

HOUSING FINANCE AUTHORITY OF PALM BEACH COUNTY

GUIDELINES FOR ISSUANCE OF MULTI-FAMILY RENTAL HOUSING REVENUE BONDS

I. INTRODUCTION

The Housing Finance Authority of Palm Beach County (the “Authority”) is authorized under Part IV, Chapter 159, Florida Statutes to issue tax-exempt obligations to finance the acquisition, construction, reconstruction or rehabilitation [159.608(3), F.S.] of qualified multi-family rental housing developments for persons or families of low, moderate, or middle income [159.603(7), F.S.]. The Authority will consider providing tax-exempt (taxable if tax-exempt financing is not available) financing for those qualified multi-family rental housing projects that meet the goals of the Authority and comply with applicable federal and state law. **Please contact the Authority for up-to-date policy and procedures regarding the current application cycle which may supercede those contained herein.**

The Authority, however, is not a lending institution or a zoning approval authority. Bonds issued by the Authority must be investment grade rated which requires “credit enhancement,” or the bonds must be placed with an institutional investor(s), as more fully described in these guidelines. The successful issuance of bonds is dependent to a large degree on the strength and ability of the owner/developer to secure credit enhancement for, or an institutional purchaser of, the bonds. The ability of the Authority to issue bonds is also subject to (i) receiving an allocation of the state volume limitation on private activity bonds (“Volume Cap”) imposed under the Internal Revenue Code of 1986 unless the developer is a qualified 501(c)(3) corporation and (ii) approval of the sale of bonds by the Board of County Commissioners of Palm Beach County, Florida (the “County Commission”).

The Authority has adopted the following guidelines to set forth the general requirements and procedures which apply to the financing of multi-family rental housing projects (the “Guidelines”). The Authority may issue obligations to provide financing for any project only if the party requesting such financing (the “Applicant”) has satisfied the general requirements set forth in these Guidelines, provided, however, that the Authority may, in its sole discretion, waive specific provisions of these Guidelines where good cause is shown and adequate supporting documentation is provided. In addition, these Guidelines may be amended, revised, repealed or otherwise altered by the Authority, at any time, with or without notice, at any regular or special meeting of the Authority. The Authority reserves the right to impose additional requirements with respect to any particular project. Compliance with these Guidelines by an Applicant does not create any right by an Applicant to a commitment or any assurance that the Authority can or will provide the requested financing.

[End of Article I]

II. GENERAL REQUIREMENTS

Location: The Authority will issue obligations to provide financing for a project only if the project is located within Palm Beach County, Florida and is in an area where the Applicant has demonstrated, to the Authority's satisfaction, a need exists for the project as proposed.

Eligible Projects: Subject to the last sentence in this paragraph, the Authority will only provide financing for projects which are in compliance with the provisions of Section 142(d) of the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations promulgated thereunder, and the provisions of Chapter 159, Part IV, Florida Statutes, as amended, herein the "Act." The Authority may also provide financing the interest on which is taxable under the Code.

In order to qualify for financing, a project must, at a minimum, meet the following requirements:

1. The primary purpose of the project must be to provide safe, sanitary and decent multi-family residential housing for low, moderate, or middle income persons or families [159.603(7), F. S.].
2. The project must provide housing for four or more families. [159.603(7), F.S.]
3. The project must be owned, managed and operated as a project to provide multi-family residential property comprised of a building or structure or several approximate buildings or structures, each containing one or more similarly constructed dwelling units and functionally related facilities, which are to be used on other than a transient basis, all in accordance with Section 142(d) of the Code [1.103-8(b)(4), CFR].
4. Each dwelling unit in the project shall contain separate and complete facilities for living, sleeping, eating, cooking and sanitation for a single person or family, including a living area, a sleeping area, bathing and sanitation facilities and cooking facilities equipped with a cooking range, refrigerator and sink [1.103-8(b)(8)(i), CFR].
5. None of the units in the project may be used on a transient basis, nor shall they be knowingly leased for a period of less than six (6) months, nor shall they be used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, hospital, sanitarium, nursing home, rest home or trailer court or park [1.103-8(b)(4)(i)(b), CFR].
6. None of the units in the project shall be occupied by the owner or a related person, as such terms are defined by the Code; provided, however, that the owner or a related person may occupy one unit in a building or structure that contains five or more units if the owner or related person is a resident manager or other necessary employee (e.g. maintenance and security personnel)[1.103-8(b)(4)(iv), CFR].

7. Commencing on the date on which at least ten percent (10%) of the aggregate number of units in the project are first occupied, at least twenty percent (20%) (or forty percent (40%)), such election to be made by the Applicant at the time of issuance of bonds) of the dwelling units (the "Low and Moderate Income Units") in the project will be rented to persons or families whose gross income (with adjustment for family size) as determined in accordance with the Section 8 requirements of the Housing Act of 1937 (the "Housing Act"), does not exceed fifty percent (50%) (or sixty percent (60%)), such election to be made by the Applicant at the time of issuance of bonds) of the County median gross income level most recently published by the Department of Housing and Urban Development. The term of these restrictions shall end on the latest of: (a) the date that is fifteen years after the date on which fifty percent (50%) of the units in such project are first occupied, (b) the first day on which no tax-exempt bond issued with respect to the project is outstanding, or (c) the date on which any assistance provided with respect to the project under Section 8 of the Housing Act terminates. [142(d)(2)(A), USC] The occupants of a unit shall not be considered to be of low or moderate income if all the occupants of the unit are students (as defined in Section 1.103-8(b)(8)(v) of the Treasury Regulations), no one of whom is entitled to file a joint return under Section 6013 of the Code. The method of determining low or moderate income in effect on the date of the issuance of the bonds will be determinative even if such method is subsequently changed [1.103-8(b)(8)(v), CFR].
8. After satisfying the requirements set forth in paragraph 7 above, the remaining units must be rented to persons or families, irrespective of race, creed, national origin, or sex, of low, moderate, or middle income, as determined by the Authority. Unless otherwise provided by Authority resolution, the remaining units in each multi-family project must be rented to persons or families with incomes equal to or less than 150% of the median income most recently established by HUD (or by the Authority if it adopts a different median income standard) for the County, (such persons or families to be hereinafter referred to as "Eligible Persons") [159.603(7), F.S.].
9. The annual rent on units which are intended to qualify as the Low and Moderate Income Units will not exceed thirty percent of eighty percent (30% of 80%) of the County median income level. The annual rent on the remaining units in the project may not exceed thirty percent of one hundred fifty percent (30% of 150%) of the County median income level.
10. The owner will obtain and maintain on file an income certification from each tenant prior to said tenant's initial occupancy of a unit and will submit copies of such income certifications to the Authority on a monthly basis. The determination of whether the income of a resident of a unit exceeds the applicable income limit shall be made at least annually on the basis of the current income of the resident. A unit occupied by an individual or family who at the commencement of the occupancy was of low or moderate income shall be treated as occupied by such

