits herewith the **$5,000** nonrefundable application fee and will submit any additional fees as required by the Regulations upon the issuance of preliminary approval by the DHFC.

By submitting this application, the Applicant acknowledges DHFC's right to make any inquiry or investigation deemed appropriate to substantiate or supplement information provided by the Applicant, and authorizes the release to DHFC of any and all information sought in such an inquiry or investigation.

As an inducement to DHFC and to the City of Dallas ("**City**") to accept, review and favorably consider and approve said Application and to issue the obligations therein

actually approved or issued, the Applicant hereby irrevocable agrees that it will: (a) pay all project costs which are not or cannot be paid or reimbursed from the proceeds of obligations issued; and (b) at all times indemnify and hold harmless the DHFC and the City and their respective members, officers, employees, and governing bodies against all losses, costs, damages, expenses and liabilities of whatsoever nature or kind (including, but not limited to, attorneys' fees, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments) directly or indirectly resulting from, arising out of or related to the acceptance, consideration and approval or disapproval of such Application or the issuance, offering, sale or delivery of any such obligations, or the non-issuance of any such obligations, or the design, construction, installation, operation, use, occupancy, maintenance or ownership of the Project.

It is understood and agreed that this indemnity agreement shall be continuing and shall survive and continue to be effective after any approval or disapproval of said Application and the issuance or failure to issue any such obligations and the construction and operation of the Project. It is also understood that additional indemnity agreements may be required from the Applicant or others, such as guarantors, prior to the final approval of such Application.

[**REMAINDER OF PAGE INTENTIONALLY LEFT BLANK**]

The Applicant requests the Board of Directors of the City of Dallas Housing Finance Corporation to grant approval and/or inducement of the Application for Financing.

WITNESS MY HAND THIS _____DAY OF _____, 20_____.

_____
(Name of Applicant/Owner)

Presently Estimated
Amount of Project Financing
Requested:

By: _____
Authorized Officer or
Representative

$_____

Title: _____

CITY OF DALLAS HOUSING FINANCE CORPORATION AUTHORIZATION TO RELEASE INFORMATION

To Whom It May Concern:

We have applied for financing of a multifamily residential project through the City of Dallas Housing Finance Corporation. As part of the application process, the City of Dallas Housing Finance Corporation through its Financial Advisor (hereinafter collectively referred to as **"DHFC**"), may verify information contained in our application and in other documents required in connection with the financing and or participation by the DHFC, either before closing or as a part of its quality control program.

We authorize you to provide to DHFC any and all information and documentation that they request. Such information includes, but is not limited to, financial history and income; bank, money market, and similar account balances; credit history; and copies of income tax returns.

DHFC or any trustee for the purchasers of bonds issued to finance the project may address this authorization to any party named in the application, and a copy of this authorization may be accepted as an original.

Your prompt reply to DHFC or the trustee for the bondholders is appreciated.

_____ _____

(Borrower's Signature) (Tax Identification Number)

"EXHIBIT B"

CITY OF DALLAS HOUSING FINANCE CORPORATION MULTIFAMILY FINANCING APPLICATION QUESTIONNAIRE

INSTRUCTIONS

The purpose of this Questionnaire is to provide the DHFC with a comprehensive outline of the multifamily development (the "**Project**") for which financing is being requested. Please attach the information requested below with the other required Application documents. If any information is not available or not applicable, please indicate in your response.

SECTION 1: APPLICANT INFORMATION

1. Full legal name, address and telephone number of the entity that will own the Project (the "**Applicant**").

2. Name, address and telephone number of the representative of the Applicant with whom the DHFC should communicate.

3. Name (of the firm and lead counsel), address and telephone number of legal counsel to the Applicant in connection with the Project (this does not mean bond counsel).

4. Name, address and telephone number of any investment banker or mortgage banker advising the Applicant in connection with the Project.

5. Please list names, addresses and telephone numbers of any other finance team members including special tax counsel, rating agency, credit enhancers and guaranteed investment contract providers. PROVIDE DISTRIBUTION LIST FOR USE IN CONTACTING APPLICANT AND FINANCE TEAM MEMBERS.

6. Form of organization of the Applicant (i.e. Corporation, Limited Partnership, General Partnership, Sole Proprietorship, etc). Include Date of Organization and State of Organization. Does Applicant presently exist or is it to be formed?

7. If the Applicant is a corporation or a limited liability company, provide a list the names and titles of its officers. If the Applicant is a partnership, provide a list all of its partners.

8. List all persons or entities, including addresses and telephone numbers, owning or proposed to own a **5%** or greater interest in the Applicant, to the extent known at this time.

