CHAPTER 67-28
AFFORDABLE MULTIFAMILY RENTAL HOUSING
SAIL/HOME/RC

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PART I ADMINISTRATION
67-48.001 Purpose and Intent. The purpose of this rule
chapter is to establish the procedures by which the
Corporation shall:
1. Administer the application process, determine loan
amounts, make and service mortgage loans for new
construction or rehabilitation of affordable rental units under
the State Apartment Incentive Loan (SAIL) Program
authorized by Section 420.5087, F.S., and the HOME
Investment Partnerships (HOME) Program authorized by
Section 420.5089, F.S.;
2. Administer the application process, determine
Housing Credit amounts and implement the provisions of the
Housing Credit (HC) Program authorized by Section 42 of
the Code and Section 420.5009, F.S.
Specific Authority: 420.507 F.S. Law implemented 420.5087,
420.5089(3), 420.2099 F.S. History—New 7-22-94, Amended
10-23-96, 1-14-98, Formerly 420.5089; Amended 11-9-80.
Repealed 2-24-00, 2-22-01, Annexed 3-17-02.
67-48.002 Definitions:
1. "ACT" means the Florida Housing Finance
Corporation Act as found in Chapter 420, Part V, F.S., as in
effect on the date of this rule chapter.
2. "Address" means the address assigned by the United
States Postal Service and must include address number,
street name, city, state and zip code. If address has not yet
been assigned, include, at a minimum, street name and
closest organized intersection, city, state and zip code.
3. "Adjusted Income" means, with respect to a HOME
Development, the gross income from wages, income from
assets, regular cash or noncash contributions, and any other
resources and benefits determined to be income by HUD,
adjusted for family size, times the deduction allowable
under 24 CFR 5.611, which is adjusted and incorporated
herein by reference.
4. "Affiliate" means any person that, directly or
indirectly, through one or more intermediaries, controls
or is controlled by, or is under common control with the
Applicant, serves as an officer or director of the
Applicant or of any Affiliate of the Applicant, or (ii) is
the spouse, parent, child, sibling, or relative by marriage of
a person described in (i) or (ii) above.
5. "Allocation Authority" means the total dollar volume
of Housing Credits available for distribution by the
Corporation and authorized pursuant to section 42 of the
Code.
6. "Annual Owner Compliance Certification Form" or
"Form AOC-1" means, with respect to a Housing Credit
Development, a report format which is required to be
completed and submitted to the Corporation, payable to
the Corporation, pursuant to subsection 67-48.006(b), I.A.C., and is adopted and
incorporated herein by reference, effective on the date of the
latest amendment to this rule chapter. A copy of such form is available at FHC's
gateway site www.fladahousing.org.
7. "Applicable Fraction" means the fraction, the numerator of which is the number of Housing Credit Rent-Restricted Units and the denominator of which is the
total number of residential rental units less any units
exempted by Internal Revenue Ruling 92-61, or as the
section, the numerator of which is the floor space of the
Housing Credit Rent-Restricted Units and the denominator of which is the
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assets, regular cash or noncash contributions, and any other
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under 24 CFR 5.611, which is adjusted and incorporated
herein by reference.
4. "Affiliate" means any person that, directly or
indirectly, through one or more intermediaries, controls
or is controlled by, or is under common control with the
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total floor space of all residential rental units less any units
exempted by Internal Revenue Ruling 92-61, whichever

is less. The Applicable Fraclicse is applied to the eligible basis of a building to determine the qualified basis of a building for Housing Credit purposes.

(8) "Applicant" means any person or entity, public or private, for-profit or not-for-profit, proposing to build or rehabilitate affordable rental housing, with respect to the SAIL and HOME Program(s) for Low-Income or Very Low-Income persons or households, and (d) with respect to the HC Program for qualified tenants, as defined in Section 42 of the Code.

(9) "Application" means, with respect to the SAIL and HC Programs, the completed forms from the Universal Application Package together with all exhibits submitted to the Corporation, in accordance with this rule chapter and the Universal Application Package instructions in order to apply for the SAIL and/or HC Program(s). "Application" means, with respect to the HOME Program, the completed forms from the HOME Rental Application Package together with all exhibits submitted to the Corporation in accordance with this rule chapter and the HOME Rental Application Package instructions in order to apply for the HOME Program.

(10) "Application Deadline" means 5:00 p.m., Eastern Time, on the final day of the Application Period.

(11) "Application Period" means a period during which Applications shall be accepted as posted on Florida Housing's web site and with a deadline no less than thirty days from the beginning of the Application Period.

(12) "Assisted Living Facility" or "ALF" means a Florida licensed living facility that complies with Sections 409.401 through 409.454, F.S., and Rule Chapter 58A-5, F.A.C.

(13) "Bonding Commitment" means, with respect to a Housing Credit Development, an agreement between the Corporation and an Applicant by which the Corporation agrees to accept any bond or similar security that may be needed by the Corporation to induce the Applicant to make a Housing Credit Conversion from a later year's Allocation Authority in accordance with Section 42 of the Code.

(14) "Board of Directors" or "Board" means the Board of Directors of the Corporation.

(15) "Building Identification Number" means, with respect to a Housing Credit Development, the number assigned by the Corporation to describe each building in a Housing Credit Development, pursuant to Internal Revenue Service Notice 88-91.

(16) "Calendar Days" means, with respect to computing any period of time allowable by this rule, the day of the event from which the designated period of time begins to run shall not be included. The last day of the period so computed shall be included unless it is a Saturday, Sunday or legal holiday, in which event the period shall run until the end of the next day which is neither a Saturday, Sunday or legal holiday.

(17) "Carryover" means the provision under Section 42 of the Code which allows a Development, under certain conditions allowed by Section 42 of the Code, to receive a Housing Credit Allocation in a given calendar year and be placed in service within a period of two calendar years from the date the Applicant qualifies for Carryover, pursuant to Rule 67-41.028, F.A.C.

(18) "Categorical Area" means the geographical area covered under a Local Homeless Assistance Continuum of Care Plan, as designated and advised as necessary by the State Office on Homelessness, in accordance with Section 420.624, F.S.

(19) "Categorical Set-Aside" means, with respect to the SAIL Program, the reservation of funds for Commercial Fishing Workers or Farmworkers, Families, Elderly persons, and persons who are Homeless, as accorded in accordance with Section 420.508, F.S. "Categorical Set-Aside" means, with respect to the Housing Credit Program, the amount of Allocation Authority which has been designated by the Corporation and the QAP as a set-aside.

(20) "Code" or "IRC" means the Internal Revenue Code of 1986, as in effect on the date of this rule chapter, together with any applicable temporary, transition, or permanent regulations issued with respect thereto by the Secretary of the Treasury or the Internal Revenue Service of the United States, which is adopted and incorporated herein by reference.

(21) "Commercial Fishing Worker" means a laborer who is employed on a seasonal, temporary, or permanent basis in fishing in saltwater or freshwater and who derived at least 50% of his income in the immediately preceding 12 months from such employment. The term includes a person who has retired as a laborer due to age, disability, or illness. In order to be considered retired due to age, a person must be 50 years or older and must have been employed for a minimum of 5 years as a commercial fishing worker. In order to be considered retired due to disability or illness, a person must:

(a) Establish medically that the person is unable to be employed as a commercial fishing worker due to such disability or illness.

(b) Establish that he or she was previously employed as a commercial fishing worker.

(22) "Commercial Fishing Worker Household" means a household of one or more persons wherein at least one member of the household is a Commercial Fishing Worker.

(23) "Community Housing Development Organization" or "CHDOs" means organizations or agencies approved pursuant to the "CHDOs" definition in 24 CFR part 99.

(24) "Competitive Housing Credits" or "Competitive HC" means those Housing Credits which were issued from Florida Housing's annual Allocation Authority.

(25) "Compliance Period" means, with respect to a SAIL Development, the period during which the first residential unit is occupied; with respect to a HOME Development, a minimum period of 15 years for rehabilitation Development or 20 years for new construction Developments, beginning from the date the first residential unit is occupied. However, for SAIL and HOME Developments which contain occupied units to be rehabilitated, the Compliance Period shall begin at the closing of the SAIL or HOME Loan. With respect to any building that is included in a Housing Credit Development, "Compliance Period" means a minimum period of 15 years beginning on the first day of the first taxable year of the Housing Credit Program with respect thereto in which a Housing Credit Development shall continue to maintain the Housing Credit Set-Aside chosen by the Applicant in the Application, pursuant to Section 42 of the Code.

(26) "Consolidated Plan" means the plan prepared in accordance with HUD Regulations, 24 CFR § 91, which is adopted and incorporated herein by reference, and which describes needs, resources, priorities and proposed activities to be undertaken with respect to certain HUD programs, including the HOME Program.

(27) "Contact Person" means the person with whom the
Corporation will concern itself with the Application and the Development. This person cannot be a third-party competitor.

(28) “Corporation” or “Florida Housing” or “FHFPC” means the Florida Housing Finance Corporation created pursuant to the Act.

(29) “Credit Underwriter” means the independent contractor under contract with the Corporation having the responsibility for providing stated credit underwriting services. Such services shall include a comprehensive analysis of the Applicant, the real estate, the economics of the Development, the ability of the Applicant and the Development team to proceed, the evidence of need for affordable housing in order to determine that the Development meets the program requirements and determine a recommended SAIL or HOME loan amount, housing credit allocation amount or a combined SAIL or HOME loan amount and a housing credit allocation amount, if any.

(30) “Default Interest Rate” means the rate of interest charged when the borrower is in default of the terms of the loan documents.

(31) “Department” or “DCA” means the Department of Community Affairs of the State of Florida.

(32) “Developer” means any individual, association, corporation, joint venture, or partnership which possesses the requisite skill, experience, and creditworthiness to successfully produce affordable multifamily housing pursuant to this rule chapter.

(33) “Development,” “Project,” or “Property” means any work of improvement “Josh” or to be located in the state, including real property, buildings, and any other real and personal property, designed and intended for the primary purpose of providing decent, safe, and sanitary residential housing for persons or families, whether new construction, the acquisition of existing residential housing, or the remodeling, improvement, rehabilitation, or reconfiguration of existing housing together with such related non-housing facilities and debtors and tenants deemed to be necessary, convenient, or desirable.

(34) “Dwelling Unit” or “Unit” means, with respect to SAIL Developments, actual cash flow of a SAIL Development as calculated in the statement of cash flows prepared in accordance with generally accepted accounting principles and as adjusted for items including but not limited to extraordinary fees and expenses, payments on debt subordinated to the SAIL loan and capital expenditures.

(35) “Development Cost” means the total of all costs incurred in the completion of a Development excluding developer fees, acquisition cost of existing developments, and total loan cost as shown in the Development Cost line item on the development cost pro forma within the Application.

(36) “Development Experts” means, with respect to SAIL Developments, usual and customary operating and financial costs, such as the compliance monitoring fee, the financial monitoring fee, replacement reserves, the servicing fee and the debt service reserves. As it relates to the application of Development Cash Flow disclosed in subsection 4B-405.01(1), F.A.C., the term does not include extraordinary capital expenses, developer fees and other non-operating expenses.

(37) “Difficult Development Area” means any area designated by the Secretary of Housing and Urban Development as having high construction land and utility costs relative to area median gross income in accordance with Section 42(f)(2), IRC.

(38) “Document” means any written or graphic matter of any kind whatever, however produced or reproduced, including but not limited to records, reports, memos, letters, minutes, notes, graphs, maps, charts, contracts, opinions, studies, analysis, photographs, financial statements and correspondence as well as any other tangible thing on which information is recorded.

(39) “Down” means the disbursement of funds to a Development under the SAIL and HOME Programs.

(40) “Elderly” means a person 62 years of age or older. With respect to the SAIL, HOME and HC Programs, ascertaining the Federal Housing Act requirements for Elderly shall be considered Elderly.

(41) “Eligible Person” or “Eligible Household” means one or more natural persons or a family, irrespective of race, creed, national origin, or sex, determined by the Corporation to be of low or very low income. In determining the income standards of eligible persons for its programs, the Corporation shall take into account the following factors:

(a) Requirements mandated by federal law.

(b) Variations in circumstances in the different areas of the state.

(c) Whether the determination is for rental housing.

(d) The need for family size adjustments to accomplish the purposes set forth in this rule chapter.

With respect to the HC Program, an “Eligible Person” or “Eligible Household” shall mean one or more persons or a family having a combined income which meets the income eligibility requirements of the Program and Section 52 of the Code.

(42) “Executive Director” means the Executive Director of the Corporation.

(43) “Extended Use Agreement,” “Extended Low-Income Housing Agreement” or “EOA” means, with respect to the HC Program, an agreement between the Corporation and the Applicant which sets forth by the Set-Aside requirements and other Development requirements, if any, under the HC Program.

(44) “Family” or “Family Household” describes a household comprised of one or more persons.

(45) “Farmworkers” means any laborer who is employed on a seasonal, temporary or permanent basis in the food production and processing of agricultural crops and products and who has derived at least 50% of his income, from the immediately preceding 12 months, from such employment.

(46) “Farmworkers” also includes a person who has worked as a laborer due to age, disability or illness. In order to be considered employed by farmwork due to age, a person must be 50 years of age or older and must have been employed for a minimum of 5 years in a farmworkers’ immediately preceding employment. In order to be considered employed by farmwork due to disability or illness, it must be:

(a) Medically established that the person is unable to be employed as a farmworker due to such disability or illness and

(b) Established that he or she had previously met the definition of Farmworker.

(47) “Farmworker Household” means a household of one or more persons wherein at least one member of the household is a Farmworker at time of initial occupancy.
(47) "Farmer's Home" or "FMFA" means the Farmer's Home Administration of the United States Department of Agriculture, which is now known as "USDA — Rural Development" or "RD" and formerly known as "Rural Economic and Community Development" or "RECD".

(48) "Final Cost Certification Application" or "Form FCCA" means, with respect to a Housing Credit Development, that Form FCCA which is adopted and incorporated herein by reference, effective as of the date of the latest amendment to this rule chapter, and which shall be used by an Applicant to itemize all expenses incurred in association with construction or rehabilitation of a Housing Credit Development. Such form will be made available from the Corporation and shall be completed, executed and submitted to the Corporation as specified in subsections 67-48.023(6)—(7), F.A.C., along with the executed Extended Use Agreement, IRS Form 8824 for all Financial Beneficiaries, a copy of the syndication agreement disclosing the use and all terms, the required certified public accountant opinion letter, photographs of the completed Development, the monitoring fee, and documentation of the placed-in-service date as specified in FCCA (instructions). The Final Housing Credit Allocation will not be issued until such time as all terms in the preceding sentence are received and processed by the Corporation. A copy of such form is available on FHFC's web site www.floridahousing.org IBS Form 8824 is adopted and incorporated herein by reference and can be obtained from the Internal Revenue Service by calling 1(800)829-4477.

(49) "Final Housing Credit Allocation" means, with respect to a Housing Credit Development, the issuance of Housing Credits to an Applicant upon completion of construction or rehabilitation of a Development and subsequent approval of the final cost certification by the Corporation of a completed and executed Form FCCA pursuant to subsections 67-48.023(6)—(7), F.A.C.

(50) "Financial Beneficiary" means any Developer and its principals and principals of the Applicant who receives housing credits under the Development.

(a) 3% or more of Total Development Cost (including defined fees) / Total Development Cost is $5 million or less.