individual or family during their tenancy in such unit, even though they subsequently cease to be of low or moderate income unless the income of this individual or family, after adjustment for family size, exceeds one-hundred forty percent (140%) of the applicable income limit; if after such determination, but before the next determination, any residential unit of comparable or smaller size in the Project is occupied by a new resident who income exceeds the applicable income limit. A unit shall be treated as occupied by an individual or family of low or moderate income until occupied, other than for a temporary period not to exceed thirty-one (31) days, by another occupant, at which time the character of the unit shall be redetermined.[1.103-8(b)(5)(ii), CFR, 142(d)(3)(b), USC]

11. The owner will maintain complete and accurate records pertaining to the dwelling units and will permit any duly authorized representative of the Authority, the lender/servicer, credit enhancement provider, if any, bondholders, the trustee, the Department of the Treasury or the Internal Revenue Service to inspect such books and records.
12. The owner will submit monthly to the Authority and the trustee a certificate and other tenant related information as may be required by the Authority, stating the percentage of dwelling units that are: (a) occupied by Low or Moderate Income Persons; (b) being held vacant for occupancy by Low or Moderate Income Persons; and (c) occupied by other Eligible Persons. The Authority may impose a fine of not to exceed \$100 per day if the required monthly reports are not submitted by the 10th of each subsequent month.
13. Unless taxable financing is provided, the owner will not take, permit, omit to take, or cause to be taken any action which would adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes.
14. The owner will take such action or actions as may be necessary, in the opinion of Bond Counsel, to comply fully with the Act, the Code, as amended, and regulations promulgated thereunder, and Florida Statutes, as the same may be amended and supplemented.
15. The owner will certify annually to the Secretary of the Treasury whether or not the Project continues to satisfy the requirements imposed by items 3,4,5,6,7,8, 13 and 14 of this Section II.[142(d)(3)(A), USC]
16. The owner will execute or cause to be executed such documents and agreements as may be necessary to secure the Bonds and other obligations with respect thereto as described herein.

[End of Article II]

III. APPLICATION AND BOND FINANCING PROCESS

Prospective Applicants are encouraged to contact the Authority's Executive Director, Authority Counsel, Bond Counsel and Financial Advisor (hereinafter "Authority's Professionals"), and one or more of the designated Investment Bankers (all as further defined herein), prior to submission of an application package ("Application") to discuss the Applicant's proposed project and related financing, and to obtain current policy and procedure directives.

Applications will be reviewed and considered for inducement on a first-come, first served basis. However, in the event that more than one project is under consideration at one time for inducement for Volume Cap expected to be available in the coming calendar year, the Authority will prioritize such projects through an initial ranking process as further described below. This initial ranking is subject to a subsequent 1) "Readiness to Proceed and Financing Approval Review" by the Authority, 2) TEFRA public hearing, 3) approvals of the County Commission, and 4) the private activity bond allocation process by the Division of Bond Finance of the State of Florida (the "Division") on or about January 1 of the new calendar year.

Applicants are hereby advised that lobbying of any Authority Members by a lobbyist concerning any project under consideration for the ranking process is prohibited. Violation of this prohibition may result in rejection/ disqualification of an Application. Lobbying shall mean seeking to influence the decision of an Authority Member by seeking to encourage the approval, denial or modification of an Application for the ranking process. Lobbyist shall mean any person who is employed and receives payment, or who contracts for economic consideration for the purpose of lobbying; or any person who represents an organization, association or other group for the purpose of lobbying, but shall not include an employee of the Applicant whose primary duties are not to lobby.

Applicants should be aware that Authority Members are required to disclose any contact, and the subject thereof, with any Applicant or agent of such Applicant outside of Authority meetings.

Applicants are responsible for the timely submission of the material required to proceed through each step of the financing process. The following outlines the stages of bond financing for a rental housing project:

A. Application, Inducement and Public Hearing:

1. Submission of Application:

Applicants seeking private activity bond allocation for the current calendar year shall submit the following to the Housing Finance Authority of Palm Beach County, Florida, 810 Datura Street, West Palm Beach, Florida 33401 (561) 355-4780, Attn: Earl L. Mixon, Executive Director:

- (i) Eight (8) copies of a completed Application (form only) in the form included in these Guidelines.

- (ii) Three (3) copies of all Exhibits required by such Application to be attached thereto.
- (iii) Eight (8) copies of the Certificate of Understanding with respect to federal, state and Authority requirements included in the Application.
- (iv) Application Fee (as set forth in Article IV hereof).

Applications submitted to the Authority after January 1 will be considered for that year's available Volume Cap through June 30 of that calendar year. Applications submitted after June 30 will be considered for the available Volume Cap for the following year, provided, however, that if there is still availability of Volume Cap for the current calendar year, the Application may be considered for the current year.

Unless waived by the Authority in its absolute discretion, no Application will be accepted for consideration until the Applicant can provide evidence of 1) site control, either by deed or executed contract to purchase, and 2) proper zoning and concurrency for the number of units proposed for the project.

2. Application Review by Authority's Professionals:

The Authority's Professionals will review the Application to ascertain whether (i) the Applicant has supplied a complete Application, including all documentation required for inducement and (ii) the Application is in compliance with state, federal (if applicable) and Authority requirements as set forth in the Program Guidelines. A report on the Application may be prepared for inclusion in the agenda package for the meeting during which the Application will initially be considered by the Authority for inducement. A favorable recommendation by the Authority's Professionals will not insure Authority inducement.