9. Does the Applicant anticipate entering into a profits participation or joint venture agreement with a financial institution or other party with regard to the Project?

10. Summarize the prior and current development experience of the Applicant and/or each of its principals or partners.. Indicate date of project, size, type and location of project and method of financing.

11. List four (**4**) persons or firms with whom you have conducted business transactions during the past three (**3**) years. At least two of the references named are to have knowledge of your debt payment history. At least one reference must be a financial institution.

12. Is the Applicant or any person or entity listed in question **#8** above:

    a. In violation (or ever have been) with any City of Dallas Code provision dealing with housing standards? If yes, please give an explanation.
    b. Involved in any litigation (or ever have been) with the City of Dallas, DHFC, DHFC's consultants or any other City of Dallas entity? If yes, please explain.
    c. Delinquent in payment of taxes owed to the City of Dallas, or the county government or school district within which the property is located? If yes, please specify.
    d. Has any conflict of interest as defined by the City of Dallas Code of Ethics Policy (any financial interest in real estate greater than **$2,500**) that is required to be disclosed by the applicant and/or other City official, if applicable.

13. For an existing Applicant and Project, attach audited financial statements for each of the three (**3**) most recent years for both the Applicant and the Project. The person or entity covered by the statement must be prepared to substantiate all information shown.

14. Has any surety or bonding company ever been required to perform upon Applicant's default? If yes, attach a statement naming the surety or bonding company, date, amount of bond and the circumstances surrounding said default and performance.

15. Has Applicant or any owner, corporation or partnership of **5%** or more interest in Applicant or the Project ever declared bankruptcy? If yes, state the date, court jurisdiction, amount of liabilities and amount of assets.

SECTION 2: PROJECT INFORMATION

16. Street address and description of Project site.

    ATTACH A LEGAL DESCRIPTION OF PROJECT SITE, A SURVEY PLAT (IF AVAILABLE), AND A MAP OF THE AREA WITH THE PROJECT SITE HIGHLIGHTED.

17. Indicate the approximate size (in acres or square feet) of the Project site.

18. Does the Applicant currently own the Project?

ATTACH A COPY OF A CURRENT TITLE POLICY OR COMMITMENT SHOWING OWNERSHIP AND ENCUMBRANCES AFFECTING THE PROJECT.

19. If the Applicant owns the Project, indicate:

a. Purchase Date
b. Purchase Price
c. Balance of Existing Mortgage
d. Holder of Existing Mortgage
e. ATTACH PROOF OF OWNERSHIP

20. If the Applicant holds an option to purchase the Project, indicate:
a. Present Owner
b. Date of Option Agreement
c. Purchase Price
d. Expiration Date of Option Agreement
e. ATTACH COPY OF OPTION AGREEMENT

21. If the Applicant has executed a contract to purchase the Project, indicate:
a. Present Owner
b. Date of Contract
c. Purchase Price
d. Settlement or Closing Date
e. ATTACH COPY OF CONTRACT

22. If the Applicant does not currently own the Project site, describe any relationship which exists by virtue of common control between the Applicant and the present owner of the Project site. If none, write "none".

23. Describe existing improvements and structures presently located on the Project site, including number of buildings. Attach a recent photo(s) of the Project.

24. What is current zoning of the site?

At this time do any deed restrictions exist?

Does the Project site require a zoning change to build or rehabilitate your project?

If applicable, please identify any pedestrian facilities or right of way that may be closed, even temporarily, during construction of the Project, or eliminated as a result of the Project and how issues arising thereof will be mitigated.

NOTE: PLEASE ATTACH A LETTER FROM THE CITY STATING YOUR ZONING AND A COPY OF EXISTING DEED RESTRICTIONS. IF ANY.

25. Indicate the number, type (number of bedrooms and bathrooms) and approximate size (square footage) of the existing and proposed units. Please include monthly rents based on unit type, income band served, and utility allowance. Please include existing monthly rents if applicable.

26. Describe any existing and proposed facilities/amenities to be included in the Project such as parking, laundry, day care, security measures, office or recreational facilities. If any such facilities are expected to generate income, indicate source and projected amount of such income.

27. Describe any additional affordable housing enhancements or resident services proposed in connection with the Project.

28. Provide a list of in-unit amenities that will be included in the units.

29. Indicate which utilities, if any, tenants will be required to pay on an individual basis.

30. Describe any restrictions to be imposed by the Applicant on tenants including family size, pets, etc.

31. Indicate number of residences or businesses displaced by rehabilitation of the Project, if any. If temporary or permanent displacement is anticipated, provide a relocation plan.

