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Table of Contents

Tab 1	Rental Application Example
Tab 2	Project Summary/Description
Tab 3	Sponsor Capacity
Tab 4	Commitment Letters
Tab 5	Creating Economic Opportunity
Tab 6	Supportive Service Projects
Tab 7	Phase 1 Environmental Study
Tab 8	Appraisal
Tab 9	Construction Budget Example
Tab 10	Market Study – Contents do not provide a complete study
Tab 11	Capital Needs Assessment for Rehabilitation
Tab 12	Physical Needs Assessment Narrative
Tab 13	Rental Review Checklist and Helpful Hints
Tab 14	Required Documents
Tab 15	GrantConnect Guide and Definitions in Implementation Plan



Rental Application Example



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Jan 11, 2021 01:50 PM

Application ID: 2021B000001

Affordable Housing Program

Sponsor

Organization Name:	Passion for Affordable Housing		
Address:	8500 Freeport Parkway South		
City:	Irving	State:	Texas
Zip Code:	75063		
What is the sponsor's organization type?	501(c)3 Not-For-Profit		
What is the sponsor's involvement in the project?	Control Over Planning, Management of Development, Arranging or Providing Financing		
Does the sponsor have an ownership interest in the project?	Yes		
Is there developer fee?	Yes		
Does the sponsor receive at least 25% of the total developer's fees?	Yes		
Name:	Mr. Steven R Matkovich	Job Title:	Sr Affordable Hsg Analyst
Phone:	312-471-3007	Fax:	
Email:	steven.matkovich@fhlb.com		



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Affordable Housing Program

Member

Member Name:	Ennis State Bank	FHFA ID:	52839
Name:	Mr. Steven R Matkovich	Job Title:	Sr Housing Banker
Phone:	214-441-8774	Fax:	
Email:	steven.matkovich@fhlb.com		
Mailing Address:	8500 Freeport Parkway South, 600, Irving, TX, 75063		



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Location

Will the project have more than one location?	No
Physical Address:	8500 Freeport Parkway South, Irving, TX, 75063
County:	Dallas County
Census Tract Number:	0141.24
Metropolitan Statistical Area(MSA):	Dallas, TX HUD Metro FMR Area
Are any of the units located in rural communities?	No
Are any of the units located on tribal land?	No



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Application ID: 2021B000001

Affordable Housing Program

Project Information

Note: This information is taken from the "Preliminaries" and "Description" pages of the GrantConnect application.

Project Name:	2020 FHLB Test Application
Type of Application:	Rental
Median Income Source:	HUD
Unit Type:	Multi Family (5+ units)
Is this a lease to purchase project?	No
Is there more than 1 member involved in the project?	No

Please provide a detailed description of your project.

The 2021 FHLB Test Application is a 3-story, 116 unit, Section 202 apartment property that serves low and very low income seniors aged 62 and over in Irving, Texas (Southeast of Houston, Texas). The property contains a total of 116 rental apartment units (59 one-bedroom and 57 two-bedroom units), a rental office, laundry facilities, and a community room on a site of approximately 1.033 acres. The property, originally constructed in 1981 is an independent senior living apartment complex. It has asphalt paving and parking areas with approximately 67 parking spaces. The "gross building area" is 42,893 square feet with the "net rentable area" being 30,986. Passion for Affordable Housing (PAH) secured a new 20 year HAP contract in December of 2018. The sponsor, PAH, is applying for a \$750,000 AHP grant to help offset the costs of repairs in this acquisition/rehab project. All the repairs are identified in a recently completed Physical Needs Assessment (PNA). Specifically, the property has experienced significant settlement along the Parkway Street side of its building, causing issues with the foundation, drainage systems, and cracking in the walls, roof damage and plumbing. Additionally, the elevators will need to be replaced along with all HVAC units. PAH will utilize LITHCs, City funds, deferred developer fees and HOME grants to address critical and non-critical repair needs identified in the PNA. The project is located in Irving's Downtown Core between Bronze Ave and Tenth and Third Streets. From approximately 1930 until the late 1970s, a dry cleaning facility, a paint shop, and a gasoline service station were located on the Site. At present, the building is considered to be underutilized compared to surrounding development and has been vacant land for well over a decade. It is within walking distance of the Irving Transportation Center, a multimodal transit station with bus, bus rapid ride, the "Rail Runner" commuter rail and Amtrak. Bronze Ave is a Designated Bicycle Boulevard and Central Ave @ blocks north) boasts restaurants, shopping, galleries theaters and evening entertainment.

Use of AHP Funds ONLY:	Rehabilitation
Is property occupied?	Yes
Is the relocation plan for current occupants approved by one of the project's federal, state, or local government funders?	Yes
Project Total Units:	116
Project Total Cost:	\$16,267,430.00
Direct Grant Amount:	\$750,000.00

If your cost per unit exceeds our guidelines, please explain.



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Sponsor Capacity

Please describe the sponsor's experience with this type of project. If this is the sponsor's first project of this type, provide evidence of ability to complete the project. If there is a consultant on the project, please address the sponsor's capacity to respond to financial and operational questions on an ongoing basis throughout the compliance period.

As part of the developmental feasibility review, the Bank will determine the project sponsor's experience in providing the requested assistance to households. Please see Attachment A for the definition of "project sponsor." A project sponsor must be qualified and able to perform its responsibilities as committed to in the application. In determining a project sponsor's qualifications, abilities and experience, the Bank will inquire as to the project sponsor's and its principal employees' general experience with developing affordable housing, including whether any of the project sponsor's housing projects did not comply with any affordable housing program requirements. The Bank will review the history of the project sponsor in complying with the requirements of the Bank's AHP, including whether the project sponsor met its AHP commitments and completed. The Bank considers such history to be an indication of the performance of the project sponsor in complying with such requirements on any new application(s). The Bank will also consider the project sponsor's ability to secure other funding for the project as an indication of the project sponsor's qualifications and ability to perform its responsibilities as committed to in the application. The Bank will request the names of primary third parties involved in the project, such as builders, architects, developers and consultants, to help the Bank assess the capacity of the project sponsor to complete the project. The Bank will consider the member's submission of the application as the member's determination that the project sponsor's capacity and development experience are sufficient for the successful completion of the project. If the proposed project involves any empowerment services, the Bank will consider the project sponsor's capacity and/or history in providing the empowerment services, or the capacity and/or history of a third-party service provider, if applicable. The Bank will also, as part of its determination of developmental feasibility, review the history of the member submitting an application in complying with the requirements of the Bank's AHP. The Bank considers such history to be an indication of the performance of the member in complying with such requirements on any new application(s). Rental projects must be operationally feasible, or able to operate in a financially sound manner, in accordance with the Bank's Feasibility Guidelines below, as projected in the project's operating pro forma. Additionally, cash flow for the rental project should be for 15 years.

Has the sponsor had projects previously awarded through other FHLBanks? If yes, please provide the name of the FHLBanks along with the project number(s).

Please list project numbers and FHLB Bank contact.

Has the sponsor, owner, or developer ever had a project in default, foreclosure or had subsidy recaptured involuntarily? If yes, provide the facts and circumstances surrounding the default or foreclosure.

No defaults or foreclosures. Organization had never had a subsidy recaptured involuntarily.

Have the project sponsor and project owner filed all required federal and state tax returns and paid all federal, state and other material taxes? If no, provide the facts and circumstances.

Yes.

Are there any legal actions pending against the project sponsor, project owner or project itself? If yes, provide the facts and circumstances.

None

Describe the qualifications of the personnel involved in this project or attach resumes. Please include names, titles, and experience.

Joe Developer works with regulatory agencies, owners, managers, and lenders regarding affordable housing policy, finance, asset management and property management. He is an advisor to HUD's Mark to Market and Green Retrofit programs, to HUD's HOME program, to the Department of Agriculture's Rural Housing Service, to the State of Florida's hurricane recovery program and to the Arkansas Development Finance Agency. He was also the primary advisor to the Senior Priorities Commission on affordable rental housing. As a senior executive Joe was responsible for asset management of 30,000 units of affordable housing, and for relationships with local and state governments.



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Application ID: 2021B000001

Affordable Housing Program

Site Control

Zoning Designation

Have the site(s) been zoned for the proposed use? Yes

Control & Acquisition Information

Does the sponsor have control of the site(s)? Yes

Site Control is via: Warranty Deed



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Affordable Housing Program

History

Does the member have any past or present financial or ownership interest in any portion of this project? Yes

Please explain the member Financial or ownership interest.

Member holds title the property and is selling the project at FMV priced in the appraisal.

Is the property for this project being acquired from a related party? No

Have funds for this project been requested from any other Federal Home Loan Bank? No



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Affordable Housing Program

Target/Underserved

Income Targeting

Very Low Income:	83
Low Income:	28
Moderate Income:	0
Above 80% of Median Income:	5
Total Number of Units in Project:	116
AHP Subsidy Per Unit	\$6,465.52
At or below 30% of Median Income:	24

Underserved Communities & Populations

Special Needs:	116
Percentage of units reserved for special needs households (calculated based on # of units for special needs)	100.00%
At least 20% of special needs households are classified as	Formerly incarcerated persons; Unaccompanied youth; Victims of domestic violence, dating violence, sexual assault or stalking
Homeless:	0

House Form Targeting (If Applicable)

Single Room Occupancy(SRO):	0
Group Beds:	0

Non-Housing and Commercial Space

Does your project involve Non-Housing Space?	Yes
Percentage of non-housing space:	15.00%

Please provide an explanation of the non-housing space.

10% of the square footage of the property will be rented to a small business that will provide onsite daycare services or the tenants. Monthly rent is \$1,000 and the business owner will pay their portion of utilities out of pocket. The remaining 5% is for the common areas that includes hallways, elevators and intake area.

Does your project involve Commercial Space?	No
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Affordable Housing Program

Timeline

Commence AHP Funds Draw Down	10/1/2021
Site or Home Acquisition	6/1/2020
All Funding Source Requested (excluding AHP)	4/14/2021
All Funding Source Secured (excluding AHP)	8/31/2021
Construction/Rehabilitation Begins	9/1/2021
Construction/Rehabilitation Completed	2/1/2022
Lease Up Commences	2/2/2022
Lease Up Completed	3/31/2022
Date AHP Funds Draw Down	10/2/2021
Project Completed	11/1/2024



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Affordable Housing Program

Source of Funds										
Name of Funding Source	Permanent Sources Amount	Interim Sources Amount	Type	Fund Source	Rate	Term (Months)	Amort Term (Months)	Soft Debt?	Annual Payment	Status
AHP Grant	\$750,000.00	\$0.00	Grant	AHP Grant	0.00%	0	0	No	\$0.00	Requested
City of Ennis CDBG	\$46,650.00	\$0.00	Grant	CDBG	0.00%	0	0	No	\$0.00	Committed
Ellis County HOME Loan	\$4,200,000.00	\$0.00	Loan	HOME	3.00%	480	480	Yes	\$125,000.00	Committed
Sponsor Loan	\$214,920.00	\$0.00	Loan	Loans - 2nd Mortgage Non-Member	4.00%	120	120	Yes	\$12,000.00	Committed
City of Ennis - Land Donation	\$1,300,000.00	\$0.00	Grant	Local Subsidy	0.00%	0	0	No	\$0.00	Committed
LIHTC Equity	\$9,555,860.00	\$0.00	Equity	Low Income Housing Tax Credits	0.00%	0	0	No	\$0.00	Requested
Construction Bridge Loan	\$0.00	\$6,800,000.00	Loan	Member Financing - Construction	3.00%	24	24	No	\$3,507,266.90	Committed
Deferred Developer Fee	\$200,000.00	\$0.00	Loan	Other (Please Explain)	0.00%	120	120	Yes	\$1,200.00	Committed
TOTAL Sources of Funds	\$16,267,430.00	\$8,800,000.00								

Tax Credits

Are tax credits or tax-exempt bonds included in your source of funds? Yes

Does your project qualify for and elect to utilize the national nonmetro median income limits? No

Explanation for Other Funding Source:

Bridge Loan from City and no description code for non-member construction financing. Deferred Developer Fee is the other source.

Is member buying the credits? No

Who is purchasing the Tax Credits? Unknown

If not yet identified, please explain.

To Be Determined but in discussions with two companies

Provide sales price of tax credits: \$0.88



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Donated Property

Does this project involve any donated property?

No



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Application ID: 2021B000001

Affordable Housing Program

Use of Funds			
Usage	AHP(\$)	Other Source(\$)	Total(\$)
Acquisition	\$0.00	\$5,500,000.00	\$5,500,000.00
Architect/Engineering	\$0.00	\$460,000.00	\$460,000.00
Construction	\$0.00	\$561,914.00	\$561,914.00
Consultant Fees	\$0.00	\$0.00	\$0.00
Developer Fee	\$0.00	\$1,665,000.00	\$1,665,000.00
Homebuyer Counseling	\$0.00	\$0.00	\$0.00
Interim Financing Costs	\$0.00	\$376,525.00	\$376,525.00
Other (Please Specify)	\$0.00	\$0.00	\$0.00
Predevelopment	\$0.00	\$507,100.00	\$507,100.00
Rehabilitation	\$750,000.00	\$6,036,129.00	\$6,786,129.00
Reserves	\$0.00	\$410,762.00	\$410,762.00
Total Costs	\$750,000.00	\$15,517,430.00	\$16,267,430.00

Please explain how you determined the estimated dollar amount for each category. (i.e. Purchase and Sale Contract, Construction Contract, etc.)

Please be specific and indicate the source for determining the estimated or final cost for each item.



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Jan 11, 2021 01:50 PM

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Rental Affordability									
# of Units	Property Type	# of Bedrooms	Persons per Unit	Median Income Target %	Adjusted Income	Tenant Rent	Rent Subsidy	Total Rent	Rent as % of Income
42	Multi Bedroom	1	1.5	50.00%	\$32,350.00	\$200.00	\$329.00	\$529.00	7.42%
14	Multi Bedroom	1	1.5	60.00%	\$38,820.00	\$200.00	\$329.00	\$529.00	6.18%
3	Multi Bedroom	1	1.5	100.00%	\$64,700.00	\$600.00	\$0.00	\$600.00	11.13%
41	Multi Bedroom	2	3.0	50.00%	\$38,800.00	\$200.00	\$329.00	\$529.00	6.19%
14	Multi Bedroom	2	3.0	60.00%	\$46,560.00	\$200.00	\$408.00	\$608.00	5.15%
2	Multi Bedroom	2	3.0	100.00%	\$77,600.00	\$750.00	\$0.00	\$750.00	11.60%
Total: 116									

Please indicate if the rent subsidy is secured and explain the terms and conditions.

Indicate the sources of the income and provide narrative on how the number was determined.



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Jan 11, 2021 01:50 PM

Application ID: 2021B000001

Affordable Housing Program

Pro Forma

Housing Pro Forma Information

In order to assist you in calculating the project's income and expenses statement over a 15-year period , please answer the following rates:

Vacancy Rate	7.00%
Increase Rent Rate	2.00%
Expense Growth Rate	3.00%

Income

For year 1 , please enter the following annual income amounts:

Operating Grants/Donations	\$1,000.00
Other Income	\$1,200.00

Expenses

For year 1 , please enter the following annual expense amounts:

Property Insurance	\$30,000.00
Property Taxes	\$25,000.00
Utilities (Electric, Gas, Water, Sewer, Trash)	\$106,000.00
Advertising & Marketing	\$3,000.00
Repairs & Maintenance	\$141,000.00
Management Fee	\$37,005.00
GroundsKeeping	\$12,000.00
Administrative	\$61,000.00
Professional	\$61,000.00
Other	\$10,000.00
Total Operating Expenses	\$486,005.00

Please explain how you determined each of the stated expenses (i.e. property management agent , currently operated project in the area ,etc)

Be specific and provide supporting documentation.

Please provide an explanation of "Other" expenses

Please provide an explanation of "Other" expenses: Indicate the operating expenses project is including and how annual costs were determined.

If property is not exempted from taxes,please explain

City is requiring a discounted rate to cover City upkeep costs.

Please indicate the source of the other income and the status of the commitment



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Jan 11, 2021 01:50 PM

Application ID: 2021B000001

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Indicate the sources of the income and provide narrative on how the number was determined.