3. Authority Consideration of Application:

Following Authority's Professionals' review, the Application and staff comments are submitted to the Authority members for review at a regularly scheduled meeting. Applicant or its representative is required to make an oral presentation at this meeting, outlining generally the items requested in the Application, but more particularly, the Applicant must demonstrate need for the number of units in the project and that the rental levels for the project are sufficient to cover estimated debt service.

4. Initial "Inducement" Resolution Adopted:

After presentation by the Applicant at the Authority meeting, if the Authority determines that the Application is sufficient and the subject project preliminarily meets the Authority's requirements, the Authority may adopt an official action (the "inducement") resolution specifying the terms under which the Authority will issue its bonds, authorizing the execution of a Memorandum of Agreement and the initiation of public hearing proceedings required under the Tax Equity and Fiscal Responsibility Act

("TEFRA"), and inducing the Applicant (upon the signing by the Applicant, within fourteen (14) calendar days, of a Memorandum of Agreement and payment of the Public Hearing Fee) to proceed with the project. Only costs incurred within sixty (60) days prior to the inducement and thereafter may be recouped from bond proceeds. Forms of the inducement resolution and Memorandum of Agreement may be obtained from Authority Counsel. All projects which chose to proceed in the process may be subject to preliminary credit underwriting by a credit underwriter, selected by the Authority, at the Applicant's expense.

This official action of the Authority should not be construed as an assurance of Volume Cap for the project, as an indication as to the marketability of bonds, or as the final approval of the bond financing structure by the Authority, its Financial Advisor, Authority Counsel or Bond Counsel. Rather, it is an indication that the Authority will attempt to issue its bonds for the project subject to 1) a ranking process (as may be necessary) of all then currently induced projects for available or anticipated Volume Cap, 2) a readiness to proceed and financing structure approval process, 3) approval of the TEFRA public hearing results, Volume Cap request, and sale of bonds by the County Commission and 4) confirmation of a private activity allocation from the State, and then only under market conditions and terms acceptable to the Authority and the Authority's Professionals, including its Investment Banker(s) or placement agent.

Projects ranked for inducement but not expected to receive allocation in the coming calendar year may elect to be induced, and if so, are subject to the requirements of the following sections.

5. Memorandum of Agreement:

The Authority and Applicant will enter into a Memorandum of Agreement pursuant to which the parties will agree to move forward with the bond financing process in accordance with the terms and provisions set forth therein. Pursuant to the terms of the Memorandum of Agreement, the Applicant must submit a "Good Faith Deposit" and a "Public Hearing Fee" as more particularly set forth in Article IV hereof. After adoption of the inducement resolution and execution of the Memorandum of Agreement, it is the Applicant's responsibility to proceed with reasonable dispatch to complete the bond financing process in a timely manner.

6. TEFRA Public Hearing

A public hearing to comply with TEFRA requirements will be scheduled, upon the written request of the Applicant, at such time as the Applicant has provided all materials required in the Application (including such additional material as may be requested by the Authority at or subsequent to inducement). The public hearing will be noticed through an advertisement setting forth the location of the project, the principal amount of the bonds, the owner of the project and other relevant data about the proposed financing and citing the date, time and location of a public hearing. This notice must be published at least fourteen (14) days prior to such public hearing. The individual or entity (i.e., the Applicant) named in the public hearing notice must be the initial owner or

affiliate of the initial owner of the project and must continue in such capacity for a period commencing from the date of initial application through and including one year from completion of the project, or such other period of time as required by the Authority.

After proper notice has been given, the public hearing is typically conducted by the Authority's Executive Director without the need for the Applicant to be present. Other than providing an opportunity for the public to be heard, no official action by the Authority is required to be taken at the public hearing.

7. Board of County Commissioner Approval:

Pursuant to the Code and Ordinance 79-3 creating the Authority, as amended by Ordinance 2002-022, the County Commission must approve the bond financing for the project and the issuance of the bonds within the meaning of Section 147(f) of the Code. The Authority will seek Board of County Commissioner's approval for the issuance of the bonds. Please note that Palm Beach County's Departments of Housing and Community Development and Planning, Zoning and Building, and Commission on Affordable Housing, pursuant to Ordinance No. 2002-022, will be provided with an opportunity to review and comment on all applications, to ensure that affordable housing is placed in areas of need.

B. Readiness to Proceed and Financing Approval Review:

1. Private Activity Allocation

The Applicant shall request the filing of a Volume Cap application for the project. The application to the Division of Bond Finance of the State Board of Administration (the "Division") for an allocation of the Volume Cap is initiated through the filing of a notice of intent to issue such bonds and is completed by the Authority's Bond Counsel in cooperation with the Applicant. Such notice of intent to issue bonds shall include (i) a certification as to the public approval, (ii) the amount of the bonds proposed to be issued, and (iii) the fee required by Section 159.811, Florida Statutes (which is currently \$100).

Written confirmation of allocations is issued by the director of the Division for private activity bonds, subject to the availability of a sufficient amount of Volume Cap. The confirmation states the amount of the allocation made for such bonds. Such written confirmation is valid if the bonds are issued within 155 calendar days after the date the confirmation was issued or December 29, whichever occurs first. When the bonds are issued, the Authority, through its Bond Counsel, must provide the Division with same-day telephonic notice of such issuance and submit a written issuance report to the Division in conformance with the requirements of Section 159.805(6) of the Florida Statutes. At least ninety percent (90%) of the amount of the Volume Cap requested in the notice of intent to issue bonds must actually be issued.

Although the Authority will endeavor to make a good faith effort to obtain an allocation of Volume Cap for a qualified project, it can make no representation as to its ability to obtain such an allocation.

2. Credit Enhancement or Bond Purchaser

The Applicant has the responsibility of securing a lender/credit facility or bond purchaser to credit enhance or purchase (and not for the purpose of reoffering) the bonds financing the project. The Authority's selected Investment Bankers will assist the Applicant where possible. It is strongly suggested that a firm commitment for credit enhancement be obtained and evidence thereof submitted with the Application. There are a variety of bond financing structures and credit enhancements that may be utilized by the Applicant such as loans-to-lenders, letters of credit, mortgage insurance surety bonds, etc. Applicants are encouraged to contact the Authority's Investment Bankers (identified below) and Financial Advisor for further information regarding financing structures prior to submission of an Application for inducement.