(b) 3% of the first $5 million and 1% of any costs over $5 million (including defined fees) / Total Development Cost is greater than $5 million.

This definition does not include third party lenders, third party management agents or contractors, Housing Credit Syndicators, credit enhancements who are regulated by a state or federal agency and who do not share in the profits of the Development or building contractors whose total fees are within the limit described in subsection 67-48.002(5A), F.A.C.

(51) "Financial institution" means a state or federal association bank, farm credit cooperative, savings association, commercial bank, savings bank, savings and loan association, federal savings and loan association, federal savings bank, or mutual savings bank, or a state non-member commercial bank, or national bank, or a mutual savings bank, or a credit union.

(52) "Florida Keys Area" means all lands in Monroe County, except:

(a) That portion of Monroe County included within the designated exterior boundaries of the Everglades National Park and areas north of said Park;

(b) All lands more than 250 feet seaward of the mean high water line owned by local, state, or federal governments, and

(c) Federal properties.

(53) "Funding Cycle" means the period of time commencing with the Notice of Funding Availability or Notice of Credit Availability pursuant to this rule chapter and concluding with the issuance of Allocations or loans to Applicants who applied during a given Application Period.

(54) "General Contractor" means an entity duly licensed in the State of Florida which, to be eligible for the maximum 14% fee, must meet the following conditions:

(a) A Development superintendent must be employed by the General Contractor and the costs of that employment must be charged to the general requirements line item of the General Contractor's budget.

(b) Development construction trailer and other overhead must be paid directly by the General Contractor and charged to general requirements.

(c) Building permits must be issued in the name of the General Contractor.

(d) Payment and performance bond or approved alternate security for General Contractor's performance, such as a letter of credit or other guarantee acceptable to Florida Housing, must be issued in the name of the General Contractor by a company rated at least "A+" by AMBest & Co., Inc.

(e) None of the General Contractor's services are contractually tied to the construction of the Development or may be subcontracted; and

(f) Not more than 20 percent of the construction cost is subcontracted to any one entity unless otherwise approved by the board for a specific Development.

(55) "Geographic Set-Aside" means the amount of Allocation Authority or funding which has been designated by the Corporation to be allocated for Developments located in specific geographic regions within the State of Florida.

(56) "HIC" or "Housing Credit Program" means the Low-Income or Very Low-Income rental housing program administered by the Corporation pursuant to Section 42 of the Code and Sections 420.5099, F.S., under which the Corporation is designated the Housing Credit agency for the State of Florida within the meaning of Section 42(b)(7)(A) of the Code, and this rule chapter.

(57) "HOME" or "HOME Program" means the HOME Investment Partnerships Program administered by the Corporation pursuant to HUD Regulation 24 CFR § 92, which is adopted and incorporated herein by reference, and Section 420.5089, F.S.

(58) "HOME-Assisted Unit" means the specific unit which is funded with HOME funds. HOME units shall adhere to rent controls and income targeting requirements pursuant to 24 CFR § 92.52.

(59) "HOME Development" means any Development which receives financial assistance from the Corporation under the HOME Program.

(60) "HOME Minimum Set-Aside Requirement" means the minimum set-aside requirement of 20% of the HOME-Assisted Units in the Development shall be rented to persons at 50% of the median income adjusted for family size and 80% of the HOME-Assisted Units in the Development shall be rented to persons at 60% of the median income adjusted for family size.

(61) "HOME Rental Application Package" or "HOME2012" means the forms and instructions therein, obtained from the Corporation at 227 North Broomhol Street, Suite 5000, Tallahassee, Florida 32301-1229, which
shall be completed and submitted to the Corporation in accordance with this rule chapter as to apply for the HOME Program. The HOME Rental Application Package is adopted and interpreted herein by reference, effective on the date of the latest amendment to this rule chapter.

(4) "HOME Rental Development" means a Development proposed to be constructed or rehabilitated with HOME funds. A Development which is under construction may be eligible to apply for HOME funds only if the final building permit is dated no earlier than 6 months prior to the Application Deadline and the Development satisfies occupancy with federal labor standards (38 U.S. Code, Section 4021) and 38 U.S. Code, Section 4022(f)(2). HOME-Rent-Assisted Units are developed under a single contract for any work already completed.

(5) "HOME Rent-Assisted Unit" means the maximum allowable rents designed to ensure affordability on the HOME-Assisted Unit.

(a) High HOME rent means 80% of the HOME-Assisted Unit as a Development must have rents set at or no more than the lesser of the Section 8 Fair Market Rent (FMRs) or rents that are 30% for a Family at 150% of median income limits, minus utilities.-

(b) Low HOME rent means 20% of the HOME-Assisted Unit as a Development must have rents set at or no more than the lesser of the Section 8 Fair Market Rent (FMRs), or 50% of the gross income of a Family at 50% of the area median income, minus utilities.-

(6) "Homeless" or "Homelessness" means an individual or Family who lacks a fixed, regular, and adequate nighttime residence or as an individual or Family who has a primary nighttime residence that is:

(a) A supervised publicly or privately operated shelter designed to provide supportive living accommodations, including welfare hotels,gregate shelters, and transitional housing;

(b) An institution that provides temporary residence for individuals institutionalized or confined.

(c) A public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings.

The term does not refer to any individual imprisoned or otherwise detained by an agency of state or federal law.-

(7) "Housing Credit" means the tax credit issued in exchange for the development of rental housing pursuant to Section 42 of the Code and the provisions of this Rule Chapter 67-48, F.A.C.-

(8) "Housing Credit Allocation" means the amount of Housing Credits determined by the Corporation as necessary to make a Development financially feasible and viable throughout the Development's Housing Credit Compliance Period as provided in Section 42(h)(2)(A) of the Code.

(9) "Housing Credit Compliance Period" means the period from the first day of the Compliance Period in which such building is part of the Development and ends on the later of: (i) the date specified by the Corporation in the Extended Use Agreement or (ii) the date that is the fifteenth anniversary of the first day of the Compliance Period unless earlier terminated as provided in Section 42(h)(5) of the Code.

(10) "Housing Credit Period" means with respect to any building which is included in a Housing Credit Development, the period of 10 years beginning with:

(a) The taxable year in which such building is placed in service; or

(b) At the election of the Developer, the succeeding taxable year.

(11) "Housing Credit Tax Credit" means with respect to a Housing Credit Development, a unit for which the gross rent does not exceed 30% of the required income limitation (Low-Income or Very Low-Income) applicable to such unit as chosen by the Applicant in the Application and in accordance with the Code. Gross-rent limits as determined from the rent charts included in the Application and must correspond to the percentage of area median income committed to by the Applicant in the Application.

(12) "Housing Credit Set-Aside" means the number of units in a Housing Credit Development necessary to satisfy the percentage of Low-Income or Very Low-Income units chosen by the Applicant in the Application.

(13) "Housing Credit Syndicator" means a person, partnership, corporation, trust or other entity that regularly engages in the purchase of interests in entities that produce Qualified Low Income Housing Projects as defined in Section 42(g) of the Internal Revenue Code and provides at least one writing reference in the Application that such person, partnership, corporation, trust or other entity has performed its obligations under partnership agreements and is not currently in default under those agreements.

(14) "Housing Providers" means, with respect to HOME Development, local governments, concerned approved by HUD under the HUD Regulations, for-profit and non-profit Developers, and qualified CHEDOs, who demonstrated capacity to construct or rehabilitate affordable housing.

(15) "HUD Regulations" means, with respect to the HOME Program, the regulations of HUD in 24 CFR § 92, together with subsequent amendments thereto, as in effect on the date of this rule chapter.

(16) "Income Certification" means "Income Certification Form No. 5031", which is adopted and incorporated by reference, and which shall be used to certify the income of all residents resident in a Section 2 of a Development, a copy of which form is available on PHBC's web site www.feralhousing.org.

(17) "Local Use Agreement" means, with respect to the SAIL or HOME Program, an agreement between the Corporation and the Applicant which sets forth the Section 2 requirements and other Development requirements, if any, under the SAIL or HOME Program.

(18) "Lead Agency" means a Local Government or Non-Profit serving in the place of lender and accountability to the State Office on Homelessness with respect to the Local Homeless Assistance of Community of Care Plan, in accordance with Section 420.624 F.S.

(19) "Local Government" means a unit of local general-purpose government as defined in Section 218.31(2), F.S.

(20) "Local Homeless Assistance Consortium of Care Plan" means a plan for developing and implementing a framework for a comprehensive and seamless array of housing and services to address the needs of homeless persons and persons at risk for homelessness, in accordance
with Section 420.624, F.S.

(81) "Low Income" means, with respect to the HOPE Program, income which does not exceed 80% of the median income for the area, as determined by HUD, with adjustments for family size, except that HUD may establish income ceilings higher or lower than 80% of the median for the area on the basis of HUD findings that such variations are necessary because of prevailing levels of construction costs or fair market rents, or unusually high or low family incomes, provided, however, with respect to the HOPE Program, "Low Income" shall mean income which is at or below 50% or 60% of the area median income, adjusted for family size, whichever is elected.

(82) "Match" means quad-federal contributions to a HOME Development entitled pursuant to the HUD Regulations.

(83) "Non-Profit" means a qualified non-profit entity as defined in Section 42(b)(5)(C), subsection 501(c)(3) or 501(c)(4) of the Code and organized under Chapter 617, F.S., if a Florida Corporation, or organized under similar state law if organized in a jurisdiction other than Florida, to provide housing and other services on a non-profit basis, which owns at least 51% of the ownership interest in the Development held by the general partner entity and which entity is acceptable to federal and state agencies and financial institutions as a Sponsoring entity for affordable housing. For purposes of the foregoing, in accordance with Section 42 of the Code, a for-profit entity wholly owned by one or more qualified non-profit organizations will constitute a Non-Profit entity. The purpose of the Non-Profit must be, in part, to foster low-income housing and such purpose must be reflected in the articles of Incorporation of the Non-Profit entity. Qualification as a Non-Profit entity must be evidenced to the Corporation by the receipt from the Applicant, upon Application, of a written opinion from legal counsel. The total cost of securing this written legal opinion will be borne entirely by the Applicant. A Non-Profit entity shall own an interest in the Development, either directly or indirectly, shall not be affiliated with or controlled by a for-profit corporation, and shall materially participate in the development and operation of the Development throughout the period the Corporation is listed in the Loan Use Restriction Agreement and the Extended Use Agreement. If an Applicant submits Application to the Corporation as a Non-Profit entity that does not qualify as such, the Application will be rejected and the Applicant will be required to reapply for the entitled program.

(84) "Note" means a unilaterally agreement containing an express and absolute promise to pay to the Corporation a principal sum of money for the loan together with interest on a specified date. The Note will provide the interest rate and the amount of payment by a monthly sum.

(85) "Portfolio Diversification" means a distribution of SAIL and HOME Program loans to Developments in varying geographic locations with varying design structures and size and with different types and identity of Sponsors.

(86) "Preliminary Allocation" means a non-binding reservation of Housing Credits issued to a Housing Credit Development which has successfully completed the credit underwriting process and demonstrated a need for Housing Credits.

(87) "Preliminary Determination" means an initial determination by the Corporation of the amount of Housing Credits outside the Corporation's Allocation Authority needed from the Treasury to make a Tax-Exempt Bond-Financed Development financially feasible and viable.

(88) "Principal" means an Applicant, any general partner of an Applicant, and any officer, director, or any shareholder of any Applicant or shareholder of any general partner of an Applicant.

(89) "Program" or "Programs" means the SAIL, HOME and/or HC Program(s) as administered by the Corporation.

(90) "Program Report" or "Form RJ-1" means the report format which is required to be completed and submitted to the Corporation pursuant to Rule 64B-404.006, F.A.C., and is adopted and incorporated herein by reference, effective on the date of the latest amendment to this rule chapter. A copy of such form is available on FHFC's web site www.floridahousing.org.

(91) "Property," "Property or Development" means any work or improvement located or to be located in the state, including real property, buildings, and any other real and personal property, designed and intended for the primary purpose of providing decent, safe, and sanitary residential housing the persons or families, whether new construction, the acquisition of existing residential housing, the remodeling, improvement, rehabilitation, or reconstruction of existing housing, together with such related non-locating facilities as the Corporation determines to be necessary, convenient, or desirable.

(92) "Qualified Allocation Plan" or "QAP" means, with respect to the HOPE Program, the Qualified Allocation Plan which is adopted and incorporated herein by reference, effective on the date of the latest amendment to this rule chapter, and which was approved by the Governor of the State of Florida, pursuant to Section 42(a)(3)(B) of the Code and sets forth the selection criteria and the preferences of the Corporation in the development which will receive Housing Credits. The QAP is available on FHFC's web site www.floridahousing.org.

(93) "Qualified Census Tract" means any census tract which is designated by the Secretary of Housing and Urban Development as having either 25% or more of the households at or income which is less than 60% of the area median gross income, or a poverty rate of at least 25 percent, in accordance with Section 42(c)(3)(B), IRC.

(94) "Recall of Tenure Information Certificate Information" or "Form AR-1" means, with respect to the SAIL and/or HC Program(s), a report format which is required to be completed and submitted to the Corporation pursuant to this rule chapter and is adopted and incorporated herein by reference, effective on the date of the latest amendment to this rule chapter. A copy of such form is available on FHFC's web site www.floridahousing.org.

(95) "Receivables" as it relates to delivery of a document by a specified quid pro quo, unless otherwise indicated, delivery by hand, U.S. Postal Service or other carrier service, in the office of the Corporation no later than 5:00 p.m., Eastern Time, on the deadline date.

(96) "Rehabilitation" means, with respect to the HOME
Program, the alteration, improvement, or modification of an existingstructure. It also includes moving an existingstructure to a foundationsconstructed with HOME funds. Rehabilitation may include addingrooms outside the existingwalls of a structure, but adding a housing unit is considered new construction. "Rehabilitation" means, with respect to the Housing Credit Program, what is stated in Section 42(iii)(A) of the Code, with the exception of Section 42(i)(A)(10) which is changed to read, "The requirement of this subsection is that if the rehabilitated basis attributable to such amounts, when divided by the number of low-income units, in the building, is $22,000 or more."

(98) "Return on Equity" means, with respect to SAIL Development, the amount of income from the SAIL Development that may accrue to the Sponsor as investment earnings on SAIL Equity contributed to the SAIL Development, not to exceed 1% per annum.

(99) "Review Committee" means a committee of FHFC staff persons and community staff persons appointed by the Board who will make recommendations to the Board regarding Program modification.

(100) "Rural Development" as "ED" or "USDA- RD" (previously called "Farmer's Home Administration" or "FHFA") means the United States Department of Agriculture — Rural Development or other agency or instrumentality created or chartered by the United States to which the powers of the RD have been transferred.

(101) "SAIL" or "SAIL Program" means the State Apartment Incentive Loan Program created pursuant to Sections 42, 507(2) and 42, 508, F.S.

(102) "SAIL Development" means a residential development which provides one or more housing units proposed to be constructed or substantially rehabilitated with SAIL funds for Eligible Persons. A SAIL Development which is under construction, is the process of rehabilitation or which has been completed may be considered for the SAIL Program, but not for the MSA.