32. Provide the following reports:
    a. Appraisal by an appraiser approved by DHFC Staff completed no more than six (**6**) months from the closing date and signed by the appraiser.
    b. Environmental Site Assessment that was completed no more than **90** days prior to closing.
    c. Survey that was completed within **90** days of closing.
    d. Engineering Report that was completed within six (**6**) months of closing.
    e. Market Feasibility Study completed within in three months of closing.
    f. Provide any available evidence substantiating a prolonged/stabilized income stream sufficient to support overall expense trends for the Project and debt service payments on the proposed bond issue.

33. Describe briefly the anticipated arrangements for Project management. Identify the management company (giving name, address, telephone number, years in business and contact person). Provide the total number of units managed locally, in Texas and nationally; and provide a project list (including name and address) of all properties currently managed by the company. Specify the anticipated fee to

be paid to the management company. **ATTACH A COPY OF THE PROPOSED MANAGEMENT AGREEMENT**.

34. Total cost of Project including all hard and soft costs associated with the overall development. If applicable, provide a Plan and Cost Review and Capital Needs Assessment.

35. Provide a sources and uses of funds outlining specific funding sources i.e. housing tax credits, multifamily revenue bonds, HOME or CDBG funds, TIF funds, etc.

36. If the Applicant is a limited partnership, is it anticipated that there will be a syndicated offering of partnership shares?

37. Has the Applicant made, or does the Applicant intend to make, application for HUD housing assistance payments with respect to the Project under Section 8 of the United States Housing Act of 1937? If yes, state the percentage of Project units.

IF YES, ATTACH A COPY OF HUD APPROVAL LETTER, IF ANY.

38. Indicate any other rent supplement, alternative sources of financing, loan guarantee, grant or mortgage insurance for which the Applicant has made, or intends to make, application with respect to the Project.

INDICATE THE EXACT NAME OF THE SOURCE OF FUNDING AND THE ENTITY GRANTING THE FUNDING.

39. If determined, provide the name, address and representative of the financial institution (bank, investment banking firm, etc.) which may be interested in purchasing the bonds, if and when such bonds are approved for sale (It is the responsibility of the Applicant to arrange for the marketing of the bonds, if the financing is approved, with the concurrence of the DHFC).

40. If approved, are the bonds to be offered at a public sale or will they be privately placed?

SECTION 3: REHABILITATION OR CONVERSION INFORMATION

41. Provide the following information regarding the renovation, rehabilitation, and/or conversion of the Project and any existing units.

    a. Age of units
    b. Describe the proposed additions and improvements to be made. Include a description of the type of improvements and amount to be spent per unit, and for common areas.
    c. Provide data on present vacancy rates and rents by unit size.

d. Provide details concerning project schedule, estimated date of completion, and anticipated impact on availability of units for occupancy.
e. Prior operating statements, profit and loss statements, current rent roll, maintenance history, and any other pertinent information.

42. Indicate the estimated cost of developing, constructing and equipping the Project.

43. Indicate the type and amount of Rehabilitation or Conversion costs Applicant has expended (including orders for any project equipment or furnishings) with respect to the Project prior to the current date. If none, write "none".

44. Have any costs (including orders for Project equipment or furnishings) been incurred but not paid? If yes, identify and explain.

SECTION 4: BOND INFORMATION

45. Specify your reason or intent for using DHFC as a conduit financing source.

46. Are any operating expenses or working capital included in the amount of financing requested? If yes, state amount.

47. Will the proposed project financing require the Applicant to make payments into or to establish a Replacement Reserve? If yes, provide details.

48. Provide a pro forma cash flow statement for the proposed length of the tax-exempt bond debt (**30 - 40** years). Include assumptions, administrative, operating and maintenance costs, taxes (if any), and cash flow available for debt service

49. Describe the following as applicable:

    a. Proposed type of credit enhancement or security for the Bonds (e.g., Letter of Credit, insurance company guarantee or other types for collateral unrelated to the project).
    b. In the event the bonds are sold using a non-rated private placement, discuss purchaser, bond denominations and proposed investment letters.
    c. The proposed bond rating, if applicable, including name of rating agency;
    d. Proposed term and structure of bonds.

50. State name, address and phone number of contractor for development. **ATTACH INFORMATION CONCERNING PROJECTS PREVIOUSLY REHABILITATED, CONVERSION, OR CONSTRUCTION BY THE CONTRACTOR**. Include location, year of completion, number of units and approximate construction cost of each project.