3. Final Financing Commitment and Final Presentation of the Project

Upon receipt of a final financing commitment from lender/credit facility and syndicator, the financing structure is presented to the Authority's Professionals for review. If required by the Authority, the Applicant, Investment Banker and Authority's Professionals shall make a presentation to the Authority setting forth certain details of the project financing and ability to close and begin construction, which shall include but not be limited to: (1) final terms of the bond credit enhancement commitment and bond structure, including details of the tax credit syndication, if applicable; (2) final credit underwriting report of the Authority's Credit Underwriter, if applicable; (3) bond closing and construction timetable; (4) appraisal, final site plan approval, and updated project costs and funding sources; (5) pro forma operating statement based upon the final terms of the financing and bond structure; and (6) such other evidentiary materials as necessary to demonstrate the Applicant's ability to proceed to bond closing and commence construction of the project. If deemed ready to proceed and the financing structure is acceptable to the Authority, Bond Counsel will be authorized to commence bond documentation.

4. Validation:

The bonds of the Authority may be required to be validated in the manner provided by Chapter 75, Florida Statutes, as from time to time amended and supplemented. Should the financing proposed by the Applicant necessitate a bond validation, Bond Counsel will prepare validation papers for filing by Authority Counsel in the Circuit Court in and for Palm Beach County. All costs associated with validation are additional fees and expenses to be borne by the Applicant.

C. Bond Sale and Bond Closing:

1. Finalization of Transaction Documents/Authorizing Resolution

Assuming Volume Cap is allocated for a project, bond rating(s) are obtained, and bond sale offering and transaction documents are finalized, the Authority will adopt a resolution formally authorizing the issuance of the bonds, approving the bond financing documents, and authorizing the execution of such documents.

2. Bond Purchase Agreement/Bond Placement Agreement

Unless waived by the Authority in its sole discretion, if the bonds are to be sold to a private purchaser, the Applicant and purchaser are required to execute a Bond Placement Agreement providing for the terms and conditions for the sale of the bonds to the purchaser. If the bonds are to be publicly sold, the Applicant is required to execute the bond purchase agreement awarding the sale of the Authority's bonds to its Investment Bankers. Either agreement shall contain provisions which obligate the Applicant to pay the of the costs of issuing such bonds as more fully described herein.

The Authority has selected the investment banking firms of RBC Capital Markets (Sonja Little, 727-895-8891), M. R. Beal & Co. (Wayne Seaton, 212-983-3930 Ext. 114), and Raymond James & Associates (Phil Harloff, 727 573-8033) to serve as managing underwriters (the "Investment Bankers") and remarketing agents for the Authority's multi-family housing revenue bond issues. On a rotating basis one firm will serve as senior manager and the other two firms as co-managers. The Authority may, in its sole discretion, approve any other co-managing underwriter, and determine the division of the management fee, on any bond issue.

3. Investment Ratings

a. *In Event of Public Sale.* If the bonds are to be publicly sold, the bond issue must be structured so as to receive an "A" or better by Standard & Poor's Corporation, and/or comparable ratings by Moody's Investors Service, and/or Fitch Investors Service. In such case, the Application must indicate the type and nature of the proposed credit enhancement or surety, and the name and telephone number of a contact person (if known at time of application) at such institution.

b. *In Event of Private Placement.* If the bonds are to be privately placed, the Authority may require a different rating or permit the issuance of the bonds without a rating. In order for a private placement transaction to be considered by the Authority, unless any requirement is otherwise waived by the Authority in its sole and absolute discretion, the placement must comply with the following minimum requirements: (1) the sale must be made to an "accredited investor" as defined in Regulation D, Rule 501(a), promulgated by the Securities and Exchange Commission pursuant to the Securities Act of 1933; (the "Purchaser") and cannot be an underwriting or purchase with an intent to resell any portion of the bonds, (2) at such time as the bond financing is presented to the Authority for Financing Approval, the Applicant (or placement agent, if applicable) must (a) identify the Purchaser of the bonds and (b) provide a written commitment from the Purchaser in form and content customarily used by real estate lending institutions outlining the terms and conditions of such commitment to purchase the bonds, (c) the Purchaser must represent that it is in the business of originating or acquiring and owning for its account, tax-exempt bonds or mortgage loans on multi-family rental housing projects, (d) there shall be no offering statement of the Authority, or when a placement agent is involved in the sale of the bonds, there may be a placement memorandum prepared by the agent for the Purchaser, and (e) there will be

one bond issued, and the initial and any subsequent purchaser of such bond shall be an accredited investor (i.e. traveling investor letter) as defined herein. The Authority may elect to waive such transferability requirement and authorize the issuance of bonds in denominations of not less than \$100,000, for example, if the bonds are credit enhanced but unrated where the financing has a very low loan-to-value ratio or high debt service coverage. In the event that more than one bond is to be issued, or where a bond fund is the Purchaser of bonds, the Authority may require (at the Applicant's expense) that an independent analysis of the project financing be conducted by a firm selected by the Authority experienced in the field of bond financed multi-family rental housing. In the case of a private placement transaction, the Applicant or placement agent, upon delivery of the bonds, shall provide the Authority with an executed investment letter from the investor purchasing the bonds substantially to the effect that: (1) it is engaged in the business, among others, of investing in tax-exempt securities or is an accredited investor; (b) it has made an independent investigation into the financial position and business condition of the Applicant and therefore waives any right to receive such information; (c) it has received copies of the financing documents pursuant to which such obligations are issued. A form of such investment letter will be provided by the Authority.

4. Environmental Assessment

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

5. Marketing and Sale of Bonds

If the bonds are to be sold publicly, the Investment Bankers will market the bond issue. The sale of the bonds is awarded subject to all conditions precedent to closing being accomplished.