(a) The pro forms submitted for the SAIL Development in other programs of the Corporation within the last year reflected SAIL funding; and

(b) Permanent financing of the cost associated with constructing and/or rehabilitation of the SAIL Development, including tax-exempt bonds with conversion clauses, tax-exempt bonds, or public or private mortgage insurance, but not close alof as of the Application Deadline, or if financed with Local Government issued tax-exempt bonds, the bonds did not close prior to January 1, 2000; and

(c) The Application submitted evidence demonstrate that SAIL funds will enable the SAIL Development to provide additional amenities, or incorporate additional features which benefit Very Low-Income persons or households. Developments that are not eligible to obtain SAIL funds are those Developments that do not receive funding through the SAIL Program. Notwithstanding the above, Developments that have extraordinary conditions such as acts of God, restrictions if any Governmental Authority, enemy action, civil disturbance, fire, or any other act beyond the reasonable control of the Developer will need to obtain permission from the Board to process an Application through SAIL for additional funding.

(103) "SAIL Equity" means the cash contributed or anticipated to be contributed towards the development and construction of a SAIL Development available at the time of the SAIL loan closing including bridge loans from syndicates of the HC for the Development.

(104) For a public or Non-Profit Sponsor or Developer, an outright grant of funds, not to exceed 15% of Development Cost minus SAIL Equity provided as described above, may be considered "SAIL Equity."

(b) For a public or Non-Profit Sponsor or Developer, a loan subordinated to the SAIL loan from a local government may be considered "SAIL Equity."

The rate used to calculate Return on Equity on such loan shall not exceed the lesser of the loan rate or 12%. (104) "SAIL Minimum Set-Aside Requirement" means the least number of set-aside units in a SAIL Development which must be held for Very Low-Income persons or households pursuant to the category (i.e., Family, Elderly, Homeless, or Farmworker and Commercial Fishing Worker) under which the Application has been made. The SAIL Minimum Set-Aside Requirement shall be either:

(a) 20% of the SAIL Development's units set-aside for residents (i.e., Family, Elderly, Homeless, or Farmworker and Commercial Fishing Worker) with annual household incomes as or below 60% of the area, MSA or state and county median income, whichever is higher, adjusted for family size; or

(b) 40% of the SAIL Developer's units set-aside for residents (i.e., Family, Elderly, Homeless, or Farmworker and Commercial Fishing Worker) with annual household incomes as or below 60% of the area, MSA or state or county median income, whichever is higher, adjusted for family size. Sponsors of SAIL-fund Developers shall have the option of selecting (a) above only if the SAIL Development is scheduled to be assisted with Housing Credits, in addition to the SAIL loan.

(105) "Scattered Sites" means two or more parcels in the same county, contiguous to one another, situated at least one hundred fifty feet between, or within such reasonable proximity to each other as to appear to the public to be within the domain and control of the Applicant.

(106) "Section 8 Eligible" means one or more persons or families who have incomes which meet the income eligibility requirements of Section 8 of the United States Housing Act of 1937, which is adopted and incorporated herein by reference, as in effect on the date of this policy change.

(107) "Single Room Occupancy" or "SRO" means housing, consisting of single room dwelling units, that is the primary residence of its occupant or occupants. An SRO does not include facilities for Students.

(108) "Sponsor" means any individual, association, corporation, joint venture, partnership, trust, local government, or other legal entity or any combination thereof which:

(a) Has been approved by the Corporation as qualified to own, control, acquire, rehabilitate, operate, maintain, lease, manage, or maintain a Development; and

(b) Except for a local government, has agreed to subject itself to the regulatory powers of the Corporation.

(109) "State Office of Homelessness" means the office created within the Department of Children and Family Services under Section 421.622, F.S.

(110) "Student" means, with respect to SAIL and Housing Credit Developments, for the purposes of income certification, any individual with or is, or will be, a full-time student at an educational institution during 5 months of the year, or a corresponding school with regular facilities. "Student" shall not be construed to include persons.
participating in an educational or training program approved by the Corporation.

(11) "Substantial Rehabilitation" means, with respect to the SAIL Program, to bring a Development back to its original state with added improvements, where the value of such repairs or improvements exceeds 40% of the appraised as is value (excluding land) of such Development before repair. For purposes of this definition, the value of the repairs or improvements constitutes the Development Cost. To be considered "Substantial Rehabilitation," there must be at least the foundations remaining from the previous structure, suitable to support the proposed construction.

(12) "Tax-Exempt Bond-Financed Development" means a Development which has been financed by the issuance of tax-exempt bonds subject to applicable volume cap pursuant to Section 428(a)(4) of the Code.

(13) "Tax-Exempt Bond-Financed Project" means a single point selected by the Applicant on the proposed Development site that is located within 100 feet of a residential building existing or to be constructed as part of the proposed Development. For Scattered Site Developments, the Applicant must select a single point on one Development site that is located within 100 feet of a residential building existing or to be constructed as part of the proposed Development.

(14) "Total Development Cost" means the total of all costs incurred in the completion of a Development, all of which shall be subject to the approval by the Cyvali Underwriter and the Corporation as reasonable and necessary. Such costs include, for example, the following:

(a) The costs of acquiring real property and any buildings therein, including payment for options, deposits, or contracts to purchase properties.

(b) The cost of site preparation, amelioration, and development.

(c) All expenses relating to the issuance of tax-exempt bonds or taxable bonds, if any, related to the particular Development.

(d) Fees in connection with the planning, execution, and financing of the Development, such as those of architects, engineers, attorneys, accountants, Developer fee, and the Corporation.

(e) The costs of audits, surveys, plans, permits, insurance, interest, financing, six and assessment costs, and other operating and carrying costs during construction, rehabilitation, or retransmission of the Development.

(f) The cost of the construction, rehabilitation, and equipping of the Development.

(g) The cost of land improvements, such as landscaping and utility improvements related to the Development, except such costs are paid in cash, property, or services.

(h) Expenses in connection with initial occupancy of the Development.

(i) Allowances established by the Corporation for working capital, contingency reserves, and reserves for any anticipated operating deficiencies during the first 2 years after completion of the Development.

(j) The cost of such other items, including relocation costs, indemnity and warranty bonds, premiums on insurance, and fees and expenses of trustees, depositories, and playing games for the Corporation's books, as the Corporation shall determine to be reasonable and necessary for the construction or rehabilitation of the Development.

(115) "Treasury" means the United States Department of Treasury or other agency or instrumentality created or chartered by the United States to which the powers of the Department of Treasury have been transferred.

(116) "Universal Application Package" or "UA010" means the forms and instructions, obtained from the Corporation at 227 North Etonna Street, Suite 5000, Tallahassee, Florida 32310-1329, which shall be completed and submitted to the Corporation in accordance with this rule chapter in order to apply for the SAIL, or under the HFC Program(s). The Universal Application Package is adopted and incorporated herein by reference, effective on the date of the latest amendment to this rule chapter.

(117) "Urban In-Fill Development" means a Development, (a) in a site or area that is targeted for infill housing or neighborhood revitalization by the local, county, state or federal government as evidenced by its inclusion in a HUD Empowerment/Enterprise Zone, a HUD-approved Neighborhood Revitalization Strategy, Florida Enterprise Zone, area designated under a Community Development Block Grant (CDBG), area designated as HOPE VI or from Poor County Community Development Area as described and defined in the Florida Community Redevelopment Act of 1965, or the proposed Development is located in a Qualified Census Tract and the development of which contributes to a coordinated community revitalization plan, and (b) in a site which is located in an area that is already developed and part of an incorporated area or existing urban service area.

(118) "Very Low-Income" means (a) With respect to the SAIL Program, 

(i) If using tax-exempt bond financing for the first mortgage, income which meets the income eligibility requirements of Section 5 of the United States Housing Act of 1937, as in effect on the date of this rule chapter; or

(ii) If using taxable financing for the first mortgage, total annual gross household income exceeds 50% of the median income adjusted for family size, or 50% of the median income adjusted for family size for households within the MSA, within the counties in which the person or family resides, or within the SFR of Florida, whichever is greater, or

(iii) If used in a Development using Housing Credits, income which meets the income eligibility requirements of Section 42 of the Code.

(b) With respect to the HFC Program, income which does not exceed 50% of the median income for the area as determined by HUD, with adjustments for family size, except that HUD may establish income ceilings higher or lower than 50% of the median for the area as a basis of HUD findings that such variations are necessary because of prevailing levels of construction costs or mortgage rates, or unusually high or low family income.

(c) With respect to the HFC Program, if residing in a Development using the Housing Credit, income which is at or below 40% or 45% of the area median income whichever is selected in the Application.

Specific Authorities 420.307 Florida Law Implemented 420.307, 420.308(1) FS. Statutory Authority 7-22-98, Amended 7-22-96, 7-20-97, 1-6-98, Formerly 41-6802, Amended 11-9-98, 2:54:00 2-22-01, 3-7-02.

FINANCIAL VIABILITY

DOSI dismissed the petition challenging the validity of Rule
AFFORDABLE MULTIFAMILY RENTAL HOUSING

617.4802(10), F.A.C. DOAH adds that the rule was not an invalid exercise of delegated legislative authority. Petitioner's argument that the challenged rule was arbitrary and capricious was without merit. Regency Gardens Apartment, Ltd. v. Florida Housing Finance Corporation, 22 FALF 1988 (1999).

617.4804 Application and Selection Procedures for Developments.

(1) All Applications must be complete, legible and timely when submitted, except as described below. Corporation shall not assist any Applicants in copying, collating, or adding documents to an Application or shall permit any Applicant to submit, to the Corporation's facilities or equipment for purposes of compiling or completing an Application.

(2) Failure to submit an Application complete in accordance with the Application instructions and these rules will result in rejection of the Application or a score less than the maximum available in accordance with the instructions in the Application and this rule chapter.

(3) Each submitted Application shall be evaluated and preliminarily scored using the factors specified in the Application Package and these rules. Preliminary scores shall be transmitted to all Applicants along with the scoring sheets and template report.

(4) Applicants who wish to notify the Corporation of possible scoring errors relative to another Applicant's Application must file with the Corporation, within 10 Calendar Days of the date of receipt of the preliminary scores, a written Notice of Possible Scoring Error (NOPSE). Each NOPSE must specify the assigned Application number and the errors in question, as well as describe the alleged deficiencies in detail. Each NOPSE is limited to the review of only one Applicant's score. Any NOPSE that seeks the review of more than one Applicant's score will be considered improperly filed and ineligible for review. There is no appeal to the final determination of any entity that may be submitted. The Corporation's staff will review each written NOPSE timely received.

(5) The Corporation shall transmit to each Applicant the NOPSEs submitted by other Applicants with regard to its Application. The notice shall also include the Corporation's decision regarding the NOPSE, along with any other items identified by the Corporation to be addressed by the Applicant.

(6) Within 15 Calendar Days of receipt of the notice set forth in paragraph (5) above, each Applicant shall be allowed to submit additional documentation, revised pages and updates to the Application as the Applicant deems appropriate to address the issues raised pursuant to paragraph (3) above but may not exceed the Corporation of a score less than the minimum available. Where specific pages of the Application are revised, changed or added, each new page must be marked as "revised," and submitted. Failure to mark each new page "revised" will result in the Corporation not considering the revisions, changes or additions to that new page. Pages of the Application that are not revised or otherwise changed may not be resubmitted, except that documents executed by third parties must be submitted in their entirety even if only a portion of the original document was revised. Where revised or additional information submitted by the Applicant creates an inconsistency with another item in that Application, the Applicant shall also be required in its submittal to make such other changes as necessary to keep the Application consistent or revised. The Applicant shall submit an original and three copies of all additional documentation and revisions. Only revisions, changes and other information received by the deadline set forth herein will be considered. Any subsequent revisions submitted prior to the deadline shall be considered a new request from the Applicant for withdrawal of any previously submitted revisions.

(7) Within 10 Calendar Days of the deadline for receipt by the Corporation of the documentation set forth in subsection (6) above, all Applicants may submit to the Corporation a Notice of Alleged Deficiencies (NODAD) in, any other Application. Each NODAD is limited to issues created by documents revised analogously by the Applicant submitting the Application pursuant to subsection (6) above. Each NODAD must specify the assigned Application number, the pages and the documents in question, as well as describe the alleged deficiencies in detail. Each NODAD is limited to the review of only one Applicant's submission. However, there is no appeal to the final determination of any entity that may be submitted. NODADs which seek the review of more than one Applicant's submission will be considered improperly filed and ineligible for review. The Corporation will only review each written NODAD timely received.

(8) The Corporation shall transmit a copy of all NODADs to the affected Applicant.

(9) Following the receipt and review by the Corporation's Staff of the documentation described in subsections (5), (6) and (7) above, the Corporation's Staff shall then prepare final scores. In determining such final scores, no Application shall be rejected or receive a point reduction as a result of any issues not previously identified in the notices described in subsections (3), (4) and (5) above; however, inconsistencies caused by the Applicant as a result of information provided pursuant to subsection (6) above will be subject to penalties or rejection or reduction of points, as appropriate. Notwithstanding the foregoing, any deficiencies in the mandatory elements set forth in subsection (14) below can be identified as deficiencies and included in the final scores to Applicants and will result in rejection of the Application. The Corporation shall then transmit final scores to all Applicants.

(10) The availability of any refinancing funds or Allocation Authority shall be considered a condition to a Development as approved by the Board of Directors. With respect to the HIC Program, in the event the entity remains Allocation Authority after the Corporation has exhausted its waiting list of Applications during a Funding Cycle and time requirements preclude an Application from being granted notice of approval, the Corporation shall allocate any unused Allocation Authority to any eligible Development meeting the requirements of the Code and in accordance with the Qualified Allocation Plan.

(11) Applications shall be limited to one submission per subject property with the exception that Local Government-issued Tax-Exempt Bond-Financed Developments may submit a separate Application for non-competitive Housing Credit. Two or more Applications with the same Financial Beneficiary for Developments that are contiguous with the property of another Application, or that are divided by a street or easement, or if it is readily apparent from the two Applications, proximity, chain of title, or other information available to the Corporation that the properties are part of a common or related suite of development, the Applications will be consolidated to be submitted for the same Development site and the Corporation will reject all such Applications except the
74-6006 Compliance and Reporting Requirements.

(1) Any daily authorized representative of the Corporation shall be permitted at any time during normal business hours to inspect and monitor the construction or rehabilitation of a Development. Any duly authorized representative of the Corporation or the Treasury shall be permitted at any time during normal business hours to inspect and monitor Development and resident records and facilities. All resident records shall be maintained by the owner of the Development within 50 miles of the Development site.

(2) On site inspections for HC Developments:

(a) An authorized representative of the Corporation will, at the Applicant's expense, conduct four on-site construction inspections during the construction or rehabilitation of a Competitive HC Development. Any required re-inspection due to a finding of non-compliance will be at the Applicant's expense.

(b) An authorized representative of the Corporation will, at the Applicant's expense, conduct a minimum of one on-site construction inspection of a Non-Competitive HC Development which has not received any other Florida Housing Financing inspections. Any required re-inspection due to a finding of non-compliance will be at the Applicant's expense.

(c) The Corporation or its representative shall conduct on-site Development inspections at a minimum of every three years, with a typical frequency of annual reviews.

(d) The Corporation must approve the selection or replacement of a management company prior to such company assuming responsibility for the Development, using the following criteria:

(i) Review of company information including key management personnel, management experience and procedures;

(ii) Review of company forms such as application for apartment residence, income verification forms, lease, etc.;

(iii) Key management company representatives attend a Corporation-compliance workshop; and

(iv) A management company shall furnish a compliance staff and the key management company representative.

(5) The Corporation will document approval of the management company to the owner of the Development after successful completion of item (4)(a)–(d).