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Jan 11, 2021 01:50 PM

Application ID: 2021B000001

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Service Pro Forma

Does your project have a Social Service OR Commercial Component that is receiving subsidized income (i.e Medicaid fees, Commercial Income)?

No



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Jan 11, 2021 01:50 PM

Application ID: 2021B000001

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Pro Forma Net Operating Income Year 1-5					
Income	Year 1	Year 2	Year 3	Year 4	Year 5
Rental Income	\$757,500.00	\$772,650.00	\$788,103.00	\$803,865.06	\$819,942.36
Vacancy	\$53,025.00	\$54,085.50	\$55,167.21	\$56,270.55	\$57,395.97
Operating Grants/Donations	\$1,000.00	\$1,020.00	\$1,040.40	\$1,061.21	\$1,082.43
Other Income	\$1,200.00	\$1,224.00	\$1,248.48	\$1,273.45	\$1,298.92
Effective Gross Income	\$706,675.00	\$720,808.50	\$735,224.67	\$749,929.17	\$764,927.74
Expense					
Property Insurance	\$30,000.00	\$30,900.00	\$31,827.00	\$32,781.81	\$33,765.26
Property Taxes	\$25,000.00	\$25,750.00	\$26,522.50	\$27,318.18	\$28,137.72
Utilities	\$106,000.00	\$109,180.00	\$112,455.40	\$115,829.06	\$119,303.93
Advertising & Marketing	\$3,000.00	\$3,090.00	\$3,182.70	\$3,278.18	\$3,376.53
Repairs & Maintainance	\$141,000.00	\$145,230.00	\$149,586.90	\$154,074.51	\$158,696.74
Management Fee	\$37,005.00	\$38,115.15	\$39,258.61	\$40,436.36	\$41,649.45
GroundsKeeping	\$12,000.00	\$12,360.00	\$12,730.80	\$13,112.72	\$13,506.11
Administrative	\$61,000.00	\$62,830.00	\$64,714.90	\$66,656.35	\$68,656.04
Professional	\$61,000.00	\$62,830.00	\$64,714.90	\$66,656.35	\$68,656.04
Other Expenses	\$10,000.00	\$10,300.00	\$10,609.00	\$10,927.27	\$11,255.09
Operating Expenses	\$486,005.00	\$500,585.15	\$515,602.71	\$531,070.79	\$547,002.91
Reserves					
Replacement	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Reserves	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Expenses	\$486,005.00	\$500,585.15	\$515,602.71	\$531,070.79	\$547,002.91
Net Operating Income	\$220,670.00	\$220,223.35	\$219,621.96	\$218,858.38	\$217,924.83



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Jan 11, 2021 01:50 PM

Application ID: 2021B000001

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Pro Forma Net Operating Income Year 6-10					
Income	Year 6	Year 7	Year 8	Year 9	Year 10
Rental Income	\$836,341.21	\$853,068.03	\$870,129.39	\$887,531.98	\$905,282.62
Vacancy	\$58,543.88	\$59,714.76	\$60,909.06	\$62,127.24	\$63,369.78
Operating Grants/Donations	\$1,104.08	\$1,126.16	\$1,148.69	\$1,171.66	\$1,195.09
Other Income	\$1,324.90	\$1,351.40	\$1,378.42	\$1,405.99	\$1,434.11
Effective Gross Income	\$780,226.31	\$795,830.83	\$811,747.44	\$827,982.39	\$844,542.04
Expense					
Property Insurance	\$34,778.22	\$35,821.57	\$36,896.22	\$38,003.10	\$39,143.20
Property Taxes	\$28,981.85	\$29,851.31	\$30,746.85	\$31,669.25	\$32,619.33
Utilities	\$122,883.05	\$126,569.54	\$130,366.63	\$134,277.63	\$138,305.96
Advertising & Marketing	\$3,477.82	\$3,582.16	\$3,689.62	\$3,800.31	\$3,914.32
Repairs & Maintainance	\$163,457.64	\$168,361.37	\$173,412.21	\$178,614.58	\$183,973.02
Management Fee	\$42,898.94	\$44,185.91	\$45,511.48	\$46,876.83	\$48,283.13
GroundsKeeping	\$13,911.29	\$14,328.63	\$14,758.49	\$15,201.24	\$15,657.28
Administrative	\$70,715.72	\$72,837.19	\$75,022.31	\$77,272.98	\$79,591.16
Professional	\$70,715.72	\$72,837.19	\$75,022.31	\$77,272.98	\$79,591.16
Other Expenses	\$11,592.74	\$11,940.52	\$12,298.74	\$12,667.70	\$13,047.73
Operating Expenses	\$563,413.00	\$580,315.39	\$597,724.85	\$615,656.60	\$634,126.29
Reserves					
Replacement	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Reserves	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Expenses	\$563,413.00	\$580,315.39	\$597,724.85	\$615,656.60	\$634,126.29
Net Operating Income	\$216,813.31	\$215,515.44	\$214,022.59	\$212,325.79	\$210,415.75



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Jan 11, 2021 01:50 PM

Application ID: 2021B000001

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Pro Forma Net Operating Income Year 11-15					
Income	Year 11	Year 12	Year 13	Year 14	Year 15
Rental Income	\$923,388.27	\$941,856.04	\$960,693.16	\$979,907.02	\$999,505.16
Vacancy	\$64,637.18	\$65,929.92	\$67,248.52	\$68,593.49	\$69,965.36
Operating Grants/Donations	\$1,219.00	\$1,243.38	\$1,268.24	\$1,293.61	\$1,319.48
Other Income	\$1,462.79	\$1,492.05	\$1,521.89	\$1,552.33	\$1,583.38
Effective Gross Income	\$861,432.88	\$878,661.55	\$896,234.77	\$914,159.47	\$932,442.66
Expense					
Property Insurance	\$40,317.49	\$41,527.02	\$42,772.83	\$44,056.01	\$45,377.69
Property Taxes	\$33,597.91	\$34,605.85	\$35,644.02	\$36,713.34	\$37,814.74
Utilities	\$142,455.14	\$146,728.79	\$151,130.66	\$155,664.58	\$160,334.51
Advertising & Marketing	\$4,031.75	\$4,152.70	\$4,277.28	\$4,405.60	\$4,537.77
Repairs & Maintainance	\$189,492.21	\$195,176.97	\$201,032.28	\$207,063.25	\$213,275.15
Management Fee	\$49,731.63	\$51,223.58	\$52,760.28	\$54,343.09	\$55,973.39
GroundsKeeping	\$16,127.00	\$16,610.81	\$17,109.13	\$17,622.41	\$18,151.08
Administrative	\$81,978.90	\$84,438.27	\$86,971.41	\$89,580.56	\$92,267.97
Professional	\$81,978.90	\$84,438.27	\$86,971.41	\$89,580.56	\$92,267.97
Other Expenses	\$13,439.16	\$13,842.34	\$14,257.61	\$14,685.34	\$15,125.90
Operating Expenses	\$653,150.08	\$672,744.59	\$692,926.92	\$713,714.73	\$735,126.17
Reserves					
Replacement	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Reserves	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Expenses	\$653,150.08	\$672,744.59	\$692,926.92	\$713,714.73	\$735,126.17
Net Operating Income	\$208,282.80	\$205,916.96	\$203,307.85	\$200,444.74	\$197,316.49



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Jan 11, 2021 01:50 PM

Application ID: 2021B000001

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Pro Forma Net Operating Income Comments



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Jan 11, 2021 01:50 PM

Application ID: 2021B000001

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Pro Forma Debt Service

Hard Debt					
Loans	Principal	Rate	Amortizing Term (Months)	Monthly Payment	Annual Payment

Soft Debt					
Loans	Principal	Rate	Amortizing Term (Months)	Monthly Payment	Annual Payment
Ellis County HOME Loan	\$4,200,000.00	3.00%	480	\$10,416.67	\$125,000.00
Sponsor Loan	\$214,920.00	4.00%	120	\$1,000.00	\$12,000.00
Deferred Developer Fee	\$200,000.00	0.00%	120	\$100.00	\$1,200.00

Annual Debt Summary Year 1-8

Name	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Annual Hard Debt	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Annual Soft Debt	\$138,200.00	\$138,200.00	\$138,200.00	\$138,200.00	\$138,200.00	\$138,200.00	\$138,200.00	\$138,200.00
Total Annual Debt	\$138,200.00	\$138,200.00	\$138,200.00	\$138,200.00	\$138,200.00	\$138,200.00	\$138,200.00	\$138,200.00

Annual Debt Summary Year 9-15

Name	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
Annual Hard Debt	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Annual Soft Debt	\$138,200.00	\$138,200.00	\$125,000.00	\$125,000.00	\$125,000.00	\$125,000.00	\$125,000.00
Total Annual Debt	\$138,200.00	\$138,200.00	\$125,000.00	\$125,000.00	\$125,000.00	\$125,000.00	\$125,000.00

Cash Flow & Debt Coverage Ratio Year 1-8

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Net Operating Income	\$185,870.00	\$185,423.35	\$184,821.96	\$184,058.38	\$183,124.83	\$182,013.31	\$180,715.44	\$179,222.59
Total Debt Service	\$138,200.00	\$138,200.00	\$138,200.00	\$138,200.00	\$138,200.00	\$138,200.00	\$138,200.00	\$138,200.00
CashFlow	\$47,670.00	\$47,223.35	\$46,621.96	\$45,858.38	\$44,924.83	\$43,813.31	\$42,515.44	\$41,022.59
Debt Coverage Ratio	1.3449	1.3417	1.3374	1.3318	1.3251	1.3170	1.3076	1.2968

Cash Flow & Debt Coverage Ratio Year 9-15

	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
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Affordable Housing Program

Net Operating Income	\$177,525.79	\$175,615.75	\$173,482.80	\$171,116.96	\$168,507.85	\$165,644.74	\$162,516.49
Total Debt Service	\$138,200.00	\$138,200.00	\$125,000.00	\$125,000.00	\$125,000.00	\$125,000.00	\$125,000.00
CashFlow	\$39,325.79	\$37,415.75	\$48,482.80	\$46,116.96	\$43,507.85	\$40,644.74	\$37,516.49
Debt Coverage Ratio	1.2846	1.2707	1.3879	1.3689	1.3481	1.3252	1.3001



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Key Participants

Participant Role / Ownership %	Organization Name	Contact Name/Job Title	Address	Phone/Email
Managing Agent	ABC Property Management	Johnny Property Management Agent	6600 S Pulaski, Chicago, IL, 60638	Phone:214-458-9632 Email:abc@abc.com
Project Contractor	ABCD Construction	Billy Contractor Owner	123 Main Street, Ennis, TX, 75063	Phone:214-441-8005 Email:abc@bc.com
Project Developer	Matkovich Development LLC	Steven R Matkovich President	8500 Freeport Parkway South, Irving, TX, 75063	Phone:214-456-6363 Email:steven.matkovich@fhlb.com
Project Owner (0.0100%)	General Partner	Steven R Matkovich LIHTC GP Owner	1236 Main Street, Ennis, TX, 76023	Phone:214-441-8774 Email:steven.matkovich@fhlb.com
Project Owner (99.9900%)	LITHC Owner Entity	Project R Owner LIHTC Provider	123 Main Street, Chicago, IL, 60632	Phone:512-555-5555 Email:steven.matkovich@fhlb.com

Are there any related party affiliations between the owner, developer, contractor, architect, consultant and/or managing agent? Yes

Related party affiliation selected: Project Owner, Developer

Describe with as much detail as necessary exactly what your affiliation is with the selected Related Party Affiliation

GP and Developer are the same entity and affiliated with Ellis County.



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Affordable Housing Program

Economic Opportunity

Empowerment

Are there any empowerment services that will be applied to this project? Yes

Empowerment Services On-Site Daycare Services(child or adult), Mental and Behavioral Health Services

Service Providers

Is the sponsor providing ALL of the selected services on the Empowerment page? No

Service Provided	Organization Name	Address	Phone
On-Site Daycare Services	Ennis County Daycare Services	125 Cerrillos Road Ennis, Texas, 75021	972-888-2525
Mental and Behavioral Health Services	Ennis County MBHS	6562 Agua Fria Street Ennis, Texas, 75062	972-471-3007



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Bank District

How many units are located in the states of Arkansas, Louisiana, Mississippi, New Mexico or Texas (Bank's District)?

116



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Jan 11, 2021 01:50 PM

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Affordable Housing Program

Community Stability

Stability

Does this project involve rehabilitating or converting an existing nonhousing structure into housing (adaptive reuse)? No

Rehabilitating existing structure(s) where at least 20% of the project units (or in the case of adaptive reuse, 20% of the existing square footage) are vacant, abandoned or foreclosed properties (not including vacant land). The rehabilitation shall result in those properties meeting or exceeding local building codes or the International Code Council (ICC) standards. Yes

Will the renovations result in those buildings meeting or exceeding local building codes or the International Code Council (ICC) standards? Yes

Indicate how many units will meet the above criterion and whether or not they have been identified and acquired. In addition, please provide an explanation of how the renovations will result in those buildings meeting or exceeding local building codes or the International Code Council standards.

45 units on 3rd floor are planned for demolition to expand room square footage.

Does this project involve demolition of properties where at least 20% of the proposed units in the project shall be newly constructed in place of the demolished structures? No

Does this project involve 100% new construction? No

Are 100% of all project units either: 1) located within the geographic boundaries defined by a community revitalization plan adopted by the municipality, county or parish in which the project is located; or 2) part of an approved resolution from the Governing Body of the municipality, county or parish expressly setting forth that the Governing Body supports the AHP application and that the project supports their community revitalization efforts? Yes

Preservation

Does this project face expiring HUD Section 8 project-based rental assistance contracts, reach the end of a tax credit compliance period, or face expiring USDA-RD515 rental assistance contracts within two years after the AHP application deadline or is the project a Public Housing Development participating in the Rental Assistance Demonstration (RAD) program and is replacing the functionally obsolete units with new units or substantially renovated units in no less than a 1:1 exchange with the new project? Yes

- Expiring HUD Section 8 project-based rental assistance contracts Yes
- Reaching the end of a tax credit compliance period No
- Expiring USDA-RD515 rental assistance contracts No
- Public Housing Authority is participating in the RAD program No

Does the project commit to preserve all of the affordable rental units after the expiration of such contract or the end of the tax credit compliance period? Yes



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Jan 11, 2021 01:50 PM

Application ID: 2021B000001

Affordable Housing Program

Disclosure

Long Term Retention:

Legally recorded documents that insure the long term retention of applicable units assisted with AHP funds are a requirement of the Affordable Housing Program. Owner-occupied housing where a household receives AHP subsidy for purchase, or purchase in conjunction with rehabilitation must be retained as affordable for 5 years, and rental housing must be maintained as affordable for 15 years. If your project is approved, the Bank will work with applicants and sponsors to insure that the appropriate regulatory language is used.

Monitoring:

All member institutions and project sponsors are required to maintain records demonstrating the use of AHP funds, and, in the case of rental projects, information concerning the ongoing operations of projects through the end of the 15 year retention period. Projects will be monitored by the Federal Home Loan Bank of Dallas to insure program and application compliance.

Reporting:

Member institutions and sponsors are required to file periodic status reports about the project.

Recapture:

Member institution and sponsor certify that any proceeds of the direct grant and/or subsidized advance, which will not be, or cease to be, used for the purpose approved by the Federal Home Loan Bank of Dallas and the Federal Housing Finance Agency will be recaptured and the unused or improperly used funds will be returned to the Federal Home Loan Bank of Dallas.

Suspension and Debarment:

The Bank may, or the Finance Agency may order a Bank to, suspend or debar a member, project sponsor, project owner, or any material party from participation in the AHP if such party shows a pattern of noncompliance, or engages in a single instance of flagrant noncompliance, with the terms of an approved application for AHP subsidy or the AHP Regulations, including those provisions governing ongoing monitoring and compliance.

Certifications:

Member institution and sponsor certify that the information in the application is correct and that the grant received for this project will only be used for the purposes listed in the application. Any changes regarding the terms and conditions outlined in this application must be provided to the Bank in writing, and approved by the Bank prior to implementation.