6. Closing

After authorization of the issue by the Authority, adoption of the approving resolution by the County Commission, evidence of a Volume Cap allocation, expiration of any appeal period relating to a validation proceeding, completion of the credit underwriting/enhancement process and within 140 days of the notification of allocation of Volume Cap, the bond closing may be scheduled at such time and location acceptable to the Authority. A preclosing session and a closing session are generally scheduled for consecutive days. The preclosing is designed to allow the parties to review all final documentation and ensure that all is in order for the transfer of funds. Final documents are executed and the bonds are issued. All Costs of Issuance in excess of amounts to be paid from bond proceeds must be advanced by the Applicant not later than 2:00 p.m. on the business day next preceding the preclosing date. Upon closing of the bonds, the proceeds will be deposited with a trustee selected by the Authority to be disbursed for the acquisition, construction, and/or rehabilitation of the project and other costs as provided in the bond documents and pursuant to applicable law. Under the Code, only two percent

(2%) of the proceeds from a “new money” bond issue can be used to pay “Costs of Issuance.” The Applicant is responsible at the closing to pay any costs of issuance not payable from bond proceeds. Costs of Issuance include, but are not limited to, underwriters discount (or placement fee), the fees and expenses of Bond Counsel, Authority Counsel and Financial Advisor, printing of the official statement for the sale of bonds, printing of the bonds, trustee and Authority fees and closing expenses, bond rating fees and a reserve for contingencies.

D. Termination Of Inducement

The Authority Resolution with respect to its intent to issue bonds for the project will terminate six (6) months from the date of its adoption (“Inducement Period”). The Authority may consider extending the Inducement Period upon the submission by the Applicant of the following:

1. Status report providing tangible evidence of the progress of the financing of the project;
2. Payment of an additional \$1,000.00 to the Authority, which fee shall be credited against the final Administrative Fee of the Authority;
3. Payment of an additional fee of \$1,000.00 to Authority Counsel, which fee shall be credited against the final Authority Counsel Fees;
4. Payment of an additional fee of \$1,000.00 to Bond Counsel, which fee shall be credited against the final Bond Counsel Fees; and
5. Payment of an additional fee of \$1,000.00 to Authority's Financial advisor, which fee shall be credited against the final Authority's Financial Advisor Fees.

IF THE STATUS REPORT AND FEES DESCRIBED ABOVE ARE NOT RECEIVED WITHIN TEN (10) DAYS PRIOR TO THE CLOSE OF THE INDUCEMENT PERIOD, THE AUTHORITY SHALL DEEM THE INDUCEMENT TERMINATED.

E. Refundings and Remarketings.

The Authority will consider the issuance of current refunding bonds to redeem prior bonds of the Authority. In such event, the Applicant may, in the sole and absolute discretion of the Authority, be required to provide a Redemption Indemnity Agreement from the credit enhancement provider or other financially responsible person or entity on the bonds in form satisfactory to the Authority prior to the sale of any refunding bonds. In addition, an Applicant for such refunding bonds shall comply with all other applicable provisions for the original issuance of bonds by the Authority, including, but not limited to, the filing of an Application under these Guidelines for same and the payment of the appropriate fees and costs provided therein and provide the following additional information:

1. Name and address of Applicant.
2. Description of the bonds to be refunded.
3. Current status as to the multi-family project for which the bonds were issued, setting forth the stage of construction, the number of units, the number of units set aside for low-income persons, the occupancy level, the completion date of the project and the date the bonds were originally issued.
4. A written description of the proposed financing for the refunding of the bonds.
5. Debt service schedules for both existing debt service and restructured debt service.
6. A statement as to any net proceeds arising from or in connection with the restructuring for such purposes as improvements, reparations or repairs to the Project, or as a cash contingency fund, or as a cash payment to the Applicant or related persons or entities.
7. Applicant must state the current length of the Land Use Restriction Agreement, the income set-aside requirements and the total number of set-aside units.
8. The purpose to be served by the refunding of the bonds. The estimated cost savings, if any, to be provided by the refunding of the bonds.
9. Information regarding any undue economic hardship affecting the project which has the potential of causing a default under the loan and which would be alleviated by the proposed refunding.

The Authority shall review the Application at a duly scheduled Authority meeting and shall either approve or reject the Application based on the following factors:

1. The cost savings to be realized in connection with the refunding.
2. The public purpose to be served.
3. Market conditions.
4. The proposed financing structure.
5. Any undue economic hardship affecting the property which might be alleviated by the refunding bonds.
6. The protection and best interests of the Authority and the public.

Should the Authority approve the Application, the Authority shall direct the Authority Counsel, its Bond Counsel, Financial Advisor, and/or Investment Bankers to take the necessary action to prepare loan commitment agreements setting out the terms and conditions under which the refunding bonds shall be issued and the loan made to the Applicant, and the necessary work for the preparation of program loan documents in order to proceed to a closing of the refunding bonds.

The Applicant will be required to pay the Authority fees as set forth on the Authority's Fees and Expenses.

If professional services are required, the Applicant will also pay the fees associated with the credit underwriting and the fees of the Authority's Professionals.

The Authority reserves the right to use the Authority's Professionals for each refunding transaction, including, but not limited to the trustee, remarketing agent, etc.

The Applicant shall agree to execute or cause to be executed all of the program loan documents required by the Authority to ensure that the bonds are properly refunded and to ensure the unconditional repayment of the refunding bonds. Further, the Authority shall require that the repayment of the bonds be guaranteed or collateralized or otherwise secured to the extent necessary to protect the Authority and the bondholders.

A substantial re-drafting of the existing documents in connection with remarketing or sale of a project will be deemed to be a refunding.

F. Other Post-Issuance Transactions*

The Authority will consider requests for post-issuance transactions other than refundings and remarketings, including but not limited to Project transfers, sales and assumptions and document amendments (collectively, "Post-Issuance Transactions"). Applicants seeking approval for such Post-Issuance Transactions shall comply with all applicable provisions contained in the then-current documents relating to the bonds issued by the Authority and shall be subject to certain fees and costs in connection therewith, as set forth below. In addition, such Applicant shall provide information that the Authority, in its sole discretion, determines necessary in order to make a decision with respect to the Applicant's request.

Should the Authority approve the request for a Post-Issuance Transaction, the Authority shall direct the Authority Counsel, its Bond Counsel, Financial Advisor, and/or Investment Bankers, as applicable, to take the necessary action to follow through with the Applicant's request, including, but not limited to, drafting and amending documents as necessary.

The Applicant will be required to pay the Authority fees as set forth in Article IV below. If professional services are required, the Applicant will also pay the fees of the Authority's Professionals, as applicable.