(6) The owner of the Development shall maintain complete and accurate income records pertaining to each resident occupying a Low-income or Very-Low-income unit. Records for each occupied Low-income or Very-Low-income unit shall contain the following documentation:

(i) The resident's rental application containing the name or names of each household member, employment, and income information for each household member, and other information required by the owner of the Development;

(b) An executed lease agreement listing the term of the tenancy and all of the residents residing in the unit;

(c) Verification of the income of each resident as is acceptable to prove income under Section 8 of the U.S. Housing Act of 1937, as in effect as the date of this rule chapter;

(d) Information as to the assets owned by each resident;

(f) Annual inspections of the Development by the Corporation or the Corporation's representative; and

(g) The Corporation will not be required to pay for any rent subsidies to the residents.
income Certification Form FTC-1 for each resident. A sample Form FTC-1 can be obtained from the Corporation.

(7) The Applicant shall submit Program Reports pursuant to the following:
(a) The initial HC Program Report shall be submitted upon request of the compliance monitor or Florida Housing prior to the initial management review and physical inspection, but no later than 120 days following the leasing of any unit. Subsequent Program Reports shall be submitted each year of the Housing Credit Compliance Period and shall be due no later than the dates assigned by the Corporation. The Program Reports shall be accompanied by:
(1) Recay of Tenant Income Certification Information Form AR-1; and
(2) Copies of Tenant Income Certifications executed since the last Program Report for at least 10% of the Housing Credit Set-Aside units in the Development (to be sent to the monitor agent only).
(b) With respect to the HC Programs, the Annual Owner Compliance Certification Form to be signed by the owner of the Development certifying that for the preceding 12 month period the Development met its Housing Credit Set-Aside requirements (to be sent to the Corporation only), forms PR-1, VOC-1 and AR-1 shall be provided by the Corporation and shall be submitted for all Developments receiving Housing Credit Allocation since January 1, 1987.
(c) The initial HOME Program Report shall be submitted prior to the lease of loan closing, if occupied, or if not occupied at loan closing upon request of the compliance monitor or Florida Housing prior to the initial management review and physical inspection, but no later than 120 days following the leasing of any unit. Subsequent Program Reports shall be submitted annually on the dates assigned by the Corporation. The Program Reports shall be accompanied by:
(1) Recay of Tenant Income Certification Information Form AR-1; and
(2) Copies of Tenant Income Certification executed since the last Program Report for at least 10% of the HOME-Assigned Units in the Development (to be sent to the monitoring agent certifying that for the preceding 12 month period the Development met its Housing Credit Set-Aside requirements (to be sent to the Corporation only), forms PR-1, VOC-1 and AR-1 shall be provided by the Corporation and shall be submitted for all Developments receiving Housing Credit Allocation since January 1, 1987.
(d) The initial SAIL Program Report shall be submitted prior to the lease of loan closing, if occupied, or within the 25th of the following month, after the initial unit is occupied. Subsequent Program Reports shall be submitted each month and are due no later than the 25th of each month thereafter. The Program Reports shall be accompanied by Recay of Tenant Income Certification Information Form AR-1 and copies of all Tenant Income Certifications executed since the last Program Report (to be sent to the monitoring agent).
(e) HC Developments will submit copies of each building's completed IRS Low-Income Housing Credit Allocation Certification Form 8609, Rev. 12/2000, and Schedule A, Annual Statement, Form 8609, Rev. 12/2000, for the first year housing credits are claimed to the Compliance Section of Florida Housing Finance Corporation. These forms are adopted and incorporated herein by reference and are due at the same time they are filed with the Internal Revenue Service. Form 8609 and Schedule A (Form 8609) can be obtained from the Internal Revenue Service by calling (1800)444-4467. Additionally, correspondence shall accompany these forms which indicates the first taxable year in which the Housing Credits were claimed and the fiscal operating year for the property.
(9) Compliance monitoring for each program will begin:
(a) For the SAIL Program, regardless of whether the Development also received an HC allocation, following the SAIL loan closing or, if the Development is occupied, prior to the SAIL loan closing.
(b) For the HOME Program, regardless of whether the Development also received an HC allocation, following the HOME loan closing or, if the Development is occupied, prior to the HOME loan closing.
(c) For Developments receiving an allocation of non-competitive HC without any FHJF-issued loans, following Final Housing Credit Allocation:
(d) For Developments receiving Competitive HC without any FHJF-issued loans, following execution of the Carryover Allocation Agreement.

67-48.007 Fees. The Corporation shall collect via check or money order only the following fees and charges in conjunction with the SAIL, HOME, and/or HC Program:

1. Universal Application Package fee.
2. Home Rental Application Package fee.
3. Application fee.
4. Credit Underwriting fee.
5. Administrative fees.
6. Commitment fees.
7. Compliance monitoring fees.
8. Loan servicing fees.
10. Financial qualifying fees.

All of the fees set forth above with respect to the SAIL Program are part of Development Cost and can be included in the Development Cost pro forma and paid with SAIL loan proceeds. Failure to pay any fee shall cause the firm loan commitment under any Program to be terminated or shall constitute a default on the respective loan documents. Specific Authority: 420.507 FS, Law Implemented: 420.508, 420.509 FS, History—New 7-22-96, Amended 12-23-96, 1-6-98, Formerly 420.6800, Amended 11-8-94, 2-24-00, 2-27-01, 3-17-02.

PART II STATE APARTMENT INCENTIVE LOAN PROGRAM

67-48.009 SAIL General Program Procedures and Restrictions.
(1) In the Application, each Applicant must select the category in which to apply and must specify the SAIL Minimum Set-Aside Requirement with which the Development will comply.
(2) Loans shall be in an amount not to exceed 25% of the Total Development Cost except as described in (3) below, or the minimum amount required to make the Development economically feasible, whichever is less, as determined by the Credit Underwriter.
(3) The following types of Spouses are eligible to apply for loans in excess of 25% of Total Development Cost pursuant to Section 420.507(2), R.S.:
(a) Non-Profit and public Spouses who are able to secure grants, donations of land, or contributions from other
sources collectively totaling at least 10% of Total Development Costs.
(b) Properties that maintain an 80% occupancy of residences qualifying as Farmworkers as defined in Section 420.507(3), F.S., over the life of the loan.
(4) As a minimum, the percentage of set-aside units committed to in the Application must be held for Very Low-Income persons and households for a period of 10 years equal to the greater of the following:
(a) The term of the SAIL loan; or
(b) 12 years; or
(c) Such longer time as agreed to by the Applicant in the Application.
(5) Applicant cannot request additional SAIL funding for the same Development.
(6) Developer fee shall be limited to 16% of Development Cost. A Developer fee on the building acquisition cost shall not exceed 4% of the cost of the building exclusive of land. A total Developer fee of 18% of Development Cost shall be allowed if the proposed Development is qualified for Housing Credits pursuant to Rule 47-18.002, F.A.C., pertaining to Tax-Exempt Bond-Financed Developments.
(7) The General Contractor's fee shall be limited to a maximum of 14% of the actual construction cost.
(8) SAIL loan proceeds shall not be used to fund any contingency reserves.
(9) Exempt for small county requests, Applicants may not request SAIL funding for Developments receiving priority in PHFC's multifamily bond program for having no other PHFC funding.
47-18.001 Additional SAIL Applicant's Ranking and Selection Procedures.
(1) During the first six months following the publication date of the first Notice of Funding Availability published each year within the State of Florida, SAIL funds shall be allocated subject to the requirements specified in Section 420.507(3), F.S., which specifies the required ranking within the four demographic categories of (a) Family, (b) Elderly, (c) Homeless and (d) Commercial Financial Workers and Farmworkers and in accordance with the ranking and selection process set forth in the Universal Application Package.
(2) 10% of the funds reserved for Applicants in the Elderly category shall be reserved to provide loans to Sponsors of housing for the Elderly for the purpose of making life-safety or security-related repairs or improvements to such housing which are required by federal, state or local regulation, as further specified in Section 420.5087, F.S.
(3) The Corporation shall assign, in order of ranking, tentative loan amounts to the Applicant(s) in each demographic and geographic category, up to the total amount available. However, the Corporation shall make adjustments to ensure that minimum funding distribution levels by geographic category are met, as required by Section 420.507(3), F.S., and further described in the SAIL Notice of Funding Availability.
(4) In the event that the 10% of program funds required to be allocated to counties with a population of 100,000 or less remains unallocated at the conclusion of a successive three-year period, the unallocated funds shall be carried forward and shall be added to the funds received for counties with a population of 100,000 or less for the next successive three-year period.
(5) After the six-month period referenced in subsection 47-18.001(5), F.A.C., has expired, the Corporation shall allocate SAIL funds to Applicants meeting threshold requirements, without regard to demographic category.
(6) Based upon funding availability, the Corporation shall select Applicants for participation in the SAIL Program in accordance with the instructions included in the Universal Application Package.
(7) Selection for SAIL Program participation is contingent upon funding availability after determination of final amounts and the approval process as set forth in Rule 47-18.005, F.A.C.
47-18.009 Terms and Conditions of SAIL Loans.
(1) The proceeds of all SAIL loans shall be used for new construction or Substantial Rehabilitation of affordable, safe and sanitary rental housing units.
(2) The SAIL loan shall be for a first, second, or other subordinate lien position. For purposes of this rule, mortgages securing a loan of credit as credit enhancement for the bonds funding the first mortgage shall be considered a contingent liability and part of the first mortgage lien, provided that the Applicant's counsel furnishes an opinion regarding the contingent nature of such mortgage unavailability to the Corporation and its counsel.
(3) The loan shall be non-amortizing and shall have interest rates as follows:
(a) 1% simple interest per annum on loans to Developments that maintain an 80% occupancy of residents qualifying as Farmworkers over the life of the loan.
(b) 3% simple interest per annum for Family and Elderly loans.
(c) 3% simple interest per annum on loans to Homeless and SRO.
(d) Payments on the loans shall be based upon the actual Development Cash Flow. Interest may be deferred as set forth in subsection 67-48.410(6), F.A.C., without constituting a default on the loan.
(4) The loans described in paragraphs 47-18.010(3)(a), (b), and (c), F.A.C., above shall be repaid from all development cash flow, and if the SAIL loan is not a first mortgage loan, each year, subject to the provisions of subsection (6) below. Development Cash Flow shall be applied to pay the following items in order of priority:
(a) First mortgage fees and debt service;
(b) Development Expenses as at the SAIL loan, including up to 20% of total Developer fees per year;
(c) Interest payment on SAIL loan balance equal to 1% as stated in (3)(a) above and equal to 3% as stated in (3)(b) and (c) above the life of the SAIL loan.
(d) Interest payments deferred from previous years;
(e) Mandatory payments on subordinate mortgages;
(f) 12% return on equity to Applicant;
(g) Any other unpled SAIL interest deferred from the current and previous years;
(h) Any unpaid or equity on equity deferred from previous

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AFFORDABLE MULTIFAMILY RENTAL HOUSING
(R. 302)

67-18.000

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years:

(1) Remaining monies to be equally divided between the Applicant and the Corporation, with the Corporation receiving no more than the stated interest rate on the SAIL loan. After the full SAIL loan interest has been paid, the Applicant shall retain all remaining monies, unless the Applicant chooses to repay a portion of the loan balance.

(5) If the SAIL loan is secured by a first mortgage lien, each year, subject to the provisions of paragraphs (6) below, Development Cash Flow shall be applied to pay the remaining items in order of priority:

(a) First mortgage fees and interest payment on SAIL loan balance equal to 1% as stated in (3)(a) above and equal to 3% as stated in (3)(b) above over the life of the SAIL loan.

(b) Development Expenses on the SAIL loan, including up to 20% of total Development expenses per year.

(c) Any other unpaid SAIL interest deferred from the current and previous years.

(d) Mandatory payment on subordinate mortgages.

(e) 12% Return on Equity to Applicant.

(f) Any unpaid Return on Equity deferred from previous years, and

(g) Remaining monies to be equally divided between the Applicant and the Corporation, with the Corporation receiving no more than the stated interest rate on the SAIL loan. After the full SAIL loan interest has been paid, the Applicant shall retain all remaining monies, unless the Applicant chooses to repay a portion of the loan balance.

(6) The Determination of Development Cash Flow, determination of payment priorities, and payment of interest on SAIL loans shall occur annually. Any payment of accrued unpaid interest due annually on SAIL loans shall be deferred to the extent that Development Cash Flow is insufficient to make such payments pursuant to the payment priority schedule established in this section. If Development Cash Flow is sufficient to make such payments, each year, the Corporation shall determine each year, and such request causes a default of SAIL interests, such an underpayment shall constitute an event of default on the SAIL loan. A penalty of 5% of any required payment shall be assessed.

(8) By May 31 of each year of the SAIL loan term, the Applicant shall provide the Corporation with audited financial statements and a certification detailing the information needed to determine the annual payment to be made. However, this certification requirement may be waived until May 31 following the calendar year within which the first unit is occupied. The certification shall require submission of audited financial statements and the SAIL loan annual reporting form, Cash Flow Reporting Form (CRF), Rev. 1986, which is incorporated by reference. Fintel Rev. 1986 can be obtained from the assigned servicer. The audited financial statements are to be prepared in accordance with generally accepted accounting principles for the 12 months ended December 31 and shall include:

1. Comparative Balance Sheet with prior year and current year balances.
2. Statement of revenues and expenses.
3. Statement of changes in fund balances or equity.
4. Statement of cash flows; and
5. Notes.

The financial statements referenced above should also be accompanied by a certification of the Applicant as to the accuracy of such financial statements. The Applicant shall furnish to the Corporation or its servicer, unaided statements, certified by the Applicant’s principal financial or accounting officer, covering such financial data as the Corporation or its servicer may reasonably request, including without limitation, monthly statements with respect to the Development. A late fee of $50 will be assessed by the Corporation for failure to submit the required audited financial statements and certification by May 31 of each year of the SAIL loan term. Failure to submit the required audited financial statements and certification by May 31 of each year of the SAIL loan term shall constitute an event of default on the SAIL loan.

(9) The Corporation servicer shall issue a tilling for interest rate on the SAIL loan for the immediately preceding calendar year by July 31 of each calendar year of the SAIL loan.

(10) The Corporation shall notify the Applicant if the determination is made that the interest rate on the SAIL loan will be reduced. The first payment of SAIL interest will be due no later than June 30 following the calendar year within which the first unit is occupied. The first payment of interest shall include all interest for the period which begins on the date of the first draw and ends on December 31 of the calendar year during which the first unit is occupied.

(11) After maturity or acceleration, the Note shall bear interest at the Default Interest Rate from the date until paid. Unless the Corporation has accelerated the SAIL loan, the Applicant shall pay the Corporation a late charge of 5% of any required payment that is not received by the Corporation within 15 days of the due date.

(12) Any safe conveyance assignment, or other transfer of support or the grant of a security interest in all or any part of the title to the Development other than a superior mortgage shall be subject to the Corporation’s prior written approval.

(13) The final billing for the purpose of payoff of the SAIL loan shall be prepared by the Corporation. The Corporation shall perform a manual and computerized comprehension checking of SAIL Program requirements beyond the maturity date of the Note, as applicable. Such fees shall be computed by determining the present value of the annual compliance monitoring fee, and multiplying that by the number of years remaining in the first year 30 months after the sale closing; the result that shall be capped at 5% of the Note. The percent value discount rate shall be 3.75% per annum. Such amount shall be reduced by the amount of any compliance monitoring fees for other programs collected by the Corporation for the Development provided:

(a) The compliance monitoring fee covers one or all of the 3 years following the anticipated SAIL loan repayment date; and

(b) The Development has substantially equivalent set-asides for Very Low-income persons or households mandated through another Corporation program for which the compliance monitoring fee was collected.