51. State name, address and phone number of any architect for the Project. **ATTACH INFORMATION CONCERNING PROJECTS DESIGNED OR REHABILITATED/CONVERSION BY THE ARCHITECT.**

52. Explain to what extent, if any, the Applicant plans to promote the DHFC's goals of:

    a. Enhancing the availability of quality housing units for persons and families of low or moderate income; and
    b. The involvement of minority or local firms for the development, construction and/or operation of the project (i.e., through the use of sub-contractors).

53. List the Census Tract in which the Project will be located.

54. Provide a detailed statement of Applicant's anticipated sources and uses of funds for the project to include the following:

    SOURCES:
    a. Bond Proceeds
    b. Equity contribution
    c. Other funding sources such as HOME, CDBG, TIF, etc.

    USES:
    a. Land Acquisition (If Applicable)
    b. Building Construction/Renovation
    c. Loan Repayment
    d. Rehabilitation escrow Account
    e. Operating Reserve
    f. Syndication costs
    g. Construction Draw Schedules
    h. Debt Service Reserve Fund
    i. Real Estate & Mortgage Costs
    j. Cost of Issuance
    k. Reimbursements
    l. Project and Soft Cost Contingencies
    m. Any other associated project costs

55. Prepare an estimated cost of issuance for bond issue. Discuss, if necessary, the source of funds to pay for issuance costs that exceed the 2% costs of issuance limitation allowed under the bond financing.

56. IRS Determination Letter if applicant is applying for 501(c)(3) tax-exempt bond financing.

SECTION 5: MIXED INCOME, PROXIMITY TO AMENITIES, AND RESIDENT SERVICES

57. Applicant shall self-score, provide info, and include maps where applicable to the information below:

Mixed-Income Projects

Applicants requesting to partner with the DHFC that include market rate units (i.e. those without income/rent restrictions) as follows:

Percentage of Market-Rate Units	Points
At least 5% but less than 10% market rate units	5
At least 10% but less than 15% market rate units	10
At least 15% but less than 20% market rate units	15
At least 20% market rate units	20

Proximity of Amenities to Development Site

The following matrix shall be used in scoring the Development under this category:

Amenity	1/4 mile or less	>1/4 mile and < 1/2 Mile	1/2 mile and up to 1 mile
High Frequency Transit	5	3	1
Public Park	5	3	1
Full Scale Grocery Store	5	3	1
Community/Senior Center or Library	5	3	1
Licensed Day Care	5	3	1
Amenity	1/2 mile or less	>1/2 mile and < 1 mile	1 mile and up to 2 miles
Qualifying Medical Clinic or Hospital	5	2	1

Amenity	20 minutes or less	>20 min. and < 40 min.	More than 40 min.
Transit time to Major Employment Center	5	2	0

Resident Services

Service Description	Reference within the 2019 QAP §11.101(b)(7)	Points for City Scoring
Transportation Services		
Min. 3x/week shuttle to grocery/pharmacy or big-box retail; OR daily shuttle during school year to nearby schools not served by school bus system	(A)(i)	3.5
Monthly transportation to community/social events	(A)(ii)	1
Children Services		
High quality PreK program with dedicated space on-site	(B)(i)	4
Min. 12 hours/week organized on-site K-12 programming (e.g. tutoring, after school and summer care, etc.)	(B)(ii)	3.5
Adult Services		
Min. 4 hours/week organized onsite classes for adults (e.g. GED, ESL, financial literacy, etc.)	(C)(i)	3.5
Annual income tax preparation	(C)(ii)	1
Contracted career training and placement partnerships with local employers	(C)(iii)	2
Weekly substance abuse meetings at project site	(C)(iv)	1
Health Services		
Food pantry accessible to residents (on site or via on-request transportation)	(D)(i)	2
Annual health fair	(D)(ii)	1
Weekly exercise classes	(D)(iii)	2
Contracted on-site occupational or physical therapy for elderly or disabled tenants	(D)(iv)	2
Community Services		
Partnership with local law enforcement to provide quarterly activities with tenants	(E)(i)	2
Notary services for tenants	(E)(ii)	1
Min 2x/month arts, crafts, or other recreational activities (e.g. book club)	(E)(iii)	1
Min 2x/month on-site social events (e.g. potlucks, holiday celebrations, etc.)	(E)(iv)	1
Case management for elderly, disabled, or special needs tenants	(E)(v)	3
Weekly home chore and quarterly preventative maintenance for elderly or disabled tenants	(E)(vi)	2
Social Security Act Title IV-A programming	(E)(vii)	1
Part-time resident services coordinator (min. 15 hours/week) or contract for same through local provider	(E)(viii)	2

Education/tuition savings match or scholarship program for residents	(E)(ix)	2