Information Sharing:

Sponsor agrees that the Bank is authorized to verify with other parties and to make any investigation of the matters set forth in the application and this Disclosure Statement, either directly or through any agency or third party employed by the Federal Home Loan Bank of Dallas (Bank) for that purpose. The Bank may disclose to any other interested parties information as to the Bank's experiences or transactions with the sponsor (and project owner, to the extent such entity is different than sponsor) or with respect to the Project or other matters set forth in the application or this Disclosure Statement. Sponsor represents and warrants that it has obtained project owner's consent to share such information as set forth in this paragraph. Sponsor understands that the Bank will retain the application, this Disclosure Statement, and any other supporting information received, even if the Project is not selected to receive AHP subsidy. Sponsor further authorizes the Bank to provide any such interested party any information and documentation the Bank may decide in its sole discretion to provide with respect to the Project and all related material parties to the Project. These representations and authorizations extend not only to the Bank, but also to any investor in the Project with whom the Bank may share information, and the Federal Housing Finance Agency.



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Jan 11, 2021 01:50 PM

Application ID: 2021B000001

Affordable Housing Program

Required Documents

- Required documents must be uploaded by the application initiator (creator) PRIOR to application submission. An individual who has registered for access to GrantConnect and is given the application PIN by the application initiator (associate) may also upload documents. The application initiator and associate(s) may upload documents while the application is in an "initiated" status and after the application has been submitted to FHLB. Please note that you may be asked to upload additional documents via GrantConnect to support your request. The application and associated documents must be submitted to the Federal Home Loan Bank of Dallas by the application due date.
- A link to the detailed list of required documents for your application type is located at the AHP Home Page of the Grant Connect application.



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Application ID: 2021B000001

Affordable Housing Program

Terms & Conditions

Rental application

In order to be eligible for an Affordable Housing Grant, you must agree and adhere to the following requirements.

1. Requested AHP subsidy funds do not exceed the maximum as stated in the Implementation Plan.
2. Fair Housing – The project, as proposed, must comply with applicable federal and state laws on fair housing and housing accessibility, including, but not limited to, the Fair Housing Act, the Rehabilitation Act of 1973, the Americans with Disabilities Act of 1990, and the Architectural Barriers Act of 1969, and must demonstrate how the project will be affirmatively marketed.
3. The AHP funds will likely be either drawn down or used to obtain other funding within 12 months of approval.
4. The project must be completed within 3 years of approval, except Native American projects which must be completed within 5 years of approval.
5. You have in place a legally enforceable mechanism to ensure this project will be affordable to families with incomes at the levels targeted in this application for a period of 15 years. (i.e. deed restriction or soft second mortgage).
6. At least 20% of the rental units will be targeted for the very low income families or individuals.
7. The tenant portion of the rent will be 30% or less of the targeted median income based on bedroom size for any units committed as "affordable" under the AHP guidelines.
8. The project may use AHP subsidies to refinance an existing mortgage loan, provided that the refinancing produces equity proceeds and such equity proceeds up to the amount of the AHP subsidy in the project shall be used only for the purchase, construction or rehabilitation of housing units.



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Jan 11, 2021 01:50 PM

Application ID: 2021B000001

Affordable Housing Program

Application Summary

Member Information

Member Name: Ennis State Bank
 Contact Name: Mr. Steven R Matkovich
 Phone Number: 214-441-8774

Sponsor Information

Sponsor Name: Passion for Affordable Housing
 Contact Name: Mr. Steven R Matkovich
 Phone Number: 312-471-3007

Project Information

Project Name: 2020 FHLB Test Application

Project Location: 8500 Freeport Parkway South,,

Description: The 2021 FHLB Test Application is a 3-story, 116 unit, Section 202 apartment property that serves low and very low income seniors aged 62 and over in Irving, Texas (Southeast of Houston, Texas). The property contains a total of 116 rental apartment units (59 one-bedroom and 57 two-bedroom units), a rental office, laundry facilities, and a community room on a site of approximately 1.033 acres. The property, originally constructed in 1981 is an independent senior living apartment complex. It has asphalt paving and parking areas with approximately 67 parking spaces. The "gross building area" is 42,893 square feet with the "net rentable area" being 30,986. Passion for Affordable Housing (PAH) secured a new 20 year HAP contract in December of 2018. The sponsor, PAH, is applying for a \$750,000 AHP grant to help offset the costs of repairs in this acquisition/rehab project. All the repairs are identified in a recently completed Physical Needs Assessment (PNA). Specifically, the property has experienced significant settlement along the Parkway Street side of its building, causing issues with the foundation, drainage systems, and cracking in the walls, roof damage and plumbing. Additionally, the elevators will need to be replaced along with all HVAC units. PAH will utilize LITHCs, City funds, deferred developer fees and HOME grants to address critical and non-critical repair needs identified in the PNA. The project is located in Irving's Downtown Core between Bronze Ave and Tenth and Third Streets. From approximately 1930 until the late 1970s, a dry cleaning facility, a paint shop, and a gasoline service station were located on the Site. At present, the building is considered to be underutilized compared to surrounding development and has been vacant land for well over a decade. It is within walking distance of the Irving Transportation Center, a multimodal transit station with bus, bus rapid ride, the "Rail Runner" commuter rail and Amtrak. Bronze Ave is a Designated Bicycle Boulevard and Central Ave (2 blocks north) boasts restaurants, shopping, galleries theaters and evening entertainment.

AHP Amount Requested: \$750,000.00

Type of Subsidy: Direct Grant

Project Type: Rental

Median Income Source: HUD

Project Categories: Rehabilitation



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Jan 11, 2021 01:50 PM

Application ID: 2021B000001

Affordable Housing Program

Scoring Information (Total Score: 77.000)		Score
Donated Property		0.000
Project Sponsor		5.000
Community Stability		12.000
100% New Construction		0.000
Adaptive Reuse		0.000
Demolition Of Properties		0.000
Preservation		6.000
Rehabilitation Vacant/Abandoned Properties		3.000
Targeted community revitalization		3.000
Targeted Units		25.000
Income Level	# Of Units	
Very Low Income	83	
Low Income	28	
Moderate Income	0	
Total AHP Units	111	
Economic Opportunity		5.000
Bank District		25.000
AHP Subsidy Per Unit		10.000
In-District		5.000
Rental Units		10.000
Underserved Communities		5.000
Homeless		0.000
Rural		0.000
Special Needs		5.000



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Jan 11, 2021 01:50 PM

Application ID: 2021B000001

Affordable Housing Program

Audit Information

Date Changed	Page Name	Explanation of Changes
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Project Summary/Description



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ABC is proposing to build a 30-unit multifamily apartment complex for homeless disabled veterans. ABC owns proposed land, which is located in Irving, Texas. The location is not in a flood plain. The property is currently zoned residential and does not require any zoning or re-platting.

In April 2021, ABC demolished the existing structure in order to build a new 30-unit development, where the average unit size will be 515 square feet. The new building will have one-bedroom units, with a gross living area of approximately 5,150 square feet. ABC plans on charging affordable rents with no residents paying more than 30% of their income towards rent. The project has secured a 20 year rental subsidy commitment from the local Housing Authority.

NEIGHBORHOOD DESCRIPTION:

The area is bound by IH-35/State Highway 287 on the west, Haskell Avenue to the North; the AB Atlantic Rail Road tracks on the east and US Highway 89 on the south. Access to and from the area is considered excellent via three of the area's major freeways. In addition, there are minor arteries that enhance the accessibility of the area. The minor areas are California Avenue, Damon Avenue, 55th Street, 51st Street and Kedzie Blvd.

The predominate land use in the area is single-family housing built in the 1940's through the 1970's. The neighborhood is also developed with a mixture of commercial uses with retail and older single-family dwellings converted into offices and small retail facilities, along with multifamily residential land use. New commercial development projects are taking place in the area.

PROJECT STATUS:

- ABC is the general contractor
- Phase I Environmental has been completed
- Currently obtaining bids from potential bidders for foundation, roofing, plumbing, electrical, etc.
- Submitting application to the City of Summit requesting CHDO HOME funding for 50% project financing, however, the City requires that ABC obtain commitments from other partners such as TDHCA or FHLB AHP
- Upon completion of project budget and commitment obtain from the City of Summit, TDHCA and/or FHLB's member; ABC will then obtain interim construction financing.

FINANCING NARRATIVE:

The projected total development costs to develop the property is \$10,992,775. The LITHCs are supported by eligible basis of \$929,693 annually over a 10-year period. ABC Bank has prepared a letter of interest to purchase the credits, offering \$.9350. The limited partner's



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interest over a ten-year period at a 99.99% interest results in \$9,295,996 in LIHTC delivery; with pricing of \$.935 per LIHTC, this generates equity in an amount equal to \$8,961,760. The equity contributed to the project shall be: 20% at close of construction period financing, 70% at achievement of lien-free completion, and 10% at closing of the permanent loan.

XYZ is the construction lender for the proposed project and financing terms include a construction loan amount of \$7,100,000 at 2.75% over 18 months. During the construction phase, XYZ shall be the senior lender in first lien position. The repayment of the construction loan shall be from portions of the proceeds of the lien-free completion and permanent loan closing equity installments.

The City has committed \$500,000 in HOME loan funding and \$300,000 in Green Building Grant funding to the project. The HOME loan is underwritten in 2nd lien position during construction, and in 1st lien position during stabilized operations, with a 0% interest rate, 30-year repayment term, and approximately \$16,667 in annual debt service payments. The Green Building Grant is a grant given to the project based on its commitment to pursue sustainable building techniques as part of the project scope. No repayment of this grant is required.



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Sponsor Capacity



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Sponsor Capacity Description Example

ABCD develops affordable housing specializing in the creation of high quality Affordable Family, Senior and Single Resident Occupancy (SRO) Housing Communities throughout Texas. ABCD has more than 75 years of experience in real estate development, construction and finance. FHLB is affiliated with ABC General Contractor with extensive experience building apartments. ABCD with ABC brings unparalleled expertise in the efficient design and construction of housing.

ABCD partners with industry leaders in finance, architecture, engineering, construction, property management and resident service providers to deliver superior residential real estate projects. Our capabilities include establishing goals and objectives, assessing existing housing inventory, creating strategies, and determining financial feasibility. We also do:

Land Acquisition: conduct due diligence including reviewing preliminary title reports, environmental conditions, government restrictions, prepare purchase contracts.

Site Development: Create conceptual design, verify, confirm utilities capacity, and assess cost efficiency, compatibility with neighboring communities.

Architectural Design: Establish appropriate mix of housing and other uses, integrate energy and environmentally efficient design features, provide ample community space for implementing resident services programs and produce construction documents.

Construction Management: Preliminary budgeting and scheduling, define scopes of work, bidding, sub-contractor qualification, contract preparation, construction documentation, weekly meetings, reporting, critical paths, value engineering, budgets, draw requests, work authorization.

Property Management: Manage all aspects of day-to-day operations. This includes, but is not limited to: managing the physical premises, collecting rent & fees, repairs, etc.

ABCD has completed a number of major housing development projects targeting low- and moderate-income households. A summary of those developments are shown below:

- The **XYZ Project** rehabilitated a 25-unit veteran's facility in 2019



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- **XYZ Development Project:** In 2018, 4 dilapidated buildings were rehabilitated, creating 120 units of housing for very low-income families and four 1,800 square foot commercial spaces. This project represented the first phase of a broader revitalization program in Sulfur Springs, Texas.
- **The Wrigleyville Project:** This project was completed in 2019 and rehabilitated six brick-front properties to create 28 apartments for low income and homeless residents. Special funds were provided to the project management for the development and administration of social services and referral programs.
- **FHLB HELP Project:** FHLB built 60 units of affordable housing in Paris, Texas.
- **The Rental Project** provided 14 apartments for very low-income residents, along with a residential treatment facility for 4 developmentally disabled adults.
- **Nelson Revitalization Project:** Involved 44 units in 6 separate buildings, through the Neighborhood Redevelopment Program (NRP). Four of the six buildings required gut rehabilitation. Out of the 44 units, 38 units involved the relocation of tenants. This \$5.6 million project was funded through the use of Low Income Housing Tax Credits.
- **Joe Pool Lake Project:** Involved the acquisition of 62 units of Affordable Housing from the FHA, located in the Pilsen portion of Glendale. This project consists of 31 two-family town houses, located in three, noncontiguous but close, discrete sites. This project was \$6.7 million (construction and related cost).



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Commitment Letters

BANK TERM SHEET EXAMPLE

***Home* Bank & Trust**

January 10, 2022

Steven Matkovich
Blueberry Springs, LP
2800 West Highway H
Dallas, TX 75204

RE: Permanent Financing

Home Bank & Trust is pleased to commit to the following permanent financing on a multi-family senior project in Dallas, TX as follows:

Borrower:	Blueberry Springs, LP
Term:	15 years, monthly principal and interest
Amortization:	15 years
Collateral:	First lien Deed of Trust for the land and improvements located at 2627 15 th Street, Dallas, TX 75204 (See legal description)
Loan Amount:	\$411,500 or 80% of appraised value, whichever is less (value to include valuation for the tax credits valued at loan closing)
Interest Rate:	6.25% fixed
Underwriting Fee:	\$10,000
Prepayment Fee:	The greater of yield maintenance or 1%
Guaranty:	None
Appraisal:	Funding is contingent upon the Bank's receipt and review of an acceptable self-contained appraisal report stating the market-value of the project, prepared by a Bank-approved MAI appraiser. The loan amount is subject to a maximum 60% loan-to-value.
Environmental Report(s):	Phase One Environment Site Assessment Phase Two Environmental Site Assessment (if needed)

Borrower Financial Reports:

Borrower will provide Bank with quarterly and calendar year-to-date financial statements, including Balance Sheet and Income Statement within 45 days of each calendar quarter and 90 days of each fiscal year-end. Audited financial statements are to be received within 220 days of fiscal year-end.

Upon project completion, Borrower will provide Bank with quarterly and calendar year-to-date operating statements and rent rolls for the Project within 45 days of each calendar quarter-end and 60 days for each calendar year-end

Mortgage Title Insurance:

Prior to closing, the Bank requires receipt of a commitment for mortgage title insurance in an amount equal to the maximum loan amount, issued by a Bank-approved title insurance company, listing no liens other than those which are to be paid off prior to or at closing. There are to be no exceptions other than routine utility easements and restrictions, and the current year's taxes not yet due. The Bank shall be named as the insured mortgagee.

Survey:

Prior to closing, the Bank requires receipt of a minimum ALTA survey of the Project, in form and content acceptable to the Bank, showing all easements, encroachments or any other item which may affect the Bank's lien position. The survey must be satisfactory to delete the survey exception in the mortgage title insurance commitment.

Flood Insurance:

If any improvements (existing and/or proposed) on the Project are or will be located in an area identified by the U.S. Department of Housing and Urban Development ("HUD") as an area having "special flood hazards", flood insurance must be purchased and maintained in the amount of the Loan.

Insurance:

At or before closing, the Borrower and/or General Contractor will provide evidence of (1) general liability insurance coverage, (2) builders risk insurance covering the greater of (a) the loan amount or (b) the replacement costs of the improvements. Home Bank & Trust will be named as mortgagee and loss payee on the Builder's Risk Insurance Policy.

Other Encumbrances:

No other encumbrances will be placed on the collateral without the prior written approval of the Bank.

This conditional commitment shall remain in effect until September 30, 2022.

January 15, 2022

Steve Matkovich
Federal Home Loan Bank of Dallas

RE: LIHTC COMMITMENT LETTER EXAMPLE

Dear Mr. Matkovich,

In response to your request, ABC Development is pleased to issue this letter of interest for the below referenced development. We understand that you will be submitting this letter to the Federal Home Loan Bank of Dallas in connection with your application for an allocation of Affordable Housing Program funds.

Based on the preliminary information you have provided, and the assumptions described below, we would be prepared to negotiate with you in good faith with the objective of providing a commitment of equity within 30 days of an award of AHP funds.

ABC Development, which is a national non-profit community development intermediary was incorporated in 1984, with the mission to identify and develop new sources of financing to help provide housing for the very poor. Since its inception, ABC Development has raised more than \$20 billion in equity from more than 750 corporate investors for low income housing around the country. Our portfolio includes over 300 properties amounting to over 12,000 apartment homes.

Project Description: The project consists of 84 units of new construction multifamily housing providing one-bedroom apartments affordable to households at or below 50% AMI

The Limited Partner interest would be 99.99%. This investment will be a private placement into a fund for which ABC Development is the managing general partner. This investment is contingent upon underwriting, investor approval, and availability of funds. The expected Federal Low Income Tax Credit Amount is approximately \$1,211,721 per year. Based on current market conditions, we would estimate the current price of the equity to be \$0.92 per LIHTC dollar. Based on this estimate, the Federal LIHTC equity would be \$11,150,000.