(14) The SAIL loan shall be serviced either directly by the Corporation or by the servicer on behalf of the Corporation.

(15) The Corporation shall monitor compliance of all terms and conditions of the SAIL loan and shall require that certain terms and conditions be embodied in the Loan Use Restriction Agreement and recorded as the public records of
the county wherein the Development is located. The Land Use Restriction Agreement will be recorded first. Violation of any term or condition of the documents evidencing or securing the SAIL loan shall constitute a default during the term of the SAIL loan. The Corporation shall take legal action to effect compliance if a violation of any term or condition relative to the set-asides for Very Low-Income persons or households is discovered during the course of compliance monitoring or by any other means.

(12) The Corporation shall require adequate insurance to be maintained on the Development as determined by the first mortgage lender or the Corporation's insurers, but which shall, in any case, include fire, theft, and other insurance sufficient to meet the standards established in Part V, Section 196 of the Kansas Multidisciplinary Cooperative’s predecessor, effective September 28, 1999, which is adopted and incorporated herein by reference.

(13) The SAIL loan shall be for a period of not more than 15 years, to include the construction/stabilization period. However, if both a SAIL loan and federal housing credits are to be used to assist a Development, the Corporation may set the SAIL loan term for a period commensurate with the investment requirements associated with the Housing Credit syndication. The loan term may also exceed 15 years as required by the Federal National Mortgage Association whenever it is participating in the financing of the Development, or if otherwise approved by the Board.

(14) Upon maturity of the SAIL loan, the Corporation may renegotiate and extend the term in order to extend the availability of housing for the target population. Such extensions shall be based upon:

(a) Performance of the Applicant during the SAIL loan term;

(b) Availability of similar housing stock for the target population in the area;

(c) Documentation and certification to the Applicant that funds are not available to repay the Note upon maturity;

(d) A plan for the repayment of the loan at the new maturity date; and

(e) Assurance that the security interest of the Corporation will not be jeopardized by the extension.

(15) After accepting a preliminary commitment, the Applicant shall not refinance, increase the principal amount, or otherwise amend, condition, change, or extend the mortgage superior to or inferior to the SAIL mortgage without prior approval of the Corporation's Board of Directors.

(a) The Board shall approve requests for mortgage loan refinancing only if Development Cash Flow is improved, the Development’s economic viability is maintained, the security interest of the Corporation is not adversely affected, and the Credit Underwriter provides a positive recommendation.

(b) The Board shall deny requests to increase the amount of any superior mortgage, unless the criteria outlined in paragraph 15(a) above are met, and the combined loan-to-value ratio for the superior mortgage and the SAIL mortgage is maintained or improved, and a proportionate amount of the increase in the superior mortgage is used to reduce the outstanding SAIL loan balance. To calculate the proportionate amount of the increase in the superior mortgage which must be paid toward the extinguishment of the SAIL loan balance, the following calculations shall be used: divide the amount of the original SAIL mortgage by the combined amount of the original SAIL mortgage and the original superior mortgage; then multiply the quotient by the amount of the increase in the superior mortgage after deducting refinancing costs. For example, if the amount of the original SAIL mortgage is $250,000, the original superior mortgage is $400,000, and the refinancing costs are $25,000, then the amount of the increase in the superior mortgage after deducting refinancing costs would be $850,000, and the proportionate amount of the increase in the superior mortgage which must be paid toward the reduction of the SAIL loan balance would be $265,667.

(16) Each Board shall have the power to make mortgage loan refinancing which require extension of the SAIL loan term or otherwise adversely affect the security interest of the Corporation unless the criteria outlined in paragraph 15(a) above, F.A.C., are met. The Credit Underwriter recommends that the approval of such a request is crucial to the economic survival of the Development or unless the Board determines that public policy will be better served by the extension as a result of the Applicant agreeing to further extend the Compliance Period or provide additional amenities or resident programs suitable for the resident population. Further, the Board shall have any approved extension to a mortgage term which makes the Development feasible and which does not exceed an industry standard term.

(17) All SAIL loans shall be in accordance with applicable federal and state statutes, including the Fair Housing Act as implemented by 24 CFR 100, which is adopted and incorporated herein by reference, and Titles II and III of the Americans with Disabilities Act of 1990 as implemented by 24 CFR 100, which is adopted and incorporated herein by reference, and the Corporation shall not discriminate in violation of the Fair Housing Act or the Equal Access to Developmental Disabilities Act of 1986 as implemented by 24 CFR 100.

(18) Rent controls shall not be allowed on any Development except as provided for in the issuance of tax-exempt bonds or federal Housing Credits; however, rents must be determined to be reasonable by the Credit Underwriter.

(19) The documents creating, evidencing, or securing each SAIL loan must provide that any violation of the terms and conditions described in Rule 67-48, F.A.C., constitutes a default under the SAIL loan documents allowing the Corporation to accelerate its loan and to foreclose as well as any other remedies legally available to it.

(20) Applicants shall annually certify that the household gross income, adjusted for family size, of each household occupying a unit set aside for Very Low-Income persons or households whose income requirements specified in Section 426(4)(iii)(B) of the Code, which is adopted and incorporated herein by reference, should be the annual recertification of each household's income is in compliance with income occupancy requirements, the next available unit must be rented to a household qualifying under the provisions of Section 426(4)(iii)(B), F.A.C., in order to ensure continuing compliance of the Development.

(21) The Corporation must approve the Applicant's solicitation of a management company prior to such company assuming responsibility for the Development. The Applicant, its designated representative or the managing agent of the
Development must attend a Corporation-sponsored training workshop on certification and compliance procedures prior to the lease of any units in the Development. If the Applicant is unable to meet the agreed-upon demographic requirements for Elderly, Homeless, Farmworker or Commercial Fishing Worker, the Applicant may request to rent such units to Very Low-Income persons or households without such demographic restriction.

(2) The written request must provide documentation of marketing efforts implemented over the past four-month period which demonstrate the inclusion of sources of potential residents, advertising to be used, other means of encouraging residents to rent at the Development, and priority of the original targeted group of residents. If the Corporation determines that these marketing efforts were insufficient, a revised plan which is satisfactory to the Corporation must be submitted and implemented for a four-month period prior to reconsideration.

(b) The Board will request Applicants to provide additional amenities or resident programs suitable for the proposed residential population.

(c) The Board will require Applicants with 1% units, as described in paragraph (3)(b), to modify loan documents to continue to the terms and conditions of 3% loans, as described in paragraph (3)(b), or to accelerate payments of SAIL loan principal or interest.

(2) The Applicant shall provide to the Corporation an annual budget of income and expenses for the Development, certified as accurate by an officer of the Development, as of the date 60 days prior to the beginning of the Development’s fiscal year.

(3) Prior to providing the Corporation and its servicers with the available Cash Flow Statement detailing the information needed to determine the annual prepayments to be made pursuant to this rule chapter shall consult a default on the SAIL loan.


5. SAIL Loan Sale, Refinancing as Transfer of a SAIL Development.

(a) The SAIL loan shall be assumable upon sale, transfer, or refinancing of the Development, as the following conditions are met:

(b) The proposed transferee agrees to maintain all set-asides and other requirements of the SAIL loan for the period originally specified or longer;

(c) The proposed transferee and release of transferee receives a favorable recommendation from the Credit Underwriter and approval by the Board of Directors of the Corporation.

(2) If the SAIL loan is not assumed for any reason the buyer does not meet the criteria for assumption of the SAIL loan, the SAIL loan principal and any outstanding interest shall be paid by the proceeds of the sale in the following order of priority:

(a) First mortgage debt service, first mortgage fees;
(b) SAIL compliance and loan servicing fees;
(c) An amount equal to the present value at the time of prepayment of the compliance monitoring fee, as computed by the Corporation and its servicers, times the number of payment periods for which the Development will have a SAIL for Very Low-Income persons or households beyond the repayment date. The present value discount rate shall be 2.75% per annum. For Developments with set-asides in perpetuity, the period for which compliance fees shall be collected shall be limited to 50 years. Such amounts shall be reduced by the amount of any compliance monitoring fee collected by the Corporation for the Development, provided:

1. The compliance monitoring fee covers some or all of the period following the anticipated repayment date; and

2. The Development has substantially equivalent set-asides for Very Low-Income persons or households monitored through another program of the Corporation for which the compliance monitoring fee was collected.

(d) Unpaid principal balance of the SAIL loan;
(e) Any interest due on the SAIL loan;
(f) Expenses of the sale.

3. If there will be insufficient funds available from the proposed sale of the Development to satisfy (2)(a)—(f) above, the SAIL loan shall not be satisfied until the Corporation has received:

1. An appraisal prepared by an appraiser selected by the Corporation or the Credit Underwriter indicating that the purchase price for the Development is reasonable and consistent with existing market expectations;

2. A certification from the Applicant that the purchase price reported is the actual price paid for the Development and that no other considerations were given in the parties and that the Development Cash Flow reported to the Corporation during the term of the SAIL loan was true and accurate;

3. A certification from the Applicant that there are no Development Cash Flow reports for the Development that SAIL loan, including any interest due, and the Applicant knows of no source from which funds could or would be forthcoming to pay the SAIL loan; and

4. A certification from the Applicant detailing the information needed to compute the final billing for SAIL loan interest. Such certification shall require submission of financial statements and other documents that may be required by the Corporation and its servicers.


67-48.01S F.S. Credit Underwriting and Loan Procedures.

(a) Following the appeals process, the Corporation shall issue preliminary commitment letters to those Applicants whose Developments were awarded final scores and rankings which placed them in the funding range in each set-aside category.

(b) The preliminary commitment shall be subject to a positive recommendation by the Corporation’s Credit Underwriter and approval by the Corporation’s Board of Directors.

(3) The invitation to credit underwriting shall require that
the Applicant submits the credit underwriting fee to the Credit Underwriter within 7 Calendar Days of the date of the invitation. The Corporation will, within the specified 7 Calendar Days, submit a copy of the Applicant's Application to the Credit Underwriter. Unless a written extension is obtained from the Corporation, failure to submit the fee by the specified deadline shall result in rejection of the Application.

(2) The Credit Underwriter shall verify all information in the Application, providing information relative to the Applicant, Development, Syndicator, General Contractor and other members of the Development team.

(a) The Credit Underwriter shall report any inconsistencies or discrepancies or changes made to the Applicant's Application during credit underwriting. If the board determines at any time that the Applicant's Development or Development team is no longer the Development or Development team described in the Application, and the changes were prejudicial to the Development or the market to be served by the Development, or if any discrepancy or misrepresentation is found, the Application will be rejected.

(b) If the Credit Underwriter determines that special expertise is required to review information submitted to the Credit Underwriter which is beyond the scope of the Credit Underwriter's expertise, the fee for such services will be borne by the Applicant.

(c) The Credit Underwriter shall review the interest rate and terms of any proposed financing as provided in the Application to determine whether or not such interest and terms are feasible and to determine if a SAIL loan is needed.

(d) Required appraisals shall be completed by professionals approved by the Corporation's Credit Underwriters. Approval of appraisals shall be based upon receipt of completed, original, signed appraisals in the loan packages and prior experience with similar types of developments.

(e) A full or self-contained appraisal as defined by the Uniform Standards of Professional Appraisal Practice and a separate market study shall be prepared by the Credit Underwriter, at the Applicant's expense, from an appraiser qualified for the geographic area and product type not later than completion of credit underwriting. The Credit Underwriter shall review the appraisals to properly evaluate the property in relation to the proposed price. Appraisals and separate market studies which have been ordered and submitted by third party credit underwriters, first mortgagees or syndicators and which meet the above requirements and are acceptable to the Credit Underwriter may be used instead of the contractual or market value references above.

(f) Except as provided in Section 420.6(b)(5)(v), F.S., the amount of any superior mortgagee combined with the SAIL mortgage shall be less than the appraised value of the Development. Any debt service reserve requirement associated with a superior mortgagee shall be excluded from the amount of the superior mortgage for purposes of this calculation.

(g) The minimum combined debt service coverage shall be 1.10 and the maximum debt service coverage shall be 1.50. Including the SAIL mortgage and all other superior mortgages. In extraordinary circumstances, such as when the Development has deep or short leases, the debt service coverage may exceed 1.50 but the Credit Underwriter's favorable recommendation is supported by the projected cash flow analysis. Developments receiving first mortgage funding from the United States Department of Agriculture Rural Development (Rural Development) are not required to meet the debt service coverage standards if Rural Development is providing rental assistance and has acknowledged that rents will be set at an amount sufficient to pay all operating expenses, replacement reserve requirements and debt service of the SAIL and all superior mortgages.

(h) In addition to operating expenses, the Credit Underwriter must include an estimate for repayment reserves and operating expense reserves deemed appropriate by the Credit Underwriter when calculating the final net operating income available to service the debt. A minimum amount of $200 per unit must be used for all Developments. However, the amount may be increased based upon a physical needs assessment. An Applicant may choose to fund a portion of the replacement reserves at closing. The amount cannot exceed 10% of the required replacement reserves for 2 years and must be placed in escrow at closing.

(i) The underwriters may request additional information, but at a minimum the following will be required during the underwriting process:

1. For credit enhancements, audited financial statements for their most recent fiscal year ended, if published; otherwise the previous year's audited statements will be provided until current statements are published or credit underwriting is complete. The audited statements may be waived if the credit enhancer is rated at least "A-" by Moody's, Standard and Poor's or Fitch.

2. For Principals and guarantors, audited financial statements or financial statements compiled or reviewed in accordance with Statement of Standards for Accounting and Review Services (SSARS) No. 1, which is adopted and incorporated herein by reference for the most recent fiscal year ended, if published; otherwise financial statements compiled or reviewed in accordance with Statement of Standards for Accounting and Review Services (SSARS) No. 1, which are available, unaudited financial statements compiled or reviewed within the 90 days and reviewed by the credit underwriter in accordance with the Fannie Mae Multifamily Delegated Underwriting and Servicing (DIS) Guide, effective November 23, 1999, which is adopted and incorporated herein by reference, and are the most recent year's results.

3. For the General Contractor, audited financial statements or financial statements compiled or reviewed in accordance with SSARS No. 1, for the most recent fiscal year ended, credit check, banking and trade references, and deposit verification. The audited or compiled statements may be waived if a installment and performance bond equal to 100% of the total construction cost is issued in the name of the General Contractor by a company rated at least "A-" by AMB/Ling & Co.

4. For the Applicant and general partner, audited financial statements or financial statements compiled or reviewed in accordance with SSARS No. 1, for the most recent fiscal year ended, credit check, banking and trade references, and deposit verification. If the entities are newly formed (less than 18 months in existence) or if the need for a current audited or underwriting information is requested, a copy of any and all tax returns with related supporting notes and schedules.

(i) The Credit Underwriter shall consider the following when determining the need for construction completion
paraphrase:
1. Liquidity of the guarantor.
2. Developer and General Contractor's history in successfully completing developments of similar nature.
3. Problems encountered previously with Developer or contractor.
4. Exposure of Corporation funds compared to total Development Cost.