* It should be noted that this policy applies only to bonds, whether new issue or refunding bonds, issued on or after the effective date of these Guidelines.

The Applicant shall agree to execute or cause to be executed all documents required by the Authority to give effect to the Post-Issuance Transaction.

G. Non-Profit Financings

The Authority may consider 501 (c) (3) non-profit corporation multifamily financings for those non-profit corporations proposing such projects. The provision of affordable housing should be the primary purpose of the non-profit owner, or be an integral part of the non-profit's larger mission.

1. *Qualifying Corporations.* To participate in the program, the non-profit corporation must qualify as an exempt organization under Section 501 (c) (3) of the Code, whose exempt purposes include the provision of housing for low and moderate income persons and families. The non-profit corporation or its parent shall be in existence for at least five (5) years and shall demonstrate financial stability and expertise in developing and managing multifamily housing. In the alternative, members of the board of directors or the staff of a non-profit corporation must demonstrate to the satisfaction of the Authority that they have substantial experience in developing and managing multifamily housing. Further, the Authority shall require assurances that any such principals or staff demonstrating such experience shall remain in the employ or on the board of directors of the non-profit corporation through the issuance of the bonds and for at least five (5) years thereafter. However, the non-profit corporation or its parent must still demonstrate financial stability.

2. *Private Activity Bond Volume Cap.* Qualifying non-profit corporation financings are not subject to the State Private Activity Bond Volume Cap created by the Tax Reform Act of 1986.

3. *Property Taxes.* Each Applicant shall provide the Authority with a detailed report describing (i) whether or not the Applicant has received or intends to receive an exemption from ad valorem taxation for the Project and (ii) whether or not the Applicant intends to make a payment to the local taxing jurisdiction or any other taxing jurisdiction in lieu of taxes. If the Applicant expects to receive an exemption from ad valorem taxation and will make no voluntary tax payments in lieu of taxes, Applicant must provide a description of the community services or benefits it will provide in lieu of the payment of taxes and the Authority may require that any savings achieved as a result of the property being financed by the bonds being exempt from the payment of ad valorem taxes shall be applied to the accelerated payment of debt service on the bonds. In addition, the Applicant shall provide proof at the time of filing of its Application with the Authority that it has notified all applicable ad valorem taxing authorities of the proposed issuance of the bonds.

[End of Article III]

IV. AUTHORITY FEES & EXPENSES

Application and Public Hearing Fees: Each Application submission shall include a fee in the amount of one thousand five hundred dollars (\$1,500) with such initial Application for financing. At the time that a credit underwriter is appointed for a project, the Applicant may be required to pay a credit underwriting fee in an amount to be determined. If the Application is approved and an inducement resolution is adopted by the Authority, the Applicant, upon acceptance of the inducement (by execution of the Memorandum of Agreement thereto) and scheduling of the public hearing for the project, shall remit to the Authority the Public Hearing Fee in the amount of six thousand dollars (\$6,000). The foregoing fees are nonrefundable.

Good Faith Deposit: All Applicants, within five (5) days of execution of the Memorandum of Agreement, shall remit to the Authority, the "Good Faith Deposit" in the amount of fifty-five thousand dollars (\$55,000). The "Good Faith Deposit" will be held by the Authority until either (1) bond closing at which time it will, at the Applicant's option, be returned to the Applicant or applied to the costs of bond closing, (2) the term of the inducement has expired, (3) there has been an abandonment by the Applicant, as determined by the Authority, of the acquisition and construction of the project prior to the issuance of the Bonds, or (4) there has been an abandonment by the Applicant of its Application or request for bond financing from the Authority prior to the issuance of the bonds under any other circumstances. If any of the events in (2), (3) or (4) shall have occurred, the Authority shall be entitled to the "Good Faith Deposit" to pay actual expenses incurred by the Authority and such other expenses, including the Authority's Professionals (see "Costs of Issuing the Bonds" below), and costs or obligations incurred by or on behalf of the Authority in connection with the transaction. Any amount remaining after the payment of these costs will then be returned to the Applicant.

Costs of Issuing the Bonds (new and refunding): The Applicant will be responsible for payment of all fees and expenses of the Authority including Authority Counsel, Bond Counsel, Disclosure Counsel, if any, and Financial Advisor, in connection with the bond financing. In addition the Applicant shall pay to the Authority a one-time bond closing fee equal to 20 basis points of the principal amount of bonds issued for the project. Other costs of issuing the bonds include rating agency fees, printing of the official statement, printing of bonds, trustees fees and closing expenses. Fees and expenses where eligible under the Code are to be payable from proceeds of the bond issue upon delivery of the bonds. (NOTE: The payment of costs of issuing the bonds, including underwriter's discount, is limited by the Code to two percent (2%) of the principal amount of bonds issued. All such costs in excess of 2% of the bond proceeds must be paid from other funds of the Applicant. Such costs to be paid by the Applicant are to be deposited in escrow with the Authority prior to bond closing.

The fee schedule, exclusive of expenses, of Authority Counsel, Bond Counsel and Financial Advisor can be obtained from the Authority's staff.

Administrative Fee: For the longer of the Qualified Project Period or final maturity of the bonds the Applicant will incur an Administrative Fee, to be remitted either monthly or semi-annually through the respective bond trustee, in an amount equal to fifteen (15) basis points annually of

the aggregate principal amount of the bonds then outstanding. The Administrative Fee is to cover the costs of program compliance monitoring, preparation of financial statements and audit thereof, and other Authority administrative costs, the latter being exclusive of any extraordinary costs as permitted under the respective bond documents. Payment of the Administrative Fee is to be covered by the bond credit enhancement and/or secured under the first mortgage on the project assigned to the bond trustee. The Authority may require the payment of the Administrative Fee to be guaranteed by the project owner and/or general partner(s).

Projects for which the Authority has issued refunding bonds are also subject to the one-time bond closing fee of 20 basis points of the amount of refunding bonds issued, and the Administrative Fee of 20 basis points annually based on the original principal amount of the refunded bonds payable either monthly or semi-annually, in arrears.

Projects for which the Authority has approved a Post-Issuance Transaction shall be subject to a transaction fee of 20 basis points (the "Post-Issuance Transaction Fee"). In the case of a transfer of the Project, if the new owner requests a refunding of the existing bonds within one year of purchase of the Project, the Post-Issuance Transaction Fee will be credited against the 20 basis point closing fee for such refunding.