Pay-in-Schedule (approximate):

During Construction:	80%
Construction Completion:	5%
Qualified Occupancy/8609/Stabilization:	15%

If there are any questions regarding these estimates, please contact me. Please recognize that this letter is only intended to demonstrate our interest in this project and does not create any binding obligations of any kind between the parties.



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Creating Economic Opportunity



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EXAMPLE OF EMPOWERMENT SERVICES SUBMISSION

This project will be providing empowerment services that provide opportunities/services to assist residents in attaining life skills and/or moving toward better economic opportunities.

The following services are being (or will be) provided and were chosen on the application.

- | | |
|--|---|
| <input type="checkbox"/> Employment | <input type="checkbox"/> Resident Services Coordinator |
| <input type="checkbox"/> Workforce Preparation and Integration | <input type="checkbox"/> Financial Literacy |
| <input type="checkbox"/> On-Site Daycare services (child or adult) | <input type="checkbox"/> After School or out-of-school services |
| <input type="checkbox"/> Mental and Behavioral Health Services | <input type="checkbox"/> Sweat Equity (new construction only) |

This is a summary of the services being provided:

EXAMPLE OF THE SERVICES SUMMARY:

Residential Program

The ABC's Center is a recovery program which follows the 12-Step model of Alcoholics Anonymous and provides housing for predominately homeless men, as well as non-medical alcohol detox and drug rehabilitation. The ABC's Center has multiple structures that provide safe and clean housing for adults who are predominately homeless.

Why It Works

ABC's Center residential program model has proven successful because:

- It provides housing that allows individuals to live in a safe, supportive community during their recovery.*
- Residents participate in a 12-Step program, widely recognized for its success in maintaining long-term sobriety.*
- Residents are required to work (if able) or volunteer in a charitable program. A Substance Abuse and Mental Health Service Administration report stated that employment is a key component to recovery.*
- Programs provide the needed support for those seeking sobriety that cannot afford treatment nor have no insurance.*
- The ABC's Center is optimally located on the City's transportation corridor. Clients in recovery can easily access public transit to get to work in almost any area of the city.*



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How It Works

ABC Center accepts adult men, ages 18 and over, who: (1) Admit that their lives have become unmanageable as the result of their substance abuse; (2) express a sincere desire to discontinue their use of alcohol and other drugs; and (3) have the capacity and willingness to obey rules.

Assessment

Before admission, potential residents complete an intake assessment to ensure applicants are eligible and appropriate for admission. Potential residents are counseled to determine the appropriate housing needs, based on the projected time for recovery. In addition efforts are made to assure each person is allowed the time necessary for personal recovery.

12-Step Requirements

- *During the first 60 days residents must attend 3 in-house 12-Step meetings per week.*
- *After 60 days residents must attend two in-house meetings per week.*
- *Residents are also encouraged to attend off-site 12-Step meetings.*

Ongoing Requirements

Learning to “live life on life’s terms” forms a major theme of personal recovery. ABC Center believes that residents must learn the value of becoming self-sufficient. Once chemically liberated, residents must:

- *Hold employment, if able, or perform community service either within our community or elsewhere*
- *Pay rent*
- *Live among their colleagues in harmony, order and civility*
- *Participate in maintaining order in the accommodations and*
- *Remain sober*

Availability/Notification – Describe in detail how each of the empowerment services are (or will be) made available and notified to residents

EXAMPLE RESPONSE:

The residents are told of the services available to them when they first tour the community. In addition, a flyer reminding them of these offerings is included with their move-in welcome packet. Periodic reminders are brought to the door of each resident as well as posted in the common areas of the community.

Documentation– Describe the documentation that will be provided and how it supports residents were notified of the availability of services



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EXAMPLE RESPONSE:

The sign-in sheets and curriculum for the classes that were held will be provided to the Bank, as well as copies of the flyers that were distributed to the residents.

Frequency – Explain how often the services are available to the residents.

EXAMPLE RESPONSE:

The financial literacy classes and the job training classes will typically be held monthly.

Location - Where were the services made available?

EXAMPLE RESPONSE:

The classes will normally be held in the community room. Due to the pandemic, the classes were held online via zoom or a similar online platform.



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Supportive Service Plan



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Homeless/Supportive Services Documentation

Market Demand

- Detail how the project will outreach and identify program participants.
- Describe how your project will determine participants meet the Bank’s definition “homelessness” or “special needs”.
- Describe the local market conditions and the need for the proposed project.
- HMIS data from Continuum of Care – data from the point of entry into shelters and homeless programs.
- Point-In-Time Counts that reveal the number of homeless persons in shelters and on the streets at a single point-in-time. These one-night snapshot counts also provide local planners with data they need to understand the number and characteristics of persons who are homeless.

Empowerment

- Describe how participants will be assisted to obtain and remain in permanent housing.
- Provide Memorandum of Understanding (MOU) for empowerment service(s)

Supportive Service description

- Outreach, case management, Life skills, job training, alcohol/drug abuse services, mental health and counseling services, HIV/AIDS services, Health Related & Home Health Services, Education and instruction, employment services, childcare, transportation, etc.

Supportive Service Resources

- What the primary sources of operational funds? Supportive Housing Program (SHP) funding, organizational resources, Medicaid, TANF and SSI.
- Is Medicaid used for low-income families with children, low-income pregnant women and children and certain low-income Medicare beneficiaries? If not, what are the other funding sources?
- Supportive services should have their own income source (not generated from housing cash flow).



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Social Services and the AHP Grant

Applicants are required to complete a *supportive services proforma* when

- (1) Services are integral to the success of the housing. For example, a project that serves formerly homeless individuals likely would not succeed without case management services. Likewise, a supportive living facility would not be successful if the tenants did not have meal service, assistance with daily living, etc.
- (2) The sponsor is directly funding the services or receiving payments from a third-party funder for the provision of the services.

Note that a project would not fill out a supportive services proforma if they were being provided by outside third parties at no cost to the sponsor. For example, a residential treatment, transitional housing and/or permanent supportive housing project serving the homeless where outside agencies/organizations are providing extensive job training, outreach and case management services.

For projects receiving a per diem payment from a third-party funder, which may include housing, supportive services and other costs necessary to support the population to be served by the project, the sponsor will be required to separate the amount of per diem allocated to housing. The sponsor must provide documentation from the funding source, if available, and/or a rationale for the amount of the per diem allocated to housing costs. The portion of the per diem allocated to housing should be included in the rental income worksheet and the residential pro forma. Some or all of the balance of the per diem may be used for supportive services and reflected on the supportive services pro forma.

An explanation of the supportive services to be provided is requested. At a minimum, the following information is required:

- Anticipated resident needs and program goals, including identifying the target population;
- Implementation of services, programs and activities, including who is responsible for providing each service, where each service will be provided, frequency of program activity, eligibility requirements or fees for residents, and methods to market the service program and encourage resident participation;



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- Staffing, their location and number of hours per week dedicated exclusively to services and describing supervision and support;
- Coordination with and commitment of community resources.

WHY THE NEED FOR SEPARATE SOCIAL SERVICE AND RESIDENTIAL PROFORMAS?

The purpose of preparing both a social service and residential proforma is for a project sponsor to demonstrate a project's feasibility for the 15-year compliance period. A critical component is a project sponsor's ability to adequately separate out revenues and expenses attributable to housing and the provision of social services.

Projects involving social services normally house people with extremely low incomes. One of the most significant challenges of these projects is the amount of rent that an extremely low-income household can afford to pay is often below the cost of operating the unit (cost of utilities, property management, maintenance and other operating expenses), creating an operating shortfall or gap. The AHP program does not allow supportive services income to subsidize any shortfalls or gaps.

Preparing the Social Services Proforma - Allocation of Social Service Expenses

Social service expenses can be thought of as program activities that result in services being distributed to individuals that fulfill the mission of an organization. For the AHP grant, the key issue for organizations is separating out the supportive service expenses from residential costs regardless of an organization's accounting.

Identifying Non-Social Service Expenses:

One way an organization can start is reviewing non-supportive service expenses that include operational, oversight, administration, fundraising and membership or other development activities not related to the services provided to clients/residents. These expenses are at times not readily identifiable but are indispensable to the conduct of an organization's mission.

The cost of oversight and administration includes the salaries and expenses of management and support staff. An organization should review how staff members allocate their time. For example, if staff members dedicate portions of their time to social services then salaries should be allocated based on the proportion of time.

Fundraising activities are marketing/advertising expenses or a "residential cost". They include publicizing and conducting fundraising campaigns, maintaining donor mailing lists, preparing fundraising manuals and other activities related to soliciting contributions from individuals, foundations and other sources. Therefore, it is highly



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recommended that organizations should review their expenses to see if they are related to social service programming or to the organization as a whole.

Direct vs. Indirect Expenses

Direct expenses are those that can be identified with a specific program objective and directly related to a single program activity. “Indirect expenses” are those incurred for common or joint organizational objectives and cannot be readily identified with any specific social service objective. Examples include occupancy costs, office supplies, clerical and administrative salaries, common area space, general insurance, repairs and maintenance, accounting and legal fees, rent, utilities, supplies, and telephone (these costs are regularly residential costs).

Allocation of Indirect Costs:

One way to measure costs is a “case-by-case” method. This has indirect costs allocated on rate of actual usage. A project sponsor can use an “allocation rate method” based on the principle, for example, if a program incurs one-third of all direct costs of the organization, it should bear one-third of the shared costs. Another way is having rent and related occupancy costs allocated according to the square feet of space used by each activity, telephone expenses allocated according to number of telephones available to each activity or an actual usage log, supplies allocated on number of employees, etc.

Social Service Proforma Expenses

The expense portion of a social services proforma will generally consist of personnel and program related expenditures. Personnel consist of direct service staff such as counselors, case managers, nurses, etc. This can include direct staff supervisors such as program directors and portions of the overall agency administrative staff such as the executive director, financial director and support staff.

Expenses can also include supplies and materials directly related to the provision of supportive services as well as general office supplies and support such as office machines, telephone, etc. Other related expenses can include tenant transportation, staff training, recruitment and

- Outreach
- Case Management and Service Coordination (Staff Salary x 80%)
- Life Skills (Life skills coordinator salary x 80%)
- Benefits counseling and advocacy
- Mental Health and Counseling
- Primary health care and medication
- Employment Services



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- Child Care
- Education and vocational training
- Transportation
- Life Skills Classes (i.e. quantity for 10 classes @ average of \$85.00 per class)
- Food for Participants (i.e. \$2.35 per meal x 360 days x average of 32 residents)
- Kitchen Supplies
- Resident Care – provision of personal case/medication assistance.
- Personal Care Items (bed linens, hygiene items, clothing, welcome and exit packages, bus passes, etc.) \$20 per person for every 4 months
- Certification Fees
- Staffing

Assisted Living Projects - Expense Overview:

Assisted Living Facilities must have the capacity to provide, either directly or under contract, the following services:

- Supportive Services – meals, housekeeping in resident units, laundry services and arranging access to medical services
- Personal Services - daily assistance with all activities of daily living including dressing, eating, bathing, grooming, toileting, transferring and ambulation of mobility
- Nursing Services – health monitoring, medication administration, and medication management

Examples of Rental Proforma Operating Expenses:

- Office Supplies – cost of “other-than-personnel-services”
- Advertising/Marketing - printing collateral materials, brochures, stationary
- Property Insurance
- Legal/Accounting – tax filings and audits, billing payroll
- Administrative Payroll – Property Manager, Resident Manager, Receptionist, Bookkeeper
- Painting/decorating, and elevator maintenance, HVAC
- Utilities – master metering, common area utilities (public areas, on-site offices, elevators, activity rooms, commercial kitchens, congregate dining and laundry rooms)
- Security
- Audits
- Transportation - staff



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Supportive Services Plan Example

ABC is the lead agency for a collaborative of 60 organizations that provide housing and services for people experiencing homelessness. ABC is also the state's leading advocate for supportive housing and resources to end homelessness. ABC is the "lead agency" for the HUD Continuum of Care in the Greater New Orleans region. As the "lead agency," it receives federal funds for the provision of services and supportive housing.

Overview

The Project will provide housing for homeless individuals with disabilities, including those with a history of chronic homelessness. In addition to housing, the project includes space for offices and meeting rooms for social service staff, a small clinical room for visiting nurse services, a multipurpose room and other tenant amenities such as a computer center and exercise room.

ABC will ensure access to housing for chronically homeless individuals - who have either been continuously homeless for a year or more, or have had at least four episodes of homelessness in the past three years. ABC has a strong track record in helping chronically homeless persons secure and sustain permanent housing. In the past year, through its Welcome Home Program, ABC has housed over 200 people who previously lived on the streets

Units set aside for homeless individuals with disabilities are eligible to receive Shelter Plus Care rental subsidies. The State is finalizing a new PSH voucher plan to be in place in December 2021; the project has requested these vouchers, which will pay the difference between tenant share (30% of income from 0 to 20% AMI) up to the current Fair Market Rent based on unit size.

Supportive Services

ABC addresses the physical, mental, emotional and social conditions of each person. ABC will coordinate a comprehensive on-site social service program for all residents, with a focus on case management for formerly homeless residents. ABC will have staff three on-site case managers and will seek renewable service dollars to fund services at the site through HUD's Homeless Assistance.

When a tenant moves in, the case manager will provide an orientation and assess tenant service needs as well as general interests in educational, social, physical fitness, and cultural events. To the extent possible, the case manager will coordinate with any service personnel from local agencies already working with the tenant. Case managers will be responsible to ensure regular outreach (weekly to biweekly) to all tenants. The case managers will work with tenants participating in services to develop, review and assess



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individual action and service plans that address short-term needs as well as long-term goals. The frequency of service is tailored to the particular needs of each tenant.

The services program will include vocational counseling, job readiness training and placement services provided both onsite and offsite. Other services provided for the residents of project include:

- Alcohol and Substance abuse counseling services
- Behavioral Health Services
- Benefits advisement
- Case Management
- Counseling
- Educational opportunities (GED, higher ed, vocation)
- Employment readiness
- Job Training
- HIV/AIDs Counseling
- Home Care
- Information and referral services
- Mental Health Services
- Recreational Activities
- Social services
- Tenant Based Rental Assistance
- Veterans counseling

As part of tenants' potential action plans, the ABC Collaborative case manager will work with the building team to identify volunteer and paid opportunities that can build self-confidence and self-sufficiency. Examples of these opportunities include: work related to building maintenance and beautification; instruction of a class in which a tenant has experience or interest; organization of recreational activities and social outings and participation in all facets of publishing a newsletter. Building on the neighborhood and community relationships of the project team, tenants will also be matched with volunteer or other opportunities to provide professional and community services. ABC will use its training and employment resources to link homeless residents to jobs.



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Phase 1 Environmental Study



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Phase I Environmental Site Assessment Process

Definition: A Phase I Environmental Site Assessment is a preliminary examination of a site to determine the potential for contamination. It includes a review of present and historical land uses and preliminary tests of places that are suspect.

Purpose: To identify environmental conditions prior to entering into a contract for sale, re-financing, or option agreement, and ultimately to assist property owners to choose a site that presents manageable environmental risks.

Goal and Objectives: A Phase I Environmental Site Assessment (ESA) is a qualitative assessment intended to help owners of property satisfy one of the requirements to qualify for CERCLA's⁽¹⁾ innocent landowner defense and required to support a claim to be an Innocent Purchaser⁽²⁾. Since the mid-1980s, it has also been incorporated into the environmental policies of most lending organizations as a requirement of any loan application involving a parcel of commercial real estate.

Please note that in a Phase I ESA, no samples or tests are made of any materials (i.e., no air, water, soil, building materials or site substances are tested or analyzed). In addition, a Phase I ESA is not an operational regulatory compliance audit. Federal, state, and local laws may impose environmental obligations that are usually not included in a Phase I ESA. Non-scope considerations include, but are not limited to: asbestos-containing materials, radon, lead-based paint, lead in drinking water, and wetlands.