At a minimum, the Credit Underwriter shall require a personal guaranty for completion of construction from the principal individual or the corporate general partner of the borrowing entity. In addition, a letter of credit or payment and performance bond shall be required if the Credit Underwriter determines, after evaluation of the applicant, that additional security is needed. However, a personal guarantee will not be required if SAIL funds are not drawn until construction is complete, as evidenced by a final certificate of occupancy.

(k) The Credit Underwriter shall require an operating deficit guarantee, to be released upon achievement of 1.10 debt service coverage for a minimum of six consecutive months, for the combined permanent first mortgage and SAIL loan. Developments receiving United States Department of Agriculture, Rural Development funds are not required to meet the debt service coverage standards for release of operating deficit guarantee.

(i) Contingency reserves, which total no more than 5% of hard and soft costs for new construction and no more than 15% of hard and soft costs for Substantial Rehabilitation, may be included within the Total Development Cost for Application and understanding purposes. Contingency reserves shall not be paid from SAIL funds.

(m) The Credit Underwriter shall review and determine if the number of loans and/or construction commitments of the Applicant and its Principals will impair its ability to proceed with the successful development of each proposed Corporation Development.

(n) The Credit Underwriter shall consider the appraisal of the Development and other market study documentation information to determine if the market exists to support both the demographic and income restriction set-asides committed to within the Application.

(o) If the Credit Underwriter requires additional clarifying language or information in the appraisal process, the Credit Underwriter shall request same from the Applicant and shall specify deadlines for its submission of same. Failure to submit required information by the specified deadline, unless a written extension of time has been approved by the Corporation's Board and the Credit Underwriter, shall result in rejection of the Application. If the Application is rejected, the Corporation will select additional Applicant(s) in order of scoring.

(3) Any applicant in a firm consistent with any other terms of the funding shall be consistent with the understanding negotiations made in connection with the SAIL loan. All items required by the Credit Underwriter must be provided to the Credit Underwriter within 35 Calendar Days of qualification from the Credit Underwriter. The Application shall include an additional 20 Calendar Days to submit the appraisal, survey, and final plans to the Credit Underwriter. The Credit Underwriter shall advise the Corporation in writing of all items not received by the specified deadlines. Unless an extension is approved by the Corporation's Board, failure to submit the required credit and understanding information or fees by the specified deadlines shall result in withdrawal of the preliminary commitment and the funds will be made available to the next eligible Applicant.

(a) The Credit Underwriter shall compile and make a written draft report and recommendation to the Corporation within 80 Calendar Days from the date of the Applicant's execution of the preliminary commitment letter. Upon receipt, the Corporation shall provide to the Applicant the section including 'reporting information' and schedules from the written draft report. The Applicant shall review and provide written comments to the Corporation and Credit Underwriter within 48 hours of receipt. After the 48 hour period, the Corporation shall provide comments on the draft report and, as applicable, on the Applicant's commitments to the Credit Underwriter. Then the Credit Underwriter shall review and incorporate the Corporation's and Applicants' comments and release the revised report to the Corporation and the Applicant. Any additional comments from the Applicant shall be received by the Corporation and the Credit Underwriter within 72 hours of receipt of revised report. Then the Credit Underwriters will provide a final report, which will address comments made by the Applicant, to the Corporation.

(b) After approval of the Credit Underwriter's recommendations by the Board of Directors or a committee appointed by the Board, the Corporation shall issue a SAIL loan commitment.

(c) Other mortgage loans related to the Development and the SAIL loan must close within 60 Calendar Days of the date the SAIL loan commitment is approved by the Board. All extension requests must be submitted in writing to the program administrator and contain the specific reasons for requesting an extension and shall delay the closing of the loan. The written request shall then be submitted to the Corporation's Board for consideration. The Corporation may request an extension of one-half (1/2) of one percent of the SAIL loan amount if the Board approves the request. In the SAIL loan commitment letter, the Applicant must agree in the approval of the SAIL loan commitment letter, the Applicant must agree with the Corporation to proceed beyond the period confined in this rule chapter.

(7) The Corporation's services shall consist of the Applicant's expense preconstruction analysis and review of all the Development's costs prior to the closing of the SAIL loan.

(8) It is the responsibility of the Applicant to comply with any part of this section and to request in writing and show cause for any waivers. Failure to comply will result in the disposition of the Applicant and withdrawal of the SAIL commitment. The Corporation shall then offer a preliminary SAIL commitment to the next eligible Applicant or, with approval of the Board, retain available funds for use in the next Application Period.

At least 5 Calendar Days prior to attending any closing:
(a) The Applicant must provide evidence of all necessary consents or required signatures from first mortgagees of subordinate mortgages to the Corporation and its counsel.

(b) The Credit Underwriter must have received all items necessary to return its letter confirming that all closing contingencies have been satisfied, including the finalized sources and uses of funds and Draw schedule.

PART III HOME INVESTMENT PARTNERSHIPS — PROGRAM

67-48.014 HOME: General Program Procedures and Restrictions. In order for a Development to qualify for HOME funds, it shall, at a minimum, meet or comply with the following:

(1) The Corporation shall utilize no more than 10% of the HOME allocation for administrative costs pursuant to the HUD Regulations.

(2) The Corporation shall utilize at least 15% of the HOME allocation for CDFOs pursuant to the HUD Regulations, to be divided among the multifamily and single family categories as approved by the Board of Directors. In the event of CDFO Applications in excess of 15% of the HOME allocation designated for multifamily, such Applications shall be funded up to a cumulative maximum of 25%, including partial funding of any such Application. Partial funding will be offered to an Applicant only in the event that partial funding terminates at least 60% of the Applicant’s requested HOME funding. Any remaining, unfunded or partially funded CDFO Applications shall remain eligible to compete for non-CDFO Incentive funding. In order to apply under the CDFO set-aside, the CDFO must have at least 51% ownership interest in the Development held by the General Partner entity and meet all other CDFO requirements, as defined by HUD in 24 CFR 92.

(3) Within the rental cycle administered pursuant to Rule Chapter 67-48, I.A.C., the Corporation will distribute funds in the following order subject to the provisions of subsections 67-48.014(1) and (2), I.A.C.:

(a) Funds will be allocated to qualified CDFOs in order of ranking, until 15% of the available funds have been allocated.

(b) The remaining funds will then be allocated to Applications for proposed developments in order of ranking.

(4) The maximum per-unit subsidy amount of HOME funds that the Corporation may invest in a per-unit basis in affordable housing may not exceed per-unit dollar limits established pursuant to the HUD Regulations.

(5) The maximum amount of HOME funds that must be invested in a Rental Development is $15,000 since the number of HOME-Assigned Units in the Development.

(6) A Development otherwise eligible for HOME funds that is located in an area whose median income is below 80% of the median family income for the area, as determined by HUD, with adjustments for family size (as per 24 CFR 92), is eligible to receive HOME funds.

(7) The Corporation shall utilize no more than 5% of the HOME allocation for multifamily purposes.

(c) The combined total of HOME funds that may be invested in a Rental Development is $30,000 since the number of HOME-Assigned Units in the Development.

In order for a Development to qualify for HOME funds, it shall, at a minimum, meet or comply with the following:

(1) The Corporation shall utilize no more than 10% of the HOME allocation for administrative costs pursuant to the HUD Regulations.

(2) The Corporation shall utilize at least 15% of the HOME allocation for CDFOs pursuant to the HUD Regulations, to be divided among the multifamily and single family categories as approved by the Board of Directors. In the event of CDFO Applications in excess of 15% of the HOME allocation designated for multifamily, such Applications shall be funded up to a cumulative maximum of 25%, including partial funding of any such Application. Partial funding will be offered to an Applicant only in the event that partial funding terminates at least 60% of the Applicant’s requested HOME funding. Any remaining, unfunded or partially funded CDFO Applications shall remain eligible to compete for non-CDFO Incentive funding. In order to apply under the CDFO set-aside, the CDFO must have at least 51% ownership interest in the Development held by the General Partner entity and meet all other CDFO requirements, as defined by HUD in 24 CFR 92.

(3) Within the rental cycle administered pursuant to Rule Chapter 67-48, I.A.C., the Corporation will distribute funds in the following order subject to the provisions of subsections 67-48.014(1) and (2), I.A.C.:

(a) Funds will be allocated to qualified CDFOs in order of ranking, until 15% of the available funds have been allocated.

(b) The remaining funds will then be allocated to Applications for proposed developments in order of ranking.

(4) The maximum per-unit subsidy amount of HOME funds that the Corporation may invest in a per-unit basis in affordable housing may not exceed per-unit dollar limits established pursuant to the HUD Regulations.

(5) The maximum amount of HOME funds that must be invested in a Rental Development is $15,000 since the number of HOME-Assigned Units in the Development.

(6) A Development otherwise eligible for HOME funds that is located in an area whose median income is below 80% of the median family income for the area, as determined by HUD, with adjustments for family size (as per 24 CFR 92), is eligible to receive HOME funds.

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(c) The combined total of HOME funds that may be invested in a Rental Development is $30,000 since the number of HOME-Assigned Units in the Development.
with Section 8 subsidy must compare the Section 8 gross rent (adjusted net, sublet-rent, and utility allowance) to the maximum applicable HOME high or low rent limit minus utility. However, Developments with project-based rental assistance may utilize the project-based rents compared to the HOME High and Low rents. Compliance with the HOME High or Low rent requirements will be determined by the Developer's acceptance of a full Section 8 (project-based) subsidy for the HOME-Assisted Units. The maximum period of affordability for newly-constructed rental housing is 20 years. The period of affordability will be extended until the loan is repaid as enumerated in subsection 67-48(10)(c), F.A.C.

(g) The maximum percentage of HOME-Assisted Units within a Development must be at least equal to the percentage (rate) calculated by dividing the HOME loan amount by the Total Development Cost. This percentage will be utilized to determine the minimum number of HOME-Assisted Units required within a Development. HOME-Assisted Units must be identified at the time of Application. For purposes of meeting affordable housing requirements for a Development, the HOME-Assisted Units covered may be changed over the Compliance Period, so long as the total number of HOME-Assisted Units remains the same, and the subvented units are, at a minimum, comparable in terms of size, features, and number of bedrooms to the original HOME-Assisted Units.

(b) The Development will remain affordable, pursuant to commitments documented within the executed Land Use Restriction Agreement without regard to the terms of the mortgage or to surrender of ownership.

(7) The Development must comply with all applicable provisions of 24 CFR Part 92.

(a) Any single contract for the development rehabilitation of new or existing components of affordable housing with 12 or more HOME-Assisted Units under the HOME program must contain a provision requiring (at not less than the wages prevailing in the locality, as determined by the United States Secretary of Labor pursuant to the Davis-Bacon Act, at 43 U.S.C. § 271, which is adopted and incorporated herein by reference, 24 CFR § 92.354, 24 CFR Part 92 (Subpart H), which is adopted and incorporated herein by reference, and 40 U.S.C. § 276c, which is adopted and incorporated herein by reference, will be paid to all laborers and workmen employed in the construction or rehabilitation of the Development, and such contracts must also be subject to the overtime provisions of the Contract Work Hours and Safety Standards Act, 40 U.S.C. § 327-333 (1994), which is adopted and incorporated herein by reference, or the Corps Contract Act (Army-Kicklight Act), 40 U.S.C. § 276c (1994), which is adopted and incorporated herein by reference, and the Fair Labor Standards Act of 1938, as amended (29 U.S.C. 201 et seq.), which is adopted and incorporate herein by reference.

(b) All HOME Developments must conform to the following federal requirements:


(ii) Affirmative Marketing as enumerated in 24 CFR § 92.351.

(iii) Environmental Review as enumerated in 24 CFR § 92.352, 24 CFR Part 58, which is adopted and incorporated herein by reference, and 24 CFR 5.1005, which is adopted and incorporated herein by reference.

(iv) Displacement, Relocation, and Acquisition as enumerated in 24 CFR § 92.353, Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. § 4601-4655), which is adopted and incorporated herein by reference, 24 CFR Part 24, which is adopted and incorporated herein by reference, 24 CFR Part 24 (Subpart B), which is adopted and incorporated herein by reference, and Section 104(d) "Barney Frank Amendments," which is adopted and incorporated herein by reference.

(v) Lead-Based Paint as enumerated in 24 CFR § 92.355, and 24 CFR Part 35, which is adopted and incorporated herein by reference.

(vi) Conflict of Interest as enumerated in 24 CFR § 92.336, 24 CFR 85.36, and 24 CFR 84.2, which is adopted and incorporated herein by reference.

(vii) Debenamage and Suspension as enumerated in 24 CFR Part 5, which is adopted and incorporated herein by reference.

(viii) Flood Insurance as enumerated in Section 202 of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4106), which is adopted and incorporated herein by reference.

(ix) Handicapped Accessibility as enumerated in Section 508 of the Rehabilitations Act of 1973 (implemented in 24 CFR Part 8) and 24 CFR § 100.350, which are adopted and incorporated herein by reference.

(x) Americans with Disabilities Act as enumerated in 24 CFR § 121.47, 47 U.S.C. § 555, 518, and 225, which are adopted and incorporated herein by reference.

(xi) Equal Opportunity Employment as enumerated in Executive Order 11223, 41 CFR Part 60-17, which is adopted and incorporated herein by reference.

(xii) Economic Opportunity as enumerated in 24 CFR Part 135, which is adopted and incorporated herein by reference.

(xiii) Minority Women Employment as enumerated in 24 CFR § 85.165, and Executive Orders 11252, 12036, and 12118, which are adopted and incorporated herein by reference.

(xiv) Site and Neighborhood Standards as enumerated in 24 CFR § 935.6, which is adopted and incorporated herein by reference.

(xv) Specific Authority 420.507(2) (F.S. Law Implemented 420.5082), F.S. History—Rules, 2-23-96, amended 2-23-96, 1-1-98, Formerly 564.01, Amended 11-9-04, Repealed 2-24-00, Amended 2-24-00, 22201, 3-17-02.


(a) The contribution is required by HUD to match non-federal funds to the HOME allocation as specified in the HUD Regulations. One of the criteria for selecting HOME Developments will be its ability to obtain a non-federal local match source pursuant to HUD Regulations.

(b) A Match Credit Funded by the State of Florida
has been appropriated to the Corporation. The funds are to be used for demonstration or pilot programs, or other Development projects identified by the Corporation's Board of Directors. Such pilot projects or Development shall be counted as the Corporation's required match for HUD purposes and may be any eligible activity acceptable to HUD regulations and approved by the Corporation's Board of Directors.

Specific Authority: 42 U.S.C. 5885(h); 24 CFR 200.1

67-48.017 Eligible HOME activities. HOME funds may be used for the following activities: acquisition (must include: new construction and/or rehabilitation, new construction, reconstruction, or moderate or substantial rehabilitation of non-owner-occupied housing with suitable amenities pursuant to the HUD Regulations. In addition, HOME funds may be used for any activity listed to be eligible by HUD and/or in current Comparable Areas in the HUD Region. [11-7-96, Amended 11-7-96, 7-2-96, 2-24-96, 7-2-96, 7-2-96, 7-2-96]

67-48.018 Eligible HOME Applicants-Applicants for HOME funds may include CHDOs, public housing authorities, local governments, Non-Profit organizations, and private for-profit organizations. The Applicants must be a legally-formed, existing entity at the time of Application. Pursuant to the HUD Regulations, Applicants may not request additional HOME funding during the period of affordability. However, additional funds may be committed to a Development up to one year after the Development complies with the affordability requirement. The amount does not exceed the maximum permitted subsidy and the actual amount is not used to pay for Developer fees.