The Authority will appoint a bond trustee to administer the funds and accounts pursuant to the trust indenture between the Authority and the trustee bank. The fees and expenses of the trustee are typically payable semi-annually.

V. ADDITIONAL PROGRAM GUIDELINES

The Authority reserves the right to amend, revise, repeal or otherwise alter the aforesaid Program Guidelines with or without notice.

VI. EFFECTIVE DATE

These revised Program Guidelines are effective as of February 5, 2008.

APPLICATION

**HOUSING FINANCE AUTHORITY OF PALM BEACH COUNTY, FLORIDA
MULTIFAMILY RENTAL HOUSING BOND PROGRAM
PROJECT APPLICATION FORM**

A. Developer Information:

1. Applicant Name: _____
2. Name of Owner for Inducement Resolution: _____
3. Type of Entity (e.g. Florida corporation, limited partnership, etc): _____

4. Address: _____
5. Contact Person: _____
6. Telephone: _____
7. E-mail address: _____

B. Project Information

1. Project Name: _____

NOTE: After Inducement, Project name MAY NOT BE CHANGED OR ALTERED WITHOUT CONSENT OF THE AUTHORITY. If available, provide the actual trade, 'marking' or d/b/a name.

2. Project Street Address/Zip Code (if new construction, give street names, city and zip code):

3. County Commission District in Which Project is Located: _____

C. Project Category and Population:

1. Chose all that apply:

New Construction	Acquisition	Remarketing
Rehabilitation	Refunding	Acquisition/Rehab

- (a) If acquisition or acquisition/rehab was selected, is the project occupied?

No _____ Yes _____

NOTE: If an acquired Project is occupied, it must be in compliance with program rules at the time of the Bond Closing. Contact the authority staff immediately for a letter of determination.

2. Is the Project designated to serve a specific target group (i.e. elderly, disabled)?
No Yes If yes, please specify: _____

D. Project Status:

Has construction begun? No Yes Date permits issued: _____

Is the project complete? No Yes Date CO issued: _____

If certificates of occupancy were issued on more than one date: A listing of issue-dates for each building shall be attached hereto as “**Exhibit _____.**”

E. Number of Units:

Total Number of Units: _____

Number of Residential Units: _____

Number of Set-Aside Units: _____

Percent of Set-Aside Units: _____

F. Manager/Employee Units:

Are there one or more manager or employee units in the Project?

No _____ Yes _____ If yes, how many? _____ Unit Type(s): _____

If so, will each unit be occupied by an income-eligible manager/employee and included in the number of units set-aside? If included in set-aside, it must be used in all calculations for number of units, e.g. in rent charts, pro formas, etc. NOTE: If manager/employee unit(s) is exempt from LIHTC rent restrictions, the unit rent should be calculated as if it were a market-rate unit.

No _____ Yes _____

[Remainder of page intentionally left blank]

G. Breakdown of Units by Square Footage and Monthly Rent Charged.

All units in the Project must be listed INCLUDING all manager/employee units. Indicate manager/employee units with an asterisk.

# of Bedrms /Unit	# of Baths /Unit	Sq. Ft. /Unit	# of Units Per BR/BA type	% of Area Median Income	Monthly Gross Rent for Set- Aside Units*	Less Utility Allow. (for LIHTC Project)	Net Rent for Set- Aside Units	Monthly Market Rent+

* NOTE: For any Project anticipating the use of tax credits, gross rents include the net rent plus the allowance for tenant-paid utilities for set-aside units. These rents may not exceed the allowable rents for the chosen set-aside as shown on the applicable rent charts included in the Tax Credit Application Package. Rents will be capped based on set-aside chosen.

Utility allowance of \$ _____ 1 bedroom _____ 2 bedroom _____ 3 bedroom

+ NOTE: Answer for market rate units only.

H. Minimum Set-aside required for Tax Exempt Bond Financing.

CHOOSE ONLY ONE:

20% of units at 50% of area median income

40% of units at 60% of area median income

I. Describe Project Amenities:

J. Will any units be accessible to the handicapped?

Yes No How many? _____

K. Type of Building:

Elevator Walkup Townhouse
 Detached Semi-detached

L. Number of Stories: _____

M. Does the current Land Use and Zoning permit the proposed development at the proposed Density?

Yes _____ No _____

If no, explain: _____

N. Project Financing And Proposed Structure:

1. Overview of Proposed Financing Summary:

NOTE: Material changes in the proposed structure after submittal of the application may result in delay of consideration by the Authority or loss of priority

	Check If app.	Amount	% of Project Cost
Tax-exempt Bonds			
Taxable Bonds			
Conventional			
SAIL (Previous Cycle)			
HOME (State Funds)			
HOME (Local Funds)			
CDBG			
SHIP			
LIHTC Equity (4% credits)			
Other (Explain below): Sponsor Equity			
Total			

Description of "Other" listed above:

2. Subordinate Financing:

- A. If SAIL, HOME, CDBG and/or SHIP funding is shown as already committed, attach a letter from the appropriate governmental entity detailing the commitment, including the dollar amount, source of funding, conditions of funding (including income and/or rent restrictions), whether the funding is a loan or a grant, and if a loan, the interest rate, loan terms, amortization, and payback schedule. Attach the letter(s) as an exhibit. Said letter shall be attached hereto as “**Exhibit ____.**”
- B. If SAIL, HOME, CDBG and/or SHIP funding is shown and is not firmly committed, attach an explanation of how the development will be completed without those funds. Said explanation shall be attached as “**Exhibit ____.**”
- C. Does the Applicant firmly commit to complete the bond financing if those funds are not received? Yes _____ No _____

3. Tax Credits. (If the Project receives Bond financing, will LIHTC be used?)

Yes _____ No _____

(a) If yes, LIHTC Requested Amount \$ _____

(b) If yes, name of Syndicator: _____

A preliminary commitment letter, including a description of how the syndication funding will be paid out during construction and following completion must be attached hereto. Said letter shall be attached hereto as “**Exhibit ____.**” A firm commitment letter must be provided during the Credit Underwriting.