Conclusion(s):

Conclusions and Opinions

We have performed a Phase I Environmental Site Assessment in general conformance with the scope and limitations of ASTM Standard Practice E1527-13 and the Environmental Protection Agency Standards and Practices for All Appropriate Inquiries (40 CFR Part 312). This assessment has revealed no evidence of RECs in connection with the property.

Recommendations

Based on the findings presented in this Phase I ESA no further recommendations are warranted for the site investigated.



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Beyond a Phase I: A Phase II assessment may be defined as a quantitative assessment. It is the actual testing for specific hazards, which may be identified in the Phase I assessment, such as soil (soil borings), water (monitoring wells), on-site substances, and direct testing of building materials and the property. A Phase III assessment recommends management practices (i.e., corrective action) of the confirmed environmental conditions based on the findings of the previous phases.



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Appraisal



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APPRAISAL GUIDELINES

General Provisions

It is recommended an appraisal report contain sufficient data and analysis to allow the reader to understand the property being appraised, the market data presented, analysis of the data, and the value conclusion. The complexity of this requirement will vary in direct proportion with the complexity of the real estate and real estate interest being appraised. The appraisal report should lead the reader to the same or similar conclusion(s) reached by the appraiser.

Definitions

The following terminology is employed in the review process:

Appraisal: The act or process of developing an opinion of value; an opinion of value, of or pertaining to appraising and related functions such as appraisal practice or appraisal services.

Appraisal Standards: Minimum requirements established by USPAP and supplemented by the lender or credit enhancement provider.

Capitalization Rate: A capitalization rate is used in the Direct Capitalization method. It is used to convert an estimate of a single year's income expectancy or an annual average of several years' income expectancies into an indication of value in one step by dividing the income estimate by the rate.

Discount Rate: A rate of return on capital used to convert future payments or receipts into present value.

Fee Appraiser: An appraiser not employed by DCA, a lender or credit enhancement provider other than in connection with a specific appraisal assignment who has no interest, direct or indirect, financial or otherwise, in the property appraised or the transaction.

Intended User: The client and any other party as identified, by name or type, as users of the appraisal, appraisal review, or appraisal consulting report by the appraiser on the basis of communication with the client at the time of assignment.

Investment Value: The specific value of a property to a particular investor or class of investors based on individual investment requirements; distinguished from market value, which is impersonal and detached.



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Market Value: The most probable price which a property should bring in a competitive and open market under all condition's requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and both are acting in what they consider their own best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of U.S. dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sale concessions granted by anyone associated with the sale.

Market Value "As Is" on Appraisal Date: An estimate of the market value of a property in the condition observed upon inspection and as it physically and legally exists without hypothetical conditions, assumptions, or qualifications as of the effective date the appraisal is prepared.

Value Estimates:

Appraisal reports should include the following values:

- "As Is" Market Value (must include a separate value for land if the As Is Value reflects an improved property)
- Prospective Market Value Upon Completion and As Stabilized (Restricted Rents)
- Prospective Market Value Upon Completion and As Stabilized (Unrestricted Rents)
- Valuation of Tax Credits (including federal, state and historic, as applicable)
- Favorable Financing
- Investment Value, if applicable
- Analysis of Ground Lease, if applicable

If personal property, FF&E, or intangible items are not part of the transaction or value estimate, a statement to such effect should be included.

Date of Appraisal:

The appraisal report should be dated and signed by the appraiser who inspected the property. The date of the valuation, except in the case of proposed construction or extensive rehabilitation, must be a current date.



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Format:

Be organized in a format that follows a logical progression and must include, at minimum, the following items:

Title Page:

- Include identification as to appraisal (e.g., type of process - Complete or Limited; type of report - self-contained, summary or restricted)
- Property address and/or location, housing type
- Effective date of value estimate(s)
- Date of report

Letter of Transmittal:

- Property address and/or location
- Description of property type
- Extraordinary/special assumptions or limiting conditions that were approved by person authorizing the assignment
- Statement of property interest being appraised
- Statement as to appraisal process (Complete or Limited)
- Statement as to reporting option (self-contained, summary or restricted)
- Statement that the appraisal is assignable to other lenders or participants in the transaction
- Date of report
- Effective date of appraisal, date of property inspection
- Identification of type(s) of value(s) estimated (e.g., fee simple value, leased fee value, leasehold value, etc.)
- Estimate of marketing period

Identification of the Property:

Provide a statement to acquaint the reader with the property. Real estate being appraised must be fully identified and described by street address, tax assessor's parcel number(s), and development characteristics. Include a full, complete, legible, and concise legal description.

Property Rights Appraised:

Include a statement as to the property rights (e.g., fee simple interest, leased fee interest, leasehold, etc.) being considered. The appropriate interest must be defined in terms of current appraisal terminology with the source cited.

Scope of the Appraisal:

The amount and type of information researched and the analysis applied in an assignment. Scope of work includes, but is not limited to, the following:

- The degree to which the property is inspected or identified;



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- The extent of research into physical or economic factors that could affect the property;
- The extent of data research; and
- The type and extent of analysis applied to arrive at opinions or conclusions.

Site/Improvement Description and Physical Site Characteristics:

Describe dimensions, size (square footage, acreage, etc.), shape, topography, corner influence, frontage, access, ingress-egress, etc. associated with the site. Include a plat map and/or survey.

Description of Improvements:

Provide a thorough description and analysis of the proposed improvements including size (net rentable area, gross building area, etc.), number of stories, unit mix, number of buildings, type/quality of construction, condition, actual age, effective age, exterior and interior amenities, items of deferred maintenance, etc. Floor plans of the proposed improvements should be included in the report.

Cost Approach:

This approach should give a clear and concise estimate of the cost to construct the subject improvements.

Sales Comparison Approach:

This section should contain an adequate number of sales to provide the reader with the current market conditions concerning this property type. Sales data should be recent and specific for the property type being appraised. The sales must be confirmed with buyer, seller, or an individual knowledgeable of the transaction.

Potential Gross Income/Effective Gross Income Analysis:

If used in the report, this method of analysis must clearly indicate the income statistics for the comparable. At least one other method should accompany this method of analysis.

NOI/Unit of Comparison:

If used in the report, the net income statistics for the comparable must be calculated in the same manner and disclosed as such. It should be disclosed if reserves for replacement have been included in this method of analysis. At least one other method should accompany this method of analysis.

Income Approach:

This section is to contain an analysis of both the actual historical and projected income and expense aspects of the subject property.



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Comparison of Market Rent to Contract Rent:

Actual income for the subject along with the owner's current budget projections should be reported, summarized and analyzed. If such data is unavailable, a statement to this effect is required and appropriate assumptions and limiting conditions should be made.

Rents should be compared to the market-derived rents. A determination should be made as to whether the contract rents are below, equal to, or in excess of market rates. If there is a difference, its impact on value must be qualified.

Vacancy/Collection Loss:

Historical occupancy data for the subject should be reported and compared to occupancy data from the rental comparable and overall occupancy data for the subject's market area.

Expense Analysis:

Actual expenses for the subject (if applicable), along with the owner's projected budget, must be reported, summarized, and analyzed. If data is unavailable, a statement to this effect is required and appropriate assumptions and limiting conditions should be made.

Historical expenses of published survey data (e.g., IREM, BOMA, etc.) may also be considered but must be supported by expense comparable. Any expense differences should be reconciled. The following expenses should be considered:

- Management Salaries (full time or part time)
- Maintenance Salaries (full time or part time)
- Other Employees Salaries (full time or part time)
- Employee Benefits
- Office Supplies; Telephone; and Travel
- Legal; Accounting and Advertising
- Contract Repairs
- General Repairs
- Grounds Maintenance and Supplies

“Broker Price Opinions” and “AS IS” Appraisals

“Broker Price Opinions” or tax records are not considered appraisals by FHLB. A broker price opinion is an informal estimate of market value based on comparable properties sold in the neighborhood performed by a real estate agent or broker, and are not considered an appraisal. Tax records are also not considered appraisals since the assessed value assigned to a property is without inspection and based on available public and governmental databases that may contain inaccurate information. **For properties**



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donated or conveyed 50% discount to fair market value or more, an appraisal within six months prior to the closing or transfer date is required. (If the property is not transferred at the time of application, the value will be determined based on the purchase and sales agreement or option to purchase.

“As-Is” Value for Acquisition / Rehabilitation Projects:

The Bank may require rental rehabilitation projects to provide an appraisal as a condition of funding the AHP grant. FHLB of Dallas permits an appraisal to be based on the “as-is” condition of the property as long as any minor conditions, such as deferred maintenance, do not affect the livability, soundness, or structural integrity of the property, and the appraisal value reflects the existence of these conditions. Minor conditions and deferred maintenance items include worn floor finishes or carpet, minor plumbing leaks, holes in window screens, or cracked window glass. Minor conditions and deferred maintenance typically are due to normal wear and tear from the aging process and the occupancy of the property. Such conditions generally do not rise to the level of a “required repair.” Nevertheless, they must be reported.

The appraisal should identify physical deficiencies that could affect the soundness, structural integrity, or livability of the property as part of his or her description of the physical condition of the property. These may include cracks or settlement in the foundation, water seepage, and active roof leaks, curled or cupped roof shingles, inadequate electrical service or plumbing fixtures, etc. In situations where an adverse property condition may be observed by the appraiser but the appraiser is not qualified to decide whether that condition requires immediate repair, the property must be appraised subject to an inspection by a qualified professional.



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Construction Budget Example

ACQUISITION	COST	Use of Funds Category
Site acquisition cost		
Existing building acquisition cost		
Closing costs & acq. legal fees		
Subtotal Acquisition Cost		
OFF-SITES		
Off-site concrete		
Storm drains & devices		
Water & fire hydrants		
Off-site utilities		
Off-site paving		
Off-site electrical		
Subtotal Off-Sites Cost		
SITE WORK		
Demolition		
Grading		
On-site concrete/electrical/paving/utilities		
Bumper stops, striping & signs		
Subtotal Site Work Cost		
SITE AMENITIES		
Landscaping		
Pool and decking		
Athletic court(s), playground(s)		
Fencing		
Subtotal Site Amenities Cost		
BUILDING COSTS*:		
Hard Costs		
Subtotal Building Costs		
Contingency		
TOTAL HARD COSTS		
OTHER CONSTRUCTION COSTS		
General requirements (<6%)		
Contractor overhead (<2%)		
Contractor profit (<6%)		
TOTAL CONTRACTOR FEES		
TOTAL CONSTRUCTION COSTS		
SOFT COSTS		
Architectural - Design fees		
Architectural - Supervision fees		
Engineering fees		
Real estate attorney/other legal fees		
Accounting fees		
Impact Fees		
Building permits & related costs		
Appraisal		
Market analysis		
Environmental assessment		
Soils report		
Survey		
Marketing		
Real property taxes		
Personal property taxes		
Tenant relocation expenses		
Furniture, Fixtures and Equipment		
Subtotal Soft Cost		
RESERVES		
Rent-up		
Operating		
Replacement		
Subtotal Reserves		
TOTAL HOUSING DEVELOPMENT COSTS		



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Market Study



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MARKET STUDY GUIDELINES

Executive Summary

A Market Study should include a concise summary of the data, analysis and conclusions, including the following:

- A concise description of the site and adjacent parcels.
- A brief summary of the project including number of buildings, proposed rents and population served.
- Statement of key conclusions reached by the analyst.
- Opinion of market feasibility including the prospect for long-term performance of the property given housing and demographic trends and economic factors.
- Summary of market related strengths and/or weaknesses which may influence the subject development marketability, including compatibility with surrounding uses, the appropriateness of the subject property's location, unit sizes and configuration, and number of units.

Project Description

The Market Study should include a project description to show the following:

- Proposed number of units by: Number of bedrooms and baths, unit size in square feet, and utility allowances for Tenant Paid Utilities.
- For rehabilitation projects, identification of any existing Assisted Housing programs at the property such as HUD's Housing Choice Voucher Program, Section 202, Section 811, Below Market Interest Rate Programs, Section 236, etc.

Population and Households

- Total population
- Number of households
- Number of households by Tenure and age
- Number of households by income band (preferably in \$5,000 increments)
- Number of households by age and income band (preferably in \$5,000 increments)

Future Development/Demand

- The number of new units that have come online in the Primary Market Area in the last five years. These should both include Market Rate and subsidized units.
- The number of rental projects in the pipeline for permits in the Primary Market Area. These should both include Market Rate and subsidized units.
- Provide a narrative evaluation of the subject property in relation to the comparable properties.



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- Describe the size of the overall rental market in the PMA affordable to the Target Population, including available subsidized units, and Market Rate properties.
- Discuss the availability of Affordable Housing options.
- Discuss the impact of the subject development on the existing housing stock.
- An estimate of the Market Vacancy Rate for the Primary Market Area rental housing stock.

Local Perspective of Rental Housing Market and Housing Alternatives

The Market Study should include a summary of the perspective on the rental market, need for the proposed housing and unmet housing need in the market. The local perspective should consider:

- Capture Rate for the Targeted Population in the subject property incorporating restrictions such as age, income, living in Substandard Conditions, renters versus home owners, Household sizes, etc.
- Penetration Rate.
- Absorption Period and Absorption Rate for the subject property.
- Identify risks (i.e. competitive properties that may come on line at the same time as the subject property, declining population in the PMA, etc.), unusual conditions and mitigating circumstances.



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Capital Needs Assessment for Rehabilitation



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CAPITAL NEEDS ASSESSMENT EXAMPLE

September 16, 2021

ABC Project

Prepared By:

ABC Consulting, LLC.

5145 Talman

Summit, IL 60453

1.0 Certification

The Capital Needs Assessment (CNA) was performed in accordance with the findings in our site inspection. This CNA was prepared in accordance Fannie Mae (FNMA) Document FNMA DUS Guide Section 3 entitled “Physical Needs Assessment Guidance to The Property Evaluator.”

The opinions ABC expresses in this report were formed by utilizing the degree of skill and care excised by prudent architects or engineers in the same community under similar circumstances. ABC assumes no responsibility or liability for the accuracy of information contained in this report, which has been obtained from the Client or the Client’s representatives, from other interested parties, or from the public domain. The conclusions presented represent ABC’s professional judgment based on information obtained during the course of this assignment. ABC’s evaluations, analyses and opinions are not representations regarding the design integrity, structural soundness, or actual value of the property. Factual information regarding operations conditions and data provided by the Client or their representative, have been assumed to be correct and complete. The conclusions presented are based on the data provided, observations made, and conditions that existed specifically on the date of the assessment.

We are trained in evaluating site and building systems, health and safety conditions, physical and structural conditions, environmental and accessibility conditions, and estimating costs for repairing, replacing, and improving site and building components. We are experienced in preparing and providing CNAs for multifamily housing properties similar in scope and operation to those typically financed in USDA/Rural Development’s Section 515 Program and LHFA’s HOME and LIHTC Programs.



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2.0 Executive Summary

ABC Consulting, LLC. (ABC) has completed a Capital Needs Assessment for ABC. The following property is located in ABC, IL

2.1 Summary of Findings

The Client contracted with ABC to conduct a Capital Needs Assessment (CNA)/ Property Condition Report (PCR) consisting of field observation, document review and related due diligence tasks of the property in ABC, Louisiana. The CNA inspection was performed on September 15, 2020.

The project was constructed within industry standards and has been maintained over the years. The apartments are in need of rehabilitation and some critical repairs. ABC has reviewed the apartment complex and reviewed previous improvements. It has been determined that the following items are the necessities for marketability purposes, safety and habitability of the project. The following list of repairs and replacements are needed to provide a safe and habitable environment throughout the life of the mortgage.

- Install r-30 insulation in attic
- Paint all units and exterior.
- Replace all gypsum board on first floor
- New VCT flooring, including base and quarter round
- New Toilet Accessories
- New fire extinguishers
- New range and range hood
- Repair cabinets
- Repair roof
- Landscaping

All replacement and repair costs have been included in this report. All of the costs listed are considered as items that must be performed in order to make the building have a high level of marketability.

During the onsite inspections, ABC found that all of the units were vacant. The existing units will be converted to a new configuration. A Preventive Maintenance Program must be established as the rehabilitated units are placed on the market. The reserve requirements required by USDA Rural Development/LHFA are adequate to maintain the property after the repairs are made.

2.2 Purpose of CNA

Define good commercial and customary practice in the United States of America for conducting a baseline property condition assessment (PCA) of the improvements located



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on a parcel of commercial real estate by performing a walkthrough survey and conducting research.