Specific Authority: 42 U.S.C. 5885(h); 24 CFR 200.1

67-48.019 Eligible and Ineligible HOME Development Costs.

(a) HOME funds may be used for the following eligible costs as determined in the HUD Regulations:

1. Development costs (may directly relate to the identified HOME-Assisted Units only):
   - Construction costs necessary to meet local and State of Florida building codes and the Model Energy Code as adopted by the HUD Regulations.
   - Reconversion, the costs necessary to meet local and State of Florida rehabilitation building codes and at a minimum, the Section 8 Housing Quality Standards under the HUD Regulations.
   - Both new construction and rehabilitation, costs to determine existing structures, improvements to the Development site and utility connections.

(b) The cost of acquiring improved or unimproved real property. A HOME Development and HOME loan that involves acquisition must include rehabilitation on new construction in order to be an eligible Development.

(c) Soft costs as they relate to the identified HOME-Assisted Units. The costs must be reasonable, as determined by the Corporation and the Credit Underwriter, and associated with fees, financing, and development, or both.

67-48.020 Terms and Conditions of Loans for HOME Rental Developments. All HOME Rental Development loans shall be in compliance with the Act, the HUD Regulations and, in a minimum, contain the following terms and conditions:

(a) The HOME loan may be in a first, second, or subsequent lien position. The term of the loan shall be for a minimum period of 15 years for Rehabilitation Developments and 20 years for new construction Developments. The term of the HOME loan may be extended to coordinate with the first mortgage term upon the recommendation of the Credit Underwriter and approval by the Corporation.

(b) The annual interest rate will be determined by the following:

1. All for-profit Applicants that own 100% of the ownership interest in the Development held by the general partner entity will receive a 3% per annum interest rate loan.
2. All qualified non-profit Applicants that own 100% of the ownership interest in the Development held by the general partner entity will receive a 6% per annum interest rate loan. For purposes of determining per annual HOME interest rates, the definition of Non-Profit found at Rule 47-68.002, F.A.C., shall not apply; instead, qualified non-profit Applicants shall be those entities defined in the HUD Regulations, Section 42U.S.C.55(c), subsection 512(c)(3) or 512(c)(4) of the Code and organized under Chapter 61, F.S., if a Florida
(3) **Florida Housing Finance Corporation**

(3.302)

67-48,0205

FLORIDA HOUSING FINANCE CORPORATION

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**corporation, or organized under similar state law if organized in a jurisdiction other than Florida.**

(3.302)

67-48,0205

(3) **All Applicants consisting of a non-profit and for-profit partnership will receive a 0% interest rate loan on the portion of the loan amount equal to the qualified non-profit's ownership interest in the Development held by the general partner entity. A 7% interest rate will be charged for loans on the portion of the loan amount equal to the for-profit's interest in the Development held by the general partner entity. After closing, should the Applicant sell any portion of the Development ownership, the loan interest rate will be adjusted to conform with the new percentage of ownership.**

(3) **The loans shall be non-amortizing and repayment of principal shall be deferred until maturity, unless otherwise recommended by the Credit Underwriter and approved by the Corporation. Interest payments, if any, shall be paid to the Corporation’s interest account on the date specified in the Note.**

(3.302)

67-48,0205

(4) **As approved by the Board of Directors, loans which finance demonstration Developments or Developments located in a state or federally declared disaster area may be provided with forgivable terms.**

(3.302)

67-48,0205

(5) **The accumulation of all Development financing, including the HOME loan and any existing debt within a Development, may not exceed the Total Development Cost, as determined and certified by the Credit Underwriter.**

(3.302)

67-48,0205

(6) **Before disbursing any HOME funds, there must be a written agreement with the Applicant ensuring compliance with the requirements of the HOME Program pursuant to this subpart Chapter and the HUD Regulations.**

(3.302)

67-48,0205

(7) **A representative of the Applicant and the managing agent of the Development must attend a Corporation-sponsored training session on income certification and compliance procedures.**

(3.302)

67-48,0205

(8) **If the Development has 12 or more HOME-Assisted Units to be occupied under a single lease, the General Contractor and all available subcontractors shall attend a Corporation-sponsored preconstruction conference regarding federal loan standards provisions.**

(3.302)

67-48,0205

(9) **The Corporation shall secure adequate insurance to be maintained on the Development by the first mortgage lender or the Corporation’s insurer, but which shall, in any case, include fire, hail and other insurance sufficient to meet the standards established in Section 101.17 of the Federal National Mortgage Association Multifamily Conventional Siding Eligibility Requirements for rental properties, which is adopted and incorporated herein by reference.**

(3.302)

67-48,0205

(10) **All loans must provide that any violation of the terms and conditions described in this rule Chapter or the HUD Regulations constitute a default under the HOME Loan documents allowing the Corporation to accelerate its loan and seek foreclosure as well as any other remedies legally available to it.**

(3.302)

67-48,0205

(11) **If a default on a HOME loan occurs, the Corporation will commence legal action to protect the interest of the Corporation. The Corporation shall acquire real and personal property or any interest in the Development if that acquisition is necessary to protect any HOME loan; sell, transfer, and convey any such property to a buyer without regarding the provisions of Chapters 253 and 270, F.S.; and, if that sale, transfer, or conveyance cannot be consummated within a reasonable time, issue the Development for occupancy by Eligible Persons.**

(3.302)

67-48,0205

(12) **The Corporation, or its servicer shall monitor the compliance of each Development with all terms and conditions of the HOME loan and shall require that such terms and conditions be recorded in the public records of the county where the Development is located. Violation of any term or condition shall constitute a default under the terms of the HOME loan.**

(3.302)

67-48,0205

(13) **The Applicant shall not refinance, increase the principal amount, or alter any terms or conditions of any mortgage superior or inferior to the HOME mortgage without prior approval of the Corporation’s Board of Directors.**

(3.302)

67-48,0205

(4) **The Board shall approve requests for mortgage loan refinancing only if Development cash flow is improved, the Development's economic viability is maintained, the security interest of the Corporation is not adversely affected, and the Credit Underwriter provides a positive recommendation.**

(3.302)

67-48,0205

(5) **The Board shall deny requests to increase the amount of any superior mortgage, unless the criteria outlined in paragraph 67-48,0205(3)(a), F.A.C., are met, the original combined loan to value ratio for the superior mortgage and the HOME mortgage is maintained or improved, and a proportionate amount of the increase in the superior mortgage is used to reduce the outstanding HOME loan balance. To calculate the proportionate amount of the increase in the superior mortgage which must be paid toward the reduction of the HOME loan balance; the following calculation shall be used: divide the amount of the original HOME mortgage by the combined amount of the original HOME mortgage and the original superior mortgage; then multiply the quotient by the amount of the increase in the superior mortgage after deducting refinancing costs. For example, if the amount of the original HOME mortgage is $2,000,000, the original superior mortgage is $4,000,000, the proposed new superior mortgage is $5,000,000, and refinancing costs are $500,000, then the amount of the increase in the superior mortgage after deducting refinancing costs would be $650,000, and the proportionate amount of the increase in the superior mortgage which must be paid toward the reduction of the HOME loan balance would be $566,667.**

(3.302)

67-48,0205

(6) **The Board shall deny requests for mortgage loan refinancing which require extensions of the HOME loan or otherwise adversely affect the security interest of the Corporation unless the criteria outlined in paragraph 67-48,0205(3)(a), F.A.C., are met, the Credit Underwriter recommends that the approval of such a request is crucial to the economic survival of the Development or unless the Board determines that public policy will be better served by the extension as it was recommended by the Applicant agreeing to further extend the Compliance Period or provide additional amenities or resident programs suitable for the resident population. Further, the Board shall limit approved extensions to a minimum term which makes the Development financially and which does not exceed an industry standard term.**

Specific Authority 426,507(12), FS. Law Implemented 405.5089(7), 1(9), 1(9) FS. History—New 7-25-86, Amended 12-15-99, 7-20-07, 1-4-09, Formerly 614-86(20), Amended 11-9-98, 7-24-00, 2-22-01, 3-17-02.

67-48,0205 **Sale or Transfer of a HOME Development.**

(3.302)

67-48,0205

(1) **The HOME loan shall be assumable upon Development sale, transfer or refinancing if the following
AFFORDABLE MULTIFAMILY RENTAL HOUSING

conditions are met:
(a) The proposed multifamily meets all specific Applicant Identification criteria which were required as conditions of the original loan;
(b) The borrower or transferee agrees to maintain all set-asides and other requirements of the HOME loan for the period originally specified; and
(c) The transferee or Applicant receives a favorable recommendation from the Credit Underwriter and approval by the Corporation’s Board of Directors.
(2) If the Development is sold and the proposed transferee does not meet the criteria for assumption of the loan, the HOME loan shall be repaid from the proceeds of the sale. If there will be insufficient funds available from the proposed sale of the Development, the HOME loan shall not be satisfied until the Corporation has received:
(a) An appraisal prepared by an appraiser selected by the Corporation indicating that the purchase price for the Development is reasonable and consistent with existing market conditions;
(b) A certification from the Applicant that the purchase price reported is the actual price paid for the Development and that no other consideration passed between the parties and that the income reported to the Corporation during the term of the loan was true and accurate; and
(c) A certification from the Applicant that there are no Development funds available to repay the loan and the Applicant knows of no source from which funds could or would be forthcoming to pay the loan.
Specific authority: 42 USC 5005(7); FS Law Improvement 420.588(7).
(a) FS, Littey—June 12-25-88, Amended 1-6-88, Footnotes 46-56.02/2005, Amended 7-13-98, Repealed 7-22-01. Revised Property 3-17-02.
47-48.021 HOME Credit Underwriting and Loan Procedures
(1) After the affirmative appeal procedures have been completed, the Corporation shall assign a tentative loan amount to the Applicant in each set-aside category with the highest point totals on their Applications for funding, up to the amount available in the category.
(2) Based upon availability of funds, the Corporation shall issue a preliminary commitment notifying each Applicant of selection for participation in the HOME Program in the order of the Applicant’s ranking within each set-aside category. The tentative loan amount exceeds the remaining fund availability, the Corporation will offer the Applicant a lower loan amount equal to the remaining funds. Rejection of an offer will cause the Corporation to make an offer in the next highest ranked Applicant within the category. This process shall be followed until all funds for the set-aside category are committed.
(a) The preliminary commitment letter shall be subject to a positive recommendation by the Corporation’s Credit Underwriter, approval by the Corporation’s Board of Directors, and a certificate from the Corporation of the HUD Environmental Review pursuant to 24 CFR § 92.352.
(b) All items required by the Credit Underwriter must be provided to the Credit Underwriter within 35 Calendar Days of notification from the HOME Underwriter. The Applicant will have within 30 Calendar Days to submit the appraisal, survey and final plan to the Credit Underwriter. Unless an exception is approved by the Corporation’s Board, failure to submit the required credit underwriting information by the specified deadline shall result in withdrawal of the preliminary commitment and the funds will be made available to the next eligible Applicant. The Corporation shall notify the Applicant and Developer of the appropriate procedures to be followed.
(3) The Credit Underwriter shall notify all information in the Application, including information relative to the Applicant, Developer, Syndicate, General Contractor and other members of the Development team. The Credit Underwriter shall complete its analysis and submit a written draft report to the Corporation within 30 Calendar Days from the date of the preliminary commitment letter. Upon receipt, the Corporation shall provide to the Applicant the section including supporting rationale and schedules from the written draft report. The Applicant shall review and provide written comments to the Corporation and Credit Underwriter within 14 Calendar Days after receipt. After the 60-day period, the Corporation shall provide comments on the draft report and, as applicable, on the Applicant’s comments to the Credit Underwriter. Then the Credit Underwriter shall review and incorporate the Corporation’s and Applicant’s comments and release the revised report to the Corporation and the Applicant. Any additional comments from the Applicant shall be reviewed by the Corporation and the Credit Underwriter within 72 hours of receipt of revised report. Then, the Credit Underwriter will provide a final report, which will address comments made by the Applicant, to the Corporation.
(4) The underwriters may request additional information but at a minimum the following will be required during the underwriting process:
(a) For credits enhancements, audited financial statements for the most recent fiscal year ended, if published; otherwise the previous year’s audited statements will be provided until the current statements are published or credit underwriting is completed. The audited statements may be waived if the credit enhancement is rated AA+ or better by Moodys, Standard and Poor’s or Fitch.
(b) For Principles and guarantors, audited financial statements or financial statements compiled or reviewed in accordance with Statements on Standards for Accounting and Review Services (SSARS) No. 1, which is acceptable and incorporated herein by reference, for the most recent fiscal year ended, credit check, banking and trade references, and deposit verifications. If audited financial statements or financial statements compiled or reviewed in accordance with Statements on Standards for Accounting and Review Services (SSARS) No. 1 are not available, unaudited financial statements prepared within the last 60 days are reviewed by the credit underwriter in accordance with the Family Mac Multifamily Delegated Underwriting and Servicing (DUS) Guide effective November 23, 1997, which is adopted and incorporated herein by reference, and the two most recent years’ tax returns.
(c) For the General Contractor, audited financial statements or financial statements compiled or reviewed in accordance with SSARS No. 1, for the most recent fiscal year ended, credit check, banking and trade references, and deposit verifications. The audited or compiled statements may be waived if a payment and performance bond equal to 10% of the total contract cost is issued in the name of the General Contractor by a company rated at least AA+ by A.M.Best & Co.
(d) For the Applicant and general partners, audited financial statements or financial statements compiled or reviewed in accordance with SSARS No. 1, for the most recent fiscal
year ended, credit check, banking and trade references, and deposit verification. If the entities are newly formed (less than 18 months in existence as of the date that credit underwriting information is requested), a copy of any and all tax returns with related supporting notes and schedules.

c) The Credit Underwriter shall report any inconsistencies or discrepancies or changes made to the Applicant’s Application during credit underwriting. If the Board determines at any time that the Applicant’s Development or Development team is no longer the Development or Development team described in the Application, and the changes made are prejudicial to the Development or the market to be served by the Development or if any discrepancy or misrepresentation is found, the Application will be rejected. The Corporation shall bear the cost of the underwriting review under contract with the Credit Underwriter. However, if the HOME commitment is canceled for failure to adhere to sale deadlines or for reasons within Applicant’s control, the Development will be responsible for reimbursing the Corporation for fees incurred for credit underwriting and environmental review processing.

d) The Credit Underwriter shall use the following procedures during the underwriting evaluation:

1. Minimum debt service coverage of 1.10 and maximum debt service coverage of 1.50 for the HOME loan and all other superior mortgages. In extenuating circumstances such as when the Development has a 5% or short term subsidy, the debt service coverage may exceed 1.50 if the Credit Underwriter’s favorable recommendation is supported by the projected cash flow analysis. Developments receiving first mortgage funding from the United States Department of Agriculture Rural Development (RDI) are not required to meet the debt service coverage standards if RDI is providing rental assistance and has acknowledged that rents will be set at an amount sufficient to pay all operating expenses, replacement reserve requirements, and debt service on the HOME loan.

2. Minimum replacement reserve of $200 per unit for all Developments. However, the amount may be increased based on a physical needs analysis. An Applicant may choose to fund a portion of the replacement reserve at closing. The amount in excess of 50% of the required replacement reserve for 2 years and must be placed in escrow at closing.