4. Rental Assistance. Is project-based rental assistance anticipated for this Project?

No _____ Yes _____

If yes, check all that apply:

Moderate Rehab

RD 515

Section 8

Other _____

Number of units receiving assistance: _____

Number of years remaining on rental assistance contract: _____

5. Credit Enhancement:

Describe any letter of credit, third party guarantor, private placement agent, housing program funding (Florida Affordable Housing Guarantee Program, FHA-insured loan, FannieMae), surety bond or other financing enhancements anticipated for this project, including, but not limited to the name of the party providing such financing/credit enhancement, the rating of such provider and the term of such financing/credit enhancement:

A commitment letter from the provider of such financing/credit enhancement shall be attached hereto as “**Exhibit ____.**”

6. Proposed bond structure:

Type of interest rate expected: fixed floating

Term of Bonds: _____

Estimated interest terms: _____

Bond payment amortization schedule shall be attached hereto as “**Exhibit ____.**”

Placement structure: private placement public offering

7. Economic Feasibility of the Project:

A description of the Project feasibility structure shall be attached hereto as “**Exhibit ____**” including, at a minimum, the following:

- (a) 15 - year Pro forma cash flow
- (b) Maximum interest rate at which the Project will work
- (c) Detailed sources and uses, including developer's fees, overhead and all hard and soft costs.
- (d) The maximum annual debt service at which the Applicant commits to proceed.

- (e) The maximum principal amount of tax free bonds the Applicant will accept to proceed with the Project.

O. Proposed Project Schedule

<u>Activity</u>	<u>Date</u>
Pass Inducement Resolution	_____
Obtain Credit Enhancement/Bond Purchase Commitment	_____
Approval of subordinate financing	_____
All necessary local approvals	_____
Final site plans & architectural drawings	_____
Real estate closing	_____
Issue bonds	_____
Start construction or rehabilitation	_____
Complete construction or rehabilitation	_____
Start rent-up	_____
Complete rent-up	_____

P. Ability To Proceed

Each Application shall be reviewed for feasibility and ability of the Applicant to proceed with construction of the Project.

1. Site Control

Site Control must be demonstrated by the APPLICANT. At a minimum, a Contract for Purchase and Sale must be held by the Applicant for the proposed site. The contract must include the following: (i) may not expire before June 30 of the year Volume Cap is sought through the term of the inducement resolution, (ii) the remedy for default on the part of the seller must include or be specific performance, (iii) the buyer MUST be the Applicant and, (iv) other than clear title, the only permissible contingency for seller or assignor to transfer the site to the Applicant is the award of bond financing.

Site is controlled by: _____

Evidence of Site Control shall be attached hereto as “**Exhibit ____**” and shall be in the form of either:

- (a) Contract for Purchase and Sale, and Title Insurance Commitment showing marketable title in the name of the Seller.
- (b) Recorded Deed and Title Insurance Policy Showing marketable title in the name of the Applicant.

2. Zoning and Land Development Regulations:

NOTE: Applicant must provide documentation that the site is appropriately zoned and consistent with local land use regulations regarding density and intended use. At a minimum, the current, applicable Future Land Use Map Designation and associated Local Government Comprehensive Plan Future Land Use Element provisions must permit the proposed Project.

- (a) Is the site appropriately zoned for the proposed Project?
No ___ Yes ___
- (b) Indicate zoning designation(s): _____
- (c) Current zoning permits _____ units per acre, or _____ units for the site (PUD).
- (d) Total number of Units in Project: _____
- (e) A letter from the appropriate local government official verifying that the current, applicable future Land Use Map Designation and associated Local Government Comprehensive Plan Future Land Use Element provisions permit the proposed Project shall be attached hereto as **“Exhibit ____.”**

3. Building Permits

- (a) For new construction: Permits or a letter from the appropriate local authority stating that except for payment of fees, permits would be issued shall be attached hereto as **“Exhibit ____.”**
- (b) For rehabilitation: A letter from the appropriate local authority stating that permits are not required or that except for payment of fees, permits would be issued shall be attached hereto as **“Exhibit ____.”**

4. Site Plan:

- (a) New Construction: Has the preliminary or conceptual site plan been approved by the appropriate local government authority?
Yes ___ No ___

If yes, a copy of the approved site plan shall be attached hereto as **“Exhibit ____.”**

If no, local approval is expected on: _____ and, if available, a copy of the preliminary or conceptual site plan and description of status in the local government review process shall be attached hereto as **“Exhibit ____.”**

(b) Rehabilitation: Was site plan approval required by local governmental authorities at the time this Project was originally placed in service?

Yes___ No ___

If yes: a copy of the approved site plan shall be attached hereto as **“Exhibit ____.”**

If no: a copy of an “as-built” survey of the Project shall be attached hereto as **“Exhibit ____.”**

5. Environmental:

A Phase I Environmental Assessment, along with documentation regarding any required remedial action, shall be attached hereto as **“Exhibit ____.”**

6. Concurrency:

Project-specific letters from the local government or provider verifying availability of infrastructure and capacity (water, sewer, electric, road, school) for the proposed Project and dated within 3 months of the date of the Application shall be attached hereto as **“Exhibit ____.”**

7. Other Information:

(a) Do you presently have an application for this project submitted elsewhere or has this project been denied financing elsewhere?

Yes No

(b) How many and what type of projects have you completed in the Palm Beach County Area? _____

(c) Proposed Architect:

Firm: _____

Phone: _____

Contact Person: _____

(d) Proposed Managing Agent:

Firm: _____

Phone: _____

Contact Person: _____

- (e) Proposed Contractor:
Firm: _____
Phone: _____
Contact Person: _____

- (f) Proposed Developer's Attorney:
Firm: _____
Phone: _____
Contact Person: _____

- (g) Applicant's financial advisor:
Firm: _____
Phone: _____
Contact Person: _____

[Remainder of page intentionally left blank]

Certificate of Understanding

I, _____, representing _____, have read and understand the federal requirements and the Housing Finance Authority of Palm Beach County, Florida's Guidelines for Issuance of Multi-Family Housing Revenue Bonds, and hereby adhere thereto. Furthermore, I hereby certify that the information contained herein is true and correct to the best of my knowledge.

Dated on this _____ day of _____, 200__.

By: _____
Printed Name: _____
Title: _____