2.2.1 Walk-Through Survey

A “Walk through Survey” was conducted to identify the property’s material physical deficiencies as well as provide recommendations for repairs of various systems, components, and equipment that were observed.

2.2.2 Documents and Reviews

Documentation of interviews and research to augment the walk-through survey is included in the report.

2.2.3 Property Condition Report

The work resulting from completing a PCA incorporates the information obtained during the Walk-Through Survey, the Document Review and Interviews section of the probable costs for suggested remedies of the physical deficiencies identified.

2.3 Cost Estimate Components and Property Life Estimates

A Critical Needs & Short Term Repairs report was developed to address repairs of health and safety deficiencies and any violations of housing quality standards that require immediate attention.

Short Term Repairs are an estimate of critical repairs and replacements. A Capital Needs Report was prepared for the major components identified to be repaired, replaced, or to have significant maintenance performed over the next 20 years.

These opinions of probable cost are based on estimate documents provided to ABC using the R.S. Means Repair and Remodeling Cost Data and ABC’s experience with past costs for similar properties. Subject to the qualifications stated above, the remaining useful life (RUL) of the property is estimated to be not less than 35 years. This estimate is based upon the observed physical condition of the property at the time of ABC’s visit and is subject to the possibility of concealed conditions or the occurrence of extraordinary events, such as a natural disaster or other “act of God”.

The remaining useful life for the property is further based on the assumption that:

- Critical Repairs are completed in a timely and workmanlike manner.
- Preventive and Remedial Property Maintenance Program are implemented using acceptable standards of care.

2.4 Personnel Interview

In the process of conducting the CNA/ PCA and follow-up telephone calls, ABC met



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and spoke with representatives of the Management Agent of the property, who were cooperative and provided information that appeared to be accurate based upon our site inspection.

3.1. Building, Zoning and Fire Compliance

No violations of building, zoning, or fire safety codes were found.

3.2 ADA Accessibility

Title III of the American with Disabilities Act (ADA) prohibits discrimination by entities to access and use of “areas of public accommodations” and “commercial facilities” on the basis of disability. Regardless of their age, these areas and facilities must be maintained and operated to comply with the Americans with Disabilities Act Accessibility Guidelines (ADAAG).

Buildings completed and occupied after January 26, 1992 are required to comply fully with ADAAG. Existing facilities constructed prior to this date are held to the lesser standard of complying with the extent allowed by structural feasibility and the financial resources available. During the Property Condition Assessment, it was observed that the facilities did appear to be accessible with Title III of the ADA.

4.1 Apartment Units Types and Unit Mix

The following table identifies the reported apartment types and mix at the subject project.

units/Type

- 44 0 BR/ 1 BA
- 58 1 BR/ 1 BA
- 6 2 BR/ 1 BA
- 108 Total

4.2 Observations

The interiors were observed in order to gain a clear understanding of the overall property condition. Other areas accessed included the exterior of the entire property, the roof and all interior common areas. The following items requiring immediate improvements included:

- Install r-30 insulation in attic
- Paint all units and exterior
- Replace all gypsum board on first floor
- New VCT flooring, including base and quarter round
- Repair cabinets
- New HVAC complete with ducts and vents



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5.1 Utilities

The complex has been in operation and is adequately served by all utilities.

5.1.1 On-Site Water System

The water mains are located in the city street utility easements is supplied by the city. The water distribution system is the responsibility of the property to maintain. The fire hydrants are located along the major streets. The water pressure and water quantity was reported to be adequate for domestic needs.

5.1.2 On-Site Sanitary Sewer System

The sanitary sewer system discharges into the municipal sewer main. The property sewer lines are located along the interior roads. The on-site system is the responsibility of the property to maintain. According to the owner, the apartment's sanitary sewer connections to the municipal sewer main were in good condition with no history of clogging or readily apparent problems.

5.1.3 Property Electrical, Telephone and Cable Distribution System

The electrical services are connected to the transformers, which feed the building's exterior mounted electrical meters. Each individual apartment complex has exterior lighting.

The on-site cable TV, electrical and telephone systems are owned and maintained by respective utility companies. This includes transformers, meters and all of the elements of the on-site systems. The apartment complexes have exterior switching boxes. An electrical contractor will need to inspect and bring the electrical services up to the Life and Safety Electrical Codes.

5.2 Parking, Paving, and Sidewalks

The parking around each of the apartment buildings appears to be adequate. The pavement surfaces throughout the different properties are cast-in-place reinforced concrete with control joints. The sidewalks throughout and around the different complexes are constructed of cast-in place concrete. The curbs and gutter consist of cast-in-place concrete curbing.

The concrete pavement in the parking areas and drives throughout the property appears to be in poor condition with evidence of some surface scaling, spalling, cracking, and vegetation growth observed. Repairs and sectional replacement should be performed before new tenants begin to park in the on-site parking areas. Some of this is critical and should be repaired immediately. Remarketing of the pavement is anticipated during the remodeling period. The concrete curbing appears to be in fair condition with some cracking and settlement. Repairs are to be performed during the remodeling.



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5.3 Drainage Systems and Erosion Control

Site storm water from the roofs, lawns and paved areas flow into the municipal storm drain system. Evidence of storm water runoff from adjacent properties was not observed.

5.4 Topography and Landscaping

The property's slope is generally flat. The landscaping consists of trees, shrubs, and grasses. Additional landscaping is needed for curb appeal.

5.5 General Site Improvement

The property identification signage is adequate. Additionally, the individual buildings in each complex need to have easily identifying building numbers mounted on each building. The onsite lighting is provided by the utility-owned street lighting, with high intensity lamps.

All of the property identification signage and building identification signs are in fair condition. Repairs and replacements will be required during the initial remodeling stage. Dumpsters for trash should continue to be contracted and placed near the unit's parking areas.

6.1 Foundation

Based on experience with structures of similar size, configuration, and geographic location, it is assumed that the foundation consists of reinforced concrete slabs-on-grade with integral perimeter and intermediate grade beams.

The foundations could not be directly observed while on-site. Management should implement a regular inspection program. The program should consist of removing and replacing damaged, spalled, and missing sections of concrete as they occur over the evaluation period. This type of repair should become part of routine maintenance. No other action is required.

6.2 Superstructure and Floors

The individual apartment buildings are constructed with cast-in-place reinforced concrete slabs at the first floor. The superstructure consists of load bearing wood stud walls. The roof is framed with wood joists and plywood sheathing. Some decking may need replacement.

6.3 Roofing

Roofing is shingles and leaks were noted. Roofs should be repaired.

6.4 Exterior Walls

The exterior walls are constructed of brick and wood.

6.5 Exterior and Interior Stairs

Metal and wood stairs need repairs

6.6 Exterior Windows and Doors

The apartment unit windows are aluminum-framed, single-glazed, double-hung units with exterior screens. Some of the seals have failed and need to be replaced. The apartment unit front exterior entrance doors are painted solid-core wood set in wood frames. Exterior entrance doors to the apartments contain knob hardware, deadbolts, and aluminum thresholds.

6.7 Common Areas, Entrances, and Corridors

The common areas must be treated with the same replacement guidelines that have been suggested for the overall apartment complex.

7.1 Building Heating, Ventilating and Air Conditioning (HVAC)

Each apartment unit in each building has its own heating, ventilating or air conditioning systems. The existing total electric heating/cooling system should be replaced with energy efficient products.

7.2 Building Plumbing and Domestic Hot Water

Each building plumbing systems includes the incoming water service, the water piping system, and the sanitary sewer and vent system. The water risers and the horizontal distribution piping within the buildings are reported to be PVC. The property water meter is located an exterior wall for easy recording of usage by the local Water & Sewer Department. All existing electric hot water heaters should be replaced with energy efficient hot water heaters.

7.3 Building Gas Distribution

Appears adequate.

7.4 Buildings Electrical

The switching gear, circuit breaker panels and electrical meters appeared to be in good condition. The electrical contractor needs to review each panel to assure that all Electrical and Safety Codes are followed and panels are properly brought up to date. New smoke detectors should be installed in accordance with current codes.

7.5 Fire Protection and Security Systems

The fire protection system consists of service coverage by the local Fire Department. Portable fire extinguishers and smoke detectors should be checked and replaced if necessary. There was no active security system found to assure the future tenants safety. New smoke detectors and new fire alarms system should be installed.

8.1 Interior Finishes

Each apartment will have new floor covering and will be repainted. New cabinets and countertops will be installed in some units. All gypsum board will be replaced on first floor units.

8.2 Dwelling Appliances

Each apartment will have a refrigerator, range, disposal and range hood installed.

8.3 HVAC

Each apartment will have new central HVAC installed.

8.4 Plumbing

Some units need plumbing fixtures replaced.

8.5 Electrical

Electrical appears adequate.

10.0 Environmental Restrictions

An Environmental Site Assessment- Phase I was not made available to ABC and it did not observe any environmental potential problems for the owners or the tenants.

11.0 Opinions of Probable Cost

This section provides estimates for critical, short term and physical needs over the term as noted within this Capital Needs Assessment. These estimates are based on that information provided by the present owner and construction cost developed by construction resources and ABC'S experience with similar properties, city cost indexes and assumptions regarding future economic conditions.

11.1 Methodology

Based upon site observations, research and judgment, along with referencing Expected Useful Life (EUL) tables from various industry sources, ABC indicates to when a system or component will most probably require replacement. Accurate historical replacement records, if provided are typically the best sources of information. Exposure to the elements, initial quality and installation, extent of use, the quality and amount of preventive maintenance exercised, and other similar items are all factors that impact the effective remaining useful life of a system or component. The Remaining Useful Life (RUL) or effective remaining life of a component or system equals the EUL less it age.

Where quantities could not be derived from actual takeoffs, lump sum or allowances are used. Estimated costs to correct are based on professional judgment and probable or actual extent of the observed defect, inclusive of the cost to design, procure, construct and manage the corrections.



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Rental Review Checklist and Helpful Hints



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Preventing Application Mistakes and Errors

Supporting documents

	I uploaded each supporting document as a separate document
	I included any explanation page for each supporting document
	FHLB Dallas will understand the document uploaded

Commitment Letters

	There are supporting documents for every funding source listed as committed
	The award amount and number of units are the same as what is provided within the application
	If there are differences, I provided a clarification to explain

Percentage of Donated Property

	There is documentation to support the percentage of donated property
	I included information such as fair market value, settlement statements, appraisals, etc.
	I understand that all property transfers must be "at-arms-length" from one party to another "unrelated" party

Empowerment

	There is a narrative on how empowerment services will be offered to residents.
	I provided information validating the service provider's ability to provide the "empowerment" service(s) committed to in the application.
	I provided the staff credentials, attendance requirements, copy of curriculum, where the training will occur, how the attendance will be documented, etc.

Evidence of Demand

	Data and other relevant facts sufficiently demonstrate the need for, and viability of the proposed project.
	Documents describe current local market conditions and demand for rental housing being developed.
	My examples include one of the following: market study, referral commitments, city/local consolidated plan, or waiting list



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Project Description

	A good description is included with at least two paragraphs that contains a clear and detailed written description of the entire scope of project.
	It includes covers the type of construction/rehabilitation costs, location, key parties, timeline and why the sponsor is developing the project.

FHLB Dallas and other FHLB Banks

	I included my organization’s past history with AHP subsidies
	I included my organization’s projects with other FHLBanks and included the project numbers
	All current and previous AHP projects are in good standing with no compliance issues

Construction Budget and Other Development Budget Pointers

	Make sure total “Source & Uses of Funds” equals the Total Development Budget submitted
	Acquisition costs on the Development Budget/Uses of Funds equal with those on the supporting docs
	Total construction/rehabilitation costs on the Uses of Funds equal with those on the construction estimates and/or cost documentation provided
	General Requirements/Builders Overhead/Builders profit and contingencies listed shown on the development budget/cost estimates – if not provided, your application can be ineligible.

Special Needs and Homeless Housing

	Provide evidence of need such as the number of sheltered and/or unsheltered individuals, point-in-time counts, referrals.
	Provide referral agreements in place with partner agencies and documentation that you are part of a Continuum of Care.
	Included examples of intake forms, policies/procedures and other documentation that shows how the project will determine individuals meet the Bank’s definition of homeless or special needs.



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Community Stability Pointers

	My supporting documents provide evidence of site control
	My supporting documents provide evidence that project is rehabilitating existing structure(s) where at least 50% of the project's units (or in the case of adaptive reuse, 50% of the existing square footage) are vacant, abandoned or foreclosed properties (not including vacant land).
	Documentation of demolition is included. If not, a clarification is provided explaining why.
	The documentation clearly demonstrates the project has expiring rental assistance contracts or going under RAD conversion. The information has also been discussed with FHLB Dallas staff.
	There are "official documents" such as an adopted city plan, city resolution, community revitalization plan that supports the project being within the geographic boundaries. FHLB Dallas staff can easily find the location of the project based on the exhibits provided.
	There are "official documents" showing the project has expiring HUD Section 8 project-based rental assistance contracts, reach the end of a tax credit compliance period, or face expiring USDA-RD 515 rental assistance contracts – This timeline is between May 12, 2022, and May 12, 2024.

Helpful Hints

Improving Your Application

- ❑ Tell us the story of your project in as much detail as possible in the “Project Description”.
- ❑ Numbers, dates and addresses all need to match between Application and Supporting Documents.
- ❑ Project will need to be finished within 3 years.
- ❑ Help FHLB Dallas understand your required documents with a summary page
- ❑ Implementation plan, funding manual, application guides and more are found at <https://www.fhlb.com/getmedia/1411be39-4737-4eca-beeb-30fd3b16c5f1/ahp-implementation-plan.pdf>

AHP Planning Steps for Sponsors

- Identify location (site control or acquisition plan)
- Income/occupancy targets –special needs, elderly, homeless
- Number of housing units or beds (floor plan)
- Development costs (valid cost estimates)
- Funding sources project (including AHP subsidy)
- Rent payments for targeted households
- Revenue for Expenses/Debt Service/Replacement Reserves
- Find a Member to support the project
- Complete the AHP application

Projects with Empowerment/Social Services

- ❑ Social services proforma must be submitted if the sponsor will be providing services to the project – **Not paid by 3rd parties**
- ❑ Projects with supportive services **MUST** complete a social services proforma
- ❑ **DO NOT SHOW EXCESSIVE CASH FLOW;** services not funded w/rental \$
- ❑ No services or empowerment programs in the operating proforma.
- ❑ LIHTC projects with a resident services coordinator **MUST** complete a social services proforma

Sponsors financing Operating Income

- Projects that rely on donations for the support of the operating pro forma must be able to demonstrate they have a track record of raising the funds necessary to support the project.
- Submit audited financials with a commitment to fund operations if rents are lower than expected
- Include summary of how the organization is in a good financial position to fund operations

Improving Your Application

- Submit letters or grant agreements for all outside funding committed prior to the AHP application due date . The amount committed, and number of proposed units should be identical.
- Provide an explanation on how empowerment services will be offered to residents.
- Provide the documentation on how the project will verify a “special needs” household.
- Provide the documentation on how the project will verify a “homeless” household.
- Indicate the property address on the supporting documentation for site control
- **Start your application early and take advantage of FHLB Dallas technical assistance**

Common errors for Development Budgets

- “Sources and Uses” \neq the Total Development Budget
- Acquisition costs on the Development Budget/Uses of Funds \neq supporting documentation
- Total construction/rehabilitation costs on the Uses of Funds \neq construction estimates and/or cost documentation provided
- General Requirements/Builders Overhead/Builders profit and contingencies are not shown on the development budget/cost estimates

Variances to feasibility thresholds are explained with actual cost/numbers associated with unique features in the development – Good examples are:

The project is in a “high flood risk zone” with inadequate local drainage systems so the project had additional site costs as a water detention system was built underground. Additional structure costs included a concrete stormwater detention vault and insulation on underside of building’s podium.

The operating reserve amount is required by the HOME funds. A capitalized reserve for 9 months of operating expenses, replacement reserves and debt service is required per the HOME loan agreement.

Common errors for Proformas

Projects with Debt

- Debt service terms in the application \neq debt service in the funding commitments or loan term sheets
- Rents and income targeting on the application do not match “rent roll”
- Debt Service ratio not ≥ 1.15 for 15 years

Projects with no Debt

- Cash flow must be positive for all 15 years
- Too much cash flow \neq a good thing
- Residential and Social/Supportive Services costs are not separated

Explain why project exceeds financial feasibility guidelines

- List the 2 to 3 main driving forces such as property layout, insurance, security, etc.
- Explain why expenses at the project are higher than a traditional multifamily project. Good examples are:
 - Operating expenses per unit exceeds \$4,500 per unit because HUD set operating expenses for underwriting. Also, the project will operate within a highly regulated environment requiring 3rd party audits and tenant income certifications.
 - The project has higher property insurance costs due to premium increases from recent storms and flooding. The project is also allocating additional resources for groundskeeping to maintain a high level of finish, which includes green space and grounds.



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Required Documents

NOTE: Required documents must be uploaded by the application initiator (creator) PRIOR to your application submission to the Member.

The following document types can be uploaded: Word, Excel, jpeg, PDF, and zip files.

Evidence of Demand

	Data and other relevant facts sufficiently demonstrate the need for and viability of the proposed project.
	Documents describe <u>current</u> local market conditions and demand for rental housing being developed.
	Do my examples include any of the following: market study, referral commitments, city/local consolidated plan, waiting list etc.?

Sponsor Capacity/Experience

	Resumes and organizational bios provided.
	Organizational resumes list other projects or programs of project(s) previously developed/completed.
	Includes the number of units, development costs and completion dates, target population (such as low income, elderly, homeless, etc.).

Sponsor Ownership Interest

	Sponsor has an ownership interest.
	If the Sponsor has less than a 100% ownership interest, is there an “ownership chart” explaining the ownership interest along with the various owners and their respective ownership interests/percentages.
	If there is a developer fee, is there documentation supporting the sponsor receiving at least 25% of the developer fee?

Evidence of Affirmative Marketing Program

	Does the project provide documentation and/or a narrative on how the project is going to be affirmatively marketed to prospective residents and comply with federal, state and local fair housing laws?
	Is there documentation discussing how the public will be informed such as commercial media, brochures, signs and community contacts/organizations (please provide specific names)?
	Did the project include a HUD Affirmative Fair Housing Marketing form HUD-935.2A or a similar document?

Evidence of Site Control

	Is there documentation to support the “site control” selected in the application. Acceptable documentation can include a Warranty Deed, Contract for Deed, Contract for Lease, Purchase Option, Option to Lease, or Letter of Intent?
	Does the documentation include the project address and legal description?
	Are documents signed by both the seller and purchaser?

Evidence of Zoning

	Is there documentation showing the project site is properly zoned?
	If the project does not have zoning approval, is there documentation to support the rezoning date?
	If zoning is not required, is there evidence from the local jurisdiction?

Phase I Environmental Site Assessment

	Do the supporting documents have a Phase 1 Environmental Site Assessment?
	Does the Phase 1 state there are no Recognized Environmental Condition (RECs)?
	If there are Recognized Environmental Condition (RECs) identified, is there documentation explaining how the project will address the RECs such as next steps and a Phase 2 study?
	If the project has not completed a Phase 1 Environmental Site Assessment, does the project provide a written statement acknowledging that “if approved”, it will provide a completed Phase 1 Environmental Site Assessment before any AHP subsidy is requested?

Appraisal

	Do the supporting documents include an appraisal by an individual/entity certified to perform appraisals?
	Does the appraisal state the “fair market value” of the property?
	If the project has not completed an appraisal, does the project provide a written statement acknowledging that “if approved”, it will provide a completed appraisal before any AHP subsidy is requested?

Rental Operating Subsidies

	The supporting documents includes back-up information to support any rental subsidy indicated on the rental affordability worksheet completed in the application such as specific rental/operating agreements with HUD or local Housing Authorities.
	If rental subsidies are coming from fundraising or other cash contributions, is there documentation demonstrating fundraising for the past three years.?
	If rental subsidies are coming from fundraising or other cash contributions, is there documentation such a letter/resolution from the Sponsor’s Board of Directors stating their commitment to fund operations for the entire 15-year compliance period?

Funding Sources

	Are there supporting documents for all funding listed as “committed” on the Sources of Funds page?
	Does the funding commitment amount, term, rate, amortization, and other relevant information agree with the information listed on the Sources of Funds? If not, is there a detailed explanation and reconciliation included?
	If there are funds listed as “Requested”, is there documentation of the amount requested and when an approval decision is expected along with contact information?
	If there are funds listed as “Not Requested”, is there an explanation of when they will be requested and when an approval decision is expected?

Development Budget

	Does the project include a Development Budget that is “EQUAL” to the project’s total cost and Sources and Uses of Funds?
	Does the Development Budget show where items are classified on the Uses of Funds such as acquisition, architect/engineering, predevelopment, reserves, interim financing, etc.?
	Is there a supporting narrative that provides a “detailed explanation” how the project determined the costs?
	Does the Development Cost Budget break out the following as separate line items? <ul style="list-style-type: none"> • Operating Reserves • Hard Cost Contingency • Developer Fee • General Requirements • Builder Profit • Builder Overhead
	Do the supporting documents include construction bids from contractors and/or subcontractors, architect cost estimates, or a physical need assessment with detailed breakout of project construction costs?

Rehabilitation Projects

	Does the project preserve affordable housing units or increase the number of affordable housing units?
	The supporting documentation include one independent bid for the cost of the rehabilitation or a Physical Needs Assessment.
	The supporting documents include a detailed scope of the rehabilitation work. Are there pictures illustrating the project’s condition?
	Do the AHP funds represent most of the funding excluding any owner or charitable contributions? If so, does the project have a pre- and post-inspection conducted by a qualified independent third party not related to the owner, sponsor, developer, or contractor and approved by the member.
	If the project is currently occupied, is the most recent rent roll included via “Microsoft Excel” in FHLB’s format? Also, are the property’s most recent audited financial statements included?
	Did the project provide a Physical Needs Assessment with cost estimates for repairs, replacements and significant maintenance items which should be done immediately?

Rent Roll Checklists

	The project uploaded a rent roll in the format shown below in "Microsoft Excel"?
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Unit	Name	# of Bedrooms	Original Occupancy Date	Tenant's Income at Occupancy	Tenant's Current Income	Household Size	Tenant's Monthly Rent	Federal State Subsidy
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- The unit number in which the tenant resides.
- The tenant's name.
- The number of bedrooms.
- The original occupancy date (move-in date).
- The tenant's annual income at time of occupancy.
- The tenant's current annual income.
- The household size.
- The tenant's monthly rent.
- Federal/State Rental Subsidy is provided; please indicate amount.

	The incomes of the current residents match the project's income targeting as completed on the application's "Rental Project Worksheet".
	If the project is intending to displace current tenants, a relocation plan including a timeline is provided. Applicable relocation expenses are included in the development budget.
	If the project is acquiring a property, a rent roll was submitted a rent roll for current residents. The Bank evaluates and scores an application based on the incomes of current residents not the proposed "income-mix" post completion.

Donated Property Points

	The property is donated or conveyed by an entity not related or affiliated with the member, project sponsor or project owner through ownership or control.
	If the project has a long-term lease of 15 years or more, it has a nominal annual rent payment (no more than \$10 annually).
	The supporting documents provides either an executed Lease Agreement and Memorandum of Lease that demonstrates the donation.
	If the property is donated or conveyed at a discount to fair market value (at least 50%), an appraisal within six months prior to the closing or transfer date is provided.
	If your project includes a ground lease, provide sample documents indicating how the AHP Deed Restriction and requirements will be recorded against the property's leasehold interest.

Sponsor Type

	A copy of the 501-c-3 certification from the IRS is provided.
	Documentation is provided for the sponsor's Tribal Authority or Housing Authority status.
	Does the supporting documentation include information that the project sponsor is receiving at least 25% of the developer's fee? An example of this would be in a Partnership Agreement or Development Services Agreement.

Creating Economic Opportunity

	Services are offered and available to all residents and a narrative is provided.
	The proposed program(s) or service(s) are appropriate for the target population. A narrative explaining is provided.
	Services must be provided by an organization recognized as experienced in employment and/or job skills training. A narrative explaining is provided.
	If services are conducted by a third party, a Memorandum of Understanding (MOU) executed between the sponsor and the third party is provided. If not available, please provide information on the third party's ability to provide the services indicated along with their experience. This can be a brochure or other published material.
	If service(s) are conducted by the sponsor, are qualifications listed of the individual(s) performing the service(s)? This can be in the form of a resume, counseling certifications or narrative. Any published material used in providing the service should also be provided, including contracts.

Underserved Communities and Populations

Homeless

	The identified units must be reserved for homeless individuals (not overnight beds).
	If tenants are paying rent, is there a narrative explaining how the homeless household will pay rent?
	Does the project provide an explanation on how the number of homeless units in the project was determined? Supporting documents typically include referrals from shelters, intake forms that included income or information from the Homeless Management Information System (HMIS).
	Is there documentation on how the project will document individuals as homeless?

Special Needs

	Does the project provide an explanation on how the number of special needs" units was determined?
	If the project is not 100% special needs, there is an explanation on how the number of reserved units was determined as well as evidence on the demand/need for units?
	Is there documentation on how the project will document individuals as special needs"?

Rural

	Evidence the project is located in a USDA rural area is provided using: http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do .
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Community Stability

Adaptive Reuse

	The project involves rehabilitating or converting an existing non-housing structure into housing.
	Is evidence of site control provided?
	The project provides a narrative explaining the scope of the renovations.

Rehab of Units – 50% Vacant

	The project is rehabilitating at least 50% of the project’s units or in the case of adaptive reuse, 50% of the existing square footage are vacant, abandoned or foreclosed properties (not including vacant land).
	Is evidence of site control provided?
	The project provides a narrative explaining the 50% vacant units and/or square footage.

Demolition of Units – 20% Vacant

	20% of the proposed units shall be newly constructed in place of the demolished structures.
	Is evidence of site control provided?
	The project provides evidence that existing structures will be demolished and include bids for the demolition, city/county notices and other applicable documentation along with photographs of the subject properties.

Community Revitalization

	Documentation supports that 100% of all project units are: <ol style="list-style-type: none"> 1) located within the geographic boundaries defined by a community revitalization plan adopted by the municipality, county or parish in which the project is located; or 2) part of an approved resolution from the Governing Body of the municipality, county or parish expressly setting forth that the Governing Body <u>supports the AHP application and that the project supports their community revitalization efforts.</u>
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Preservation

	Is there an expiring rental assistance contract or documentation to support the project reaching the end of a tax credit compliance period?
	Project provides a narrative explaining the documents satisfy the requirement of being an expiring rental assistance contracts or reaching the end of a tax credit compliance period.
	There is documentation such as a LURA, HUD contract or USDA contract that will be expiring within two years after the AHP application deadline.
	Does the project provide a narrative explaining how the expiring documentation satisfies the Bank’s definition of expiring within two years after the AHP application deadline?
	If the project is a Public Housing Development participating in the Rental Assistance Demonstration (RAD) program where the project is replacing the functionally obsolete units with new units or substantially renovated units, does it demonstrate a no less than a 1:1 exchange with the new project?
	For RAD projects, is there documentation that the project has authorization to convert from their current form of assistance to a long term, project-based Section 8 rental assistance contracts (PBRAs) or project-based vouchers (PBVs)?
	Is there a narrative explaining how the supporting documentation qualifies for RAD points?

Social Services Proforma

Applicants are required to complete a supportive services proforma when:

- 1) Services are integral to the success of the housing. For example, a project that serves formerly homeless individuals likely would not succeed without case management services. Likewise, a supportive living facility would not be successful if the tenants did not have meal service, assistance with daily living, etc.
- 2) The sponsor is directly funding the services or receiving payments from a third-party funder for the provision of the services.

	Cash Flow is positive of all 15 years.
	The proforma is not showing excessive cash flow.
	Residential costs are separate.

AHP Unit Types

Unit = an individual dwelling or single-family home with its own private entrance, residential kitchen/cooking area, at least one full bath, and at least one sleeping area.

GBEDS = used in residential facilities such as “shelters” and “group homes,” **beds do not** provide individual living areas with a bath and kitchen. A bed may not be occupied by more than one person.

SRO = A type of housing where there are single bedrooms with shared bath and, perhaps, kitchen facilities. Each unit is for occupancy by a single eligible individual.

Additional Information

Note: For additional information on the program’s requirements and the detailed Scoring Criteria, please review the Bank’s AHP Implementation Plan. A link to the AHP Implementation Plan can be located here:

<https://www.fhlf.com/getmedia/1411be39-4737-4eca-beeb-30fd3b16c5f1/ahp-implementation-plan.pdf>





Member driven.
Community focused.

GrantConnect Guide and Glossary

Grant Connect Guide

The Federal Home Loan Bank of Dallas (Bank) Grant Connect Guide has been developed to assist you in the completion of your electronic Affordable Housing Program (AHP) Subsidy Application.

Grant Connect allows the user to:

- Create a new application
- View and update an existing application
- Email the AHP department
- View the application glossary
- Submit the required application documents
- Print the application
- Submit an application

Grant Connect provides a link to the AHP Implementation Plan. The AHP Implementation Plan gives detailed information on how the Bank will implement the Affordable Housing Program. It is imperative to read the Implementation Plan to understand how to comply with the requirements.

Create a New Application

When creating a new application, it is important to know the following items:

- Complete all sections of the current screen before moving on to the next screen.
- Click “Next”. If the next button is not clicked, the work performed will be lost.
- There is a 15-minute time-out on each page. If you have a lot of text to type, type it on a separate word document. Then copy and paste the information into the applicable text box. In addition, please limit your use of special characters.

User Error Checks

The system will give you an error if a section within the application has been:

- Completed with the wrong format.
- Completed incorrectly or incompletely.
- Is inconsistent with another portion of the application.

You must correct the noted deficiency before you can advance to another page of the application. In addition, you must successfully correct the error message; otherwise, the input on that particular page will not be saved.

View and update an existing application

When updating an existing application, it is important to remember to:

- Click “Next” after every change is completed.
- When navigating from screen to screen, use the navigation bar located on the left-hand side of the screen to go to a specific screen.

User Access

- Customers (Members and non-members of the Bank) and Applicants (Sponsors and Consultants) may register to create or access AHP applications. Consultants (also referred to in this User Guide as “non-sponsors”) should register under the organization they are employed by, not the Sponsor organization they are working with on an AHP application. The Non-Sponsor will have the ability to select the appropriate Sponsor organization for each application.

Example:

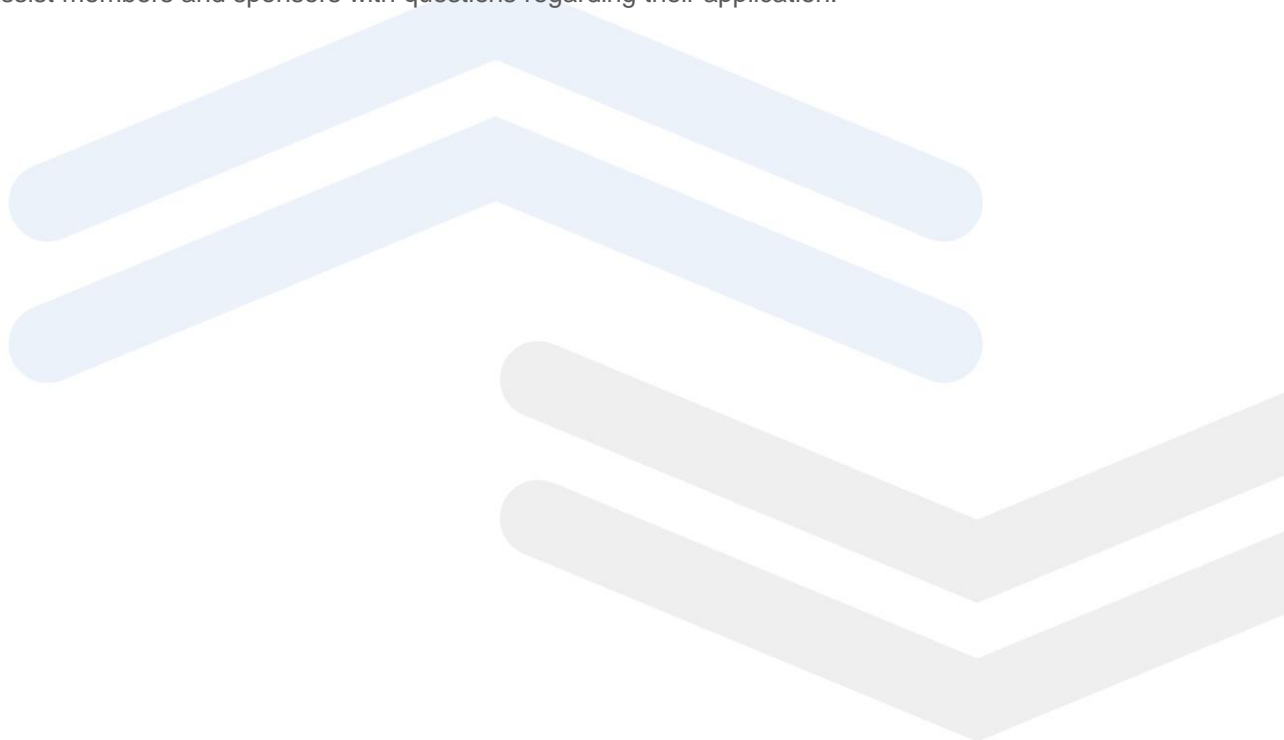
John Smith works for Smith Consulting. He will be submitting AHP applications for two different Sponsor Organizations, Hope Foundation and Faith Foundation. Mr. Smith will register as a user under “Smith Consulting” (a non-sponsor organization). Mr. Smith will then initiate application #1 and will select Hope Foundation as the Sponsor Organization within the application. Mr. Smith will also initiate application #2 but will select Faith Foundation as the Sponsor Organization within the application.

- Members, Sponsors, and Non-Sponsors have the capability to view the application during the application process. However, users who registered against a member organization do not have write capabilities unless the member organization initiated the application. Only the users who registered against the organization that initiated the application can update or make changes to the application.

- Your application is protected through the use of a PIN that you create at application. You should share your application PIN with the sponsor and member users as the PIN is required to review and approve your application.

- Users registered against a sponsor organization cannot make any changes to the application once it has been submitted to the member for review. If the member rejects the application, you will regain write access to make any applicable changes.

- The Bank AHP staff also has the capability to view the application. The Bank AHP staff is available to assist members and sponsors with questions regarding their application.



Application Initiation

There are four ways to initiate an application: Non-Sponsor Initiated, Sponsor Initiated, Member Initiated, and Member Initiated No Sponsor.

1. **Non-Sponsor Initiated** – An application with this status will typically have been created by a consultant. The user should have registered against their own organization (not the sponsor organization associated with the application) and can update or make changes to the application. Upon submission, the application will go to “Awaiting Sponsor Acceptance” status. An email notification will be sent to the Sponsor contact and the non-sponsor contact to notify them of the status. If you are unsure whether you should create a non-sponsor- initiated application, please contact the Community Investment Department at 1-800-362-2944.
2. **Sponsor Initiated** – In this status, only users who registered against their own sponsor organization can update or make changes to the application. Upon submission, the application will go to “Awaiting Member Review” status. An email notification will be sent to the Member contact and the Sponsor contact to notify them of the status.
3. **Member Initiated** - In this status, only users who registered against the member organization can update or make changes to the application. The Member has selected a sponsor associated with the application. Upon submission, the application will go to “Awaiting Sponsor Acceptance” status. An email notification will be sent to the Member contact and the Sponsor contact to notify them of the status.
4. **Member Initiated No Sponsor** – This status indicates that a member has initiated an application and has selected “No Sponsor”. The member is assumed to be the sponsor for the project and can send it to the Bank upon completion of the application. Upon submission, the application will go to “Submitted to FHLB” status. An email notification will be sent to the Member contact to notify them of the status.



Application Statuses

There are four application statuses: Awaiting Member Review, Awaiting Sponsor Acceptance, Awaiting Member Final Review, and Submitted to FHLB.

1. *Awaiting Sponsor Acceptance* – This status indicates that either the member or a non-sponsor has initiated the application on behalf of the sponsor and is waiting for the sponsor to review and approve the application. Once the sponsor has approved the application, the application will go to “Awaiting Member Final Review” status. The member will then need to submit the application to the Bank.
2. *Awaiting Member Review* – This status indicates that the sponsor has completed or approved the application and is waiting for the member to review, approve, and submit the application. Upon submission, the application will go to “Submitted to FHLB” status.
3. *Awaiting Member Final Review* – This status indicates that a member initiated the application with a sponsor associated and the sponsor has accepted the application. The member now has to submit the application to the Bank. Upon submission, the application will go to “Submitted to FHLB” status.
4. *Submitted to FHLB* – This status indicates that the member has successfully submitted the application to the Bank. Once this step has been completed, an email confirmation is sent to both the sponsor and the member. At this point, the application is final and no further changes can be made.

Sponsor Certification

In accordance with AHP regulations, the project sponsor must certify that it meets the project sponsor qualifications criteria established by the Bank and that it has not engaged in, and is not engaging in, covered misconduct as defined in FHFA’s Suspended Counterparty Program regulation. The project sponsor will be required to make this certification through an acknowledgement during the “Awaiting Sponsor Acceptance” stage of the application.

Application Summary

A summary of the application can be viewed once the application has been completed via the project summary page. The project summary page can be quickly accessed by using the navigation bar located on the left-hand side of the screen. The project summary provides you with a detailed summary of much of the information that was entered into the application. The project summary also gives a preliminary application score. The preliminary score is subject to review by the Community Investment Department.

Email the AHP Department

The “Contact Us” tab, located at the bottom of the screen allows the user to email the Community Investment Department. The “Contact Us” feature will not work until you have started an application; however, you can reach us directly through AHP@fhb.com.

View the application glossary

The “Glossary” tab, located at the bottom of the screen, directs the user to the Glossary which gives the AHP definitions of terminology used in completing the AHP Application.

Submit the Required Application Documents

A listing of the required documentation can be found on the Welcome Page of the application. Required documents must be uploaded as part of the application process. They are due at the time of application submission.

Print the Application

- On the Welcome Page of the application, you can click the “View” icon under Actions to review your application. Once in “View” mode, you can download or print the application using the buttons at the top of the screen. Users may print the application by using Adobe Acrobat Reader.
- If you do not have Adobe Acrobat Reader, you may download the software by clicking on the Adobe Acrobat icon located on the Welcome Page of the application.

Submit the Application

Non-Sponsors – After the application has been completed, click “Submit”. You will receive a confirmation message and email that the application has been submitted to the sponsor for approval. After sponsor approval, the application will be submitted to the member for approval. As stated previously, it is important to remember to contact the sponsor and member to ensure that they review and submit your application. It is also important to remember to share your application PIN so the sponsor and member can access your application. You will not be able to make any additional changes to the application once it has been submitted for review. If the application is rejected, the initiator of the application will regain access to make any applicable changes. Once the sponsor and member approve and the application is submitted to the Bank, you will receive an email notification.

Sponsors – After the application has been completed, click “Submit”. You will receive a confirmation message and email that the application has been submitted to the member for approval. As stated previously, it is important to remember to contact the member to ensure that they review and submit your application. It is also important to remember to share your application PIN with the member so the member can access your application. You will not be able to make any additional changes to the application once it has been submitted to the member for review. If the member rejects the application, the initiator of the application will regain access to make any applicable changes. Once the member approves and submits your application to the Bank, you will receive an email notification.

Members – Review and approve the application. Once you have approved the application, click the “Submit” button to submit the application to the Bank. If you do not approve of the application submitted, you may click “Reject” to return the application to the sponsor for changes to be made. Once the requested changes have been made, and the application has been resubmitted to you through Grant Connect, you will receive an email notification of the resubmitted application. You will then need to submit to the Bank by clicking “Submit”. The sponsor, non-sponsor (if applicable), and yourself will receive an email notification that the application has been submitted.

Things to Remember

- Each screen must be fully completed before the system will allow you to move on to the next screen.
- Skip from screen to screen using the navigation bar. – Caution – If you make any changes, you must click “Next”. If you use the navigation bar without clicking “Next”, your changes will not be saved.
- Two people cannot work on an application simultaneously as any changes will not be saved. However, multiple people with separate User ID’s can have write access to the application. If you want additional people at your organization to be able to work on an application, have them register separately and then share the application PIN with them.
- Be sure to print or save a copy of your completed application.
- If you require technical assistance you may reach the Community Investment department at 1-800-362-2944 between the hours of 8:00 am – 5:00 pm C.S.T. Monday - Friday.

Attachment A

Definitions

Abandoned means that mortgage or tax foreclosure proceedings have been initiated for a property, no mortgage or tax payments have been made by the property owner for at least 90 days, AND the property has been vacant for at least 90 days. For purposes of this Implementation Plan, this definition does not apply to land and covers buildings only.

Affordable means that:

- the rent charged to a household for a unit that is to be reserved for occupancy by a household with an income at or below 80% of the median income for the area, does not exceed 30% of the income of a household of the maximum income and size expected, under the commitment made in the AHP application, to occupy the unit (assuming occupancy of 1.5 persons per bedroom or 1.0 person per unit without a separate bedroom); or
- the rent charged to a household, for rental units subsidized with Section 8 assistance under 42 U.S.C. § 1437f or subsidized under another assistance program where the rents are charged in the same way as under the Section 8 program, if the rent complied with this definition of Affordable at the time of the household's initial occupancy and the household continues to be assisted through the Section 8 or another assistance program, respectively.

Debt Coverage Ratio or debt service coverage ratio means the ratio of a project's annual net operating income divided by the total annual debt service (principal plus interest).

Direct Subsidy means an AHP subsidy in the form of a direct cash payment.

Displaced Homemaker means an individual who is an adult and

- has not worked full-time, full-year in the labor force for a number of years but has, during such years, worked primarily without remuneration to care for the home and family and
- is not employed or is underemployed and is experiencing difficulty obtaining or upgrading employment.

Effective Gross Income means gross rents for all units and miscellaneous income less vacancy allowance.

Elderly means an individual who is fifty-five years of age or older.

Eligible Household means a household that meets the income limits and other requirements specified by the Bank for the General Fund and any Targeted Funds and AHP Homeownership Set-Aside Programs, provided that:

- in the case of owner-occupied housing, the household's income may not exceed 80% of the median income for the area; and
- in the case of rental housing, the household's income in at least 20% of the units may not exceed 50% of the median income for the area.

Extremely low-income household means a household's income may not exceed 30% of the area median income for the area, with the income limit adjusted for household size in accordance with the methodology of the applicable median income standard, unless such median income standard has no household size adjustment methodology.

First-Time Homebuyer means an individual and his or her spouse (if any) who have not owned a home during the three-year period prior to the purchase of a home with AHP assistance, except that -

- any individual who is a displaced homemaker may not be excluded from consideration as a first-time homebuyer under this paragraph on the basis that the individual, while a homemaker, owned a home with his or her spouse or resided in a residence owned by his or her spouse;

- any individual who is a single parent may not be excluded from consideration as a first-time homebuyer under this paragraph on the basis that the individual, while married, owned a home with his or her spouse or resided in a residence owned by his or her spouse; and
- an individual shall not be excluded from consideration as a first-time homebuyer under this paragraph on the basis that the individual owns or owned, as a principal residence during such three-year period, a dwelling unit -
 - whose structure is not permanently affixed to a permanent foundation in accordance with local or other applicable regulations, or
 - whose structure is not in compliance with State, local or model building codes, or other applicable codes, and cannot be brought into compliance with such codes for less than the cost of constructing or purchasing a permanent structure; or
 - that was substantially destroyed due to a natural disaster or other event of catastrophic loss.

Foreclosed means a property "has been foreclosed upon" at the point that, under state or local law, the mortgage or tax foreclosure is complete. The Bank generally will not consider a foreclosure to be complete until after the title for the property has been transferred from the former homeowner under some type of foreclosure proceeding or transfer in lieu of foreclosure, in accordance with state or local law.

Hard Construction Costs means the actual costs of making improvements to the property via construction.

Hard Cost Contingency means funds budgeted for unforeseen hard costs, such as additional labor and materials.

Homeless Household means a household made up of one or more individuals, other than individuals imprisoned or otherwise detained pursuant to state or Federal law, that

- lacks a fixed, regular, and adequate nighttime residence or
- has a primary nighttime residence that is:
 - a supervised, publicly- or privately-operated shelter designed to provide temporary living accommodations (including welfare hotels, congregate shelters, and transitional housing for the mentally ill);
 - an institution that provides a temporary residence for individuals intended to be institutionalized;
 - a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings; or
- Youth aging out of foster care system.

Low- or Moderate-Income Household means a household that has an income of 80% or less of the median income for the area, with the income limit adjusted for household size in accordance with the methodology of the applicable median income standard, unless such median income standard has no household size adjustment methodology.

Manufactured Housing means a structure, transportable in one or more sections, which is built on a permanent frame and is designed to be used as a dwelling when connected to the required utilities.

Material Party means any project development team participant who has influence over or impacts the outcome of a project.

MSA means a Metropolitan Statistical Area as designated by the Office of Management and Budget.

Minor Child means (i) a child under age 18 or (ii) a child age 18 or older who is not engaging in substantial gainful activity due to a physical or mental condition(s) that very seriously limits his or her activities and the condition(s) has lasted, or is expected to last, at least one year.

Native American Service Area means an area within which a Native American tribe operates affordable housing programs or the area in which a tribally designated housing entity (as designated for purposes of the Native American

Housing Assistance and Self-Determination Act) is authorized by one or more Indian tribes to operate affordable housing programs.

Operating Reserves means funds set aside by the project sponsor to cover unexpected fluctuations in actual operating expenses during the year.

Owner-Occupied Project means, for purposes of the General Fund and any Targeted Funds, one or more owner-occupied units in a single-family or multifamily building, including condominiums, cooperative housing and manufactured housing communities.

Owner-Occupied Unit means a dwelling unit which is the primary residence by the owner of the unit. Housing with two to four dwelling units consisting of one owner-occupied unit and one or more rental units is considered a single owner-occupied unit.

Project Sponsor means a not-for-profit or for-profit organization or public entity that:

- has an ownership interest in a rental project or
- is integrally involved in an owner-occupied project.

For purposes of the definition of project sponsor, “ownership interest” means that (i) the project sponsor is the owner of the rental project or (ii) the project sponsor has an ownership interest or the ability to control the entity that is the owner of the rental project. For purposes of the definition of project sponsor, “integrally involved” means that the project sponsor (i) exercises control over the planning, development or management of the owner-occupied project or (ii) qualifies borrowers and provides or arranges financing for the owners of the owner-occupied units.

Rental Project means, for purposes of the General Fund and any Targeted Funds , one or more dwelling units for occupancy by households that are not owner-occupants, including overnight and emergency shelters, transitional housing for homeless households, mutual housing, single-room occupancy housing and manufactured housing communities.

Replacement Reserves means funds set aside by the project owner to cover some or all of the cost to replace assets as they are used up (e.g., roof, plumbing, appliances).

Retention Period means

- five years from closing for an AHP-assisted owner-occupied unit where a household receives AHP subsidy for construction, purchase, or purchase in conjunction with rehabilitation of the unit; and
- fifteen years from the date of completion for a rental project.

Rural means

- an area eligible for USDA Rural Development housing programs. USDA property eligibility is provided on the USDA website which is <http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do>.

Single Parent means an individual who is

- unmarried or legally separated from a spouse and
- has one or more minor children for whom the individual has custody or joint custody or is pregnant (at point the individual occupies the property).

Special Needs for owner-occupied housing means households with elderly, persons with disabilities, persons recovering from physical abuse, alcohol, or drug abuse, or persons with HIV/AIDS.

Special Needs for rental housing means households with elderly, persons with disabilities, persons recovering from physical abuse alcohol or drug abuse, persons with HIV/AIDS, formerly incarcerated persons, victims of domestic violence, dating violence, sexual assault or stalking, and unaccompanied youth.

Subsidized Advance means an advance to a member at an interest rate reduced below the Bank's cost of funds by use of a subsidy.

Vacant means having no tenant or occupant and devoid of furniture, fixtures, etc. For purposes of this Implementation Plan, this definition does not apply to land and covers buildings only.

Very Low-Income Household means a household that has an income at or below 50% of the median income for the area, with the income limit adjusted for household size in accordance with the methodology of the applicable median income standard, unless such median income standard has no household size adjustment methodology.