3. Review and accept if the number of loans and construction commitments of the Applicant and its Principals will impact its ability to proceed with the successful development and marketing of the Project. Corporation-funded Developments.

4. The Credit Underwriter shall consider the following when determining the need for construction completion guarantee:

a) Liquidity of the guarantee.

b) Developer and General Contractor’s history in successfully completing Developments of similar size.

c) Problems encountered previously with Developers.

d) Problems encountered previously with contractors.

e) Expenditure of Corporate funds compared to Total Development Costs. At a minimum, the Credit Underwriter shall require a personal guarantee for completion of construction from the principal individual or the corporate general partner will be required in an amount determined by the Credit Underwriter or the Credit Underwriter determines after evaluation of subparagraphs a. through e. above that the additional security is needed.

5. Require an operating deficit guarantee, to be released upon achievement of 1.16 debt service coverage for a minimum of six consecutive months for the combined permanent first mortgage and HOME loan.

6. Contingency reserves will total no more than 5% of hard and soft costs for new construction and no more than 15% of hard and soft costs for Rehabilitation may be included within the Total Development Cost for Application and underwriting purposes. Contingency reserves will not be paid from HOME funds.

7. Review the appraisal and other market documentation to determine if the market exists to support both the demographic and income restrictions set aside committed to within the Application.

(a) A financial appraisal as defined by the Uniform Standards of Professional Appraisal Practice and a separate market study shall be ordered by the Credit Underwriter. If the Appraiser is an appraiser qualified for the geographic area and product type not later than completion of credit underwriting. The Credit Underwriter shall review the appraisal to properly evaluate the loan request in relation to the property value. Appraisals and separate market studies which have been ordered and submitted by third party credit estimators, first mortgage appraisers and syndications and which meet the above requirements and are acceptable to the Credit Underwriter may be used instead of the appraisal or market study referenced above.

(b) If the Credit Underwriter requires additional clarifying materials in the course of the underwriting process, the Credit Underwriter shall request these from the Applicant and shall specify deadlines for the submission of same. Failure to submit required information by the specified deadline, unless a written extension of time is approved by the Corporation’s Board, shall result in the Application being rejected and the Corporation funding limited Applications in order of scoring.

8. A reconstruction analysis and review of the Development’s costs shall be required prior to the closing of the HOME loan.

(a) The Applicant will bear the cost of all documentation submitted to the Credit Underwriter for review (i.e., appraisal, credit report, environmental study, etc.). The Applicant may reimburse itself for these HOME funds from the first draw.

(b) After approval by the Credit Underwriter’s recommendation by the Board of Directors, or a committee appointed by the Board, the Corporation shall issue a firm HOME loan commitment.

(c) The HOME loan shall close within 60 Calendar Days from the date of the firm commitment letter.

(m) The Applicant must submit a written request for any extensions needed or any changes to the Development or its financing from the original Application. All requests must be submitted in writing to the program administrator and contain the specific reasons for requesting an extension and shall detail the time frame to close the loan. The written request must be submitted to the Corporation Board of Directors for consideration.

(5) At least 5 Calendar Days prior to extending any closing:

(a) The Applicant must provide evidence of all necessary consents or required signatures from title mortgages or
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67-48-022 HOME Disbursements Procedures and Loan Servicing

(1) HOME loan proceeds shall be disbursed during the construction/ rehabilitation phase in an amount per Draw on a pro-rata basis with the other financing unless otherwise approved by the Corporation or the Credit Underwriter.

(2) Ten business days prior to each Draw, the Applicant shall supply the Corporation's servicer, as agent for the Corporation, with a written request executed by the Applicant for a Draw in Form and substance acceptable to the Corporation's servicer.

(3) A copy of the request for a Draw shall be delivered to the Corporation, Attention: HOME Rental Program Administration, simultaneously with the delivery of the request to the Corporation's servicer and its inspectee.

(4) The request shall set forth the amount to be paid and shall be accompanied by documentation as specified by the Corporation's servicer. Such documentation shall include invoices for labor and materials to date of the last inspection.

(5) The Corporation's servicer and the Corporation shall review the request for Draw and the Corporation's servicer shall advise the Corporation with approval of the request or an alternative recommendation of an amount to be paid after the title insurer provides an endorsement to the policy of title insurance updating the policy to the date of the current Draw and increasing the insurance coverage to an amount equal to the sum of the current Draw and the current Draw without additional exceptions, except those specifically approved in writing by the Corporation. For all Development Projects of 12 or more HOME-Assisted Units to be developed under a single contract, the borrower shall submit weekly payrolls of the General Contractor and subcontractors in accordance with Federal Labor Standards as certified in 24 CFR 92.154.

(6) Retaining in the amount of 10% per Draw shall be held by the servicer during construction until the Development Project is 50% complete. At 50% completion, no additional retaining shall be held from the remaining Draws. Release of funds held as retaining shall occur in accordance with the HOME loan documents.

(7) The Corporation or its servicer shall elect to withhold any returning or portion of any Draw, in addition to the retaining, notwithstanding any documentation submitted by the borrower in connection with a request for a Draw, if:

(a) The Corporation or the servicer determines at any time that the actual cost budget or progress of construction differs from that shown on the loan documents.

(8) The percentage of progress or construction of improvements differs from that shown on the request for a Draw.

(9) Developments qualify to and not in compliance with Federal Labor Standards.

(10) To the extent excess HOME funds in the budget remain unused, the Corporation has the right to reduce the HOME loan by that amount.

(11) If 100% of the loan proceeds have not been expended within six months prior to the HUD deadline pursuant to 24 CFR § 93.500, the funds shall be reimbursed and repaid to any eligible HOME Development on any Corporation waiting list or eligible HOME Developments, as selected by the Board.

(12) A request for final disbursement of HOME funds, excluding retaining, shall be submitted within 60 days of completion of construction as evidenced by certificates of occupancy.


67-48-023 Housing Credits General Program Procedures and Requirements

In order for a Development to qualify for Housing Credits it shall, as a minimum, meet or comply with the following:

(1) Each Applicant shall comply with this rule chapter and with Section 42 of the Code and Federal regulations issued pursuant thereto and will effect at the time of the Funding Cycle. Noncompliance by an Applicant, or any Principal, Affiliate or Financial Entity of an Applicant or Developer shall result in disqualification from participation in the current HC Funding Cycle and for a period of not less than one year. The Applicant and its Principals, Affiliates and Financial Entities will continue to be ineligible to participate in future HC Funding Cycles until such time as all noncompliance issues are resolved.

(2) Each Housing Credit Development shall comply with the minimum Housing Credit Set-Aside provisions, as specified in Section 42(g)(1) of the Code, with respect to the reservation of 20% of the units for occupancy by persons or families whose income does not exceed 50% of the area median income, or the reservation of 40% of the units for occupancy by persons or families whose income does not exceed 60% of the area median income. Further, etc., Housing Credit Development shall comply with any additional Housing Credit Set-Aside chosen by the Applicant in the Application.

(3) The gross monthly rents for the Housing Credit Set-Aside units shall not exceed 30% of the imposed income limitation applicable to such unit. The monthly rents used must correspond to the Housing Credit Set-Aside chosen by the Applicant in the Application as shown on the rent charts provided by FHEC.

(4) The Development shall provide safe, sanitary and decent residential rental housing and shall be developed, constructed and operated in accordance with the commitments made and the facilities and services described in the Application as the time of submission to the Corporation. Applications will not be considered approved to receive an allocation of Housing Credits until Florida Housing issues a Preliminary Allocation/Preliminary Determination to the Applicant and all contingencies of such documents are satisfied. Alterations are further contingent on the Applicant complying with its Application commitments, Chapter 67-46, F.A.C., and Section 42 of the Code.
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(5) All of the dwelling units within a Development shall be rented or available for rent on a continuous basis to members of the general public. The owner of the Development shall not give preference to any particular class of group in renting the dwelling units in the Development, except to the extent that dwelling units are required to be rented to Eligible Persons. All Developments must comply with the Fair Housing Act as implemented by 24 CFR 109, Section 504 of the Rehabilitation Act of 1973 and Titles II and III of the Americans with Disabilities Act of 1990 as implemented by 28 CFR 35, which is adopted and incorporated herein by reference.

(6) Each Housing Credit Development shall complete the Final Cost Certification Application, which is incorporated by reference, by the earliest of the following two dates. A copy of such form is available on FHFC’s web site at www.floridahousing.org.

(a) The date that is 60 Calendar Days after all the buildings in the Development have been placed in service, or

(b) The date that is 30 Calendar Days before the end of the calendar year for which the Final Housing Credit Allocation is requested.

The Corporation may grant extensions for good cause upon written request.

(7) The completed Final Cost Certification Application shall include an unqualified audit report prepared by an independent certified public accountant. The Corporation will issue only one complete set of Forms 8609 for Development which will be an initial step toward Development completion and the Corporation’s acceptance and approval of the Development’s Final Cost Certification.

(8) After the final evaluation and determination of the Housing Credit Allocation amount has been made by the Executive Director and the acquired Extended Cost Agreement has been received in accordance with Rule 67-48-027, the Corporation will notify the Applicant of the Housing Credit Development.


67-48-027.5(1) Vacant Land Selection Program

(1) Pursuant to Section 420.57(12), F.S., the Corporation is responsible for the allocation and distribution of Housing Credits in this state. As the allocating agency for the state, distribution of Housing Credits to Applicants shall be in accordance with the Corporation’s Qualified Allocation Plan.

(2) The specific criteria of the Qualified Allocation Plan, as amended by Congress and addressed at Section 42(h)(1)(B) of the Internal Revenue Code, are amended, have been approved by the Governor and not adopted by reference herein.


67-48-027.5(e) Housing Credit Underwriting Procedures

(1) After the final rankings are approved by the Board, the Corporation shall offer all Applicants within the funding range the opportunity to enter credit underwriting.

(2) A response to the invitation to enter credit underwriting must receive the Corporation and the Credit Underwriter not later than 7 Calendar Days after the date of the letter of invitation.

(3) If the credit underwriting invitation is accepted:

(a) The Applicant shall submit the credit underwriting fee in accordance with subpart 67-48-007(4), F.A.C., to the Credit Underwriter within 30 Calendar Days of the date of the letter of invitation, and

(b) All information required by the Credit Underwriter must be provided to the Credit Underwriter within 30 Calendar Days of the date of the credit underwriting invitation. The appraisal, survey and final plans are acceptable ascertaining items to the credit underwriting report.

(4) Unless an extension is obtained from the Corporation’s Board, failure to submit the required credit underwriting information or fees by the specified deadline shall result in withdrawal of the invitation and issuance of an invitation to the next eligible Applicant.

(5) The Corporation shall select the Credit Underwriter for each Development.

(6) The Credit Underwriter shall verify all information in the application, including information relative to the Applicant, Developer, Syndicate, General Contractor and other members of the Development team.

(7) The Credit Underwriter shall report any inconsistencies, discrepancies or changes made to the Applicant’s Application during credit underwriting. If the Board determines at any time that the Applicant’s Development or Development team is no longer the Development or Development team as described in the Application, and the changes made are prejudicial to the Development or the market to be served by the Development or if any discrepancy or misrepresentation is found, the application will be rejected.

(8) The Credit Underwriter shall use the following procedures during the credit underwriting:

(a) The Credit Underwriter, in determining the amount of housing credits a Development is eligible for when using the qualified basis calculation, shall use a housing credit percentage of:

 i. Thiry (30) basis points over the percentage as of the date of invitation to credit underwriting up to nine percent (9%) for new percent (9%) credits for new construction and rehabilitation Developments; and

 ii. Fifteen (15) basis points over the percentage as of the date of invitation to credit underwriting up to four percent (4%) for four percent (4%) credits for acquisition and rehabilitation Developments. A percentage of fifteen (15) basis points over the percentage as of the date of invitation to credit underwriting up to four percent (4%) will be used for Developments receiving FHFC tax-exempt bonds in calendar years 2000 or later.

(b) Review and determine if the number of loans and construction commitments of the Applicant and its Principals will impede its ability to proceed with the successful development of the proposed Corporation-funded Development.

(c) Developer fee shall be limited to 15% of Development Cost. A Developer fee on the building acquisition cost shall be limited to 4% of the cost of the building exclusive of land. A total Development fee of 15% of Development Cost shall be allowed if the proposed Development is qualified for Housing Credits pursuant to Rule 67-48-027, F.A.C.
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(pertaining to Tax-Exempt Bond-Financed Developments.

(a) The General Contractor's fee shall be limited to a maximum of 14% of the actual construction cost.

(c) Cost: such as syndication fees and brokerage fees cannot be included in the eligible basis. All resulting fees must be paid out of the Developer fee. Consulting fees cannot cause the Developer fee to exceed the maximum allowable fee as set forth in (c) above.

(d) All contracts by hand or oral. Development Costs must be itemized for each cost component.

(g) A fall or self-contained appraisal as defined by the Uniform Standards of Professional Appraisal Practice and a separate market study shall be ordered by the Credit Underwriter at the Applicant's expense, from an appraiser qualified to make the geographic area and produce type not less than completion of credit underwriting. The Credit Underwriter shall review the appraisal to properly evaluate the proposed property's financial feasibility. Appraisals which have been ordered and submitted by third party credit enhancers, first mortgages or syndicator and which meet the above requirements and are acceptable to the Credit Underwriter may be used instead of the appraisal referenced above. The market study must be completed by a disinterested party which is approved by the Credit Underwriter.

(h) The Credit Underwriter shall review the appraisal and other market documentation to determine if the market exists to support both the demographic and income restriction set-aside committed to within the Application.

(i) If the Credit Underwriter determines that special expertise is required to review information submitted to the Credit Underwriter which is beyond the scope of the Credit Underwriter's expertise, the fee for such services shall be borne by the Applicant.

(j) Costs of operating expenses, the Credit Underwriter shall order at the Applicant's expense, a pre-construction analysis for new construction or a physical assets assessment for Rehabilitation and shall conduct a review of all of the development's operations.

(l) Contingency reserves which total no more than 5% of hard and soft costs for new construction and no more than 15% for rehabilitation may be included within the Total Development Cost for Application and underwriting purposes.

(m) The pre-development must demonstrate, based on current sales, that it can meet 1.10 debt service coverage (DSC) requirements with all first and second mortgages. Developments receiving 81st mortgage funding from the United States Department of Agriculture Rural Development (RD) are not required to meet the debt service coverage standards if RD is providing assistance and the acknowledgment debt reserve will be set at an amount sufficient to pay all operating expenses, replacement reserve requirements and debt service on the first and second mortgages.

(a) If the Credit Underwriter is so recommended an allocation of the annual Allocation Authority, the recommendation will be the lesser of (1) the qualified basis calculation result, (2) the gap calculation result, or (3) the Applicant's request amount. In the event the Credit Underwriter is making a recommendation for 4% Housing Credits in reference to a Development Funded with tax-exempt bonds, the recommendation will be the lesser of the qualified basis calculation result of the gap calculation result.

(b) If the Credit Underwriter requests additional clarifying materials in the course of the underwriting process, the Credit Underwriter shall request same from the Applicant and shall specify deadlines for the submission of same.

(9) After the completion of its analysis, the Credit Underwriter shall submit a draft recommendation including a detailed report of the Development's credit worthiness, feasibility, ability to proceed and viability to the Corporation. Upon receipt of the Corporation shall provide to the Applicant the section including supporting information and, if applicable, the written draft report. The Applicant shall review and provide written comments to the Corporation and Credit Underwriter within 48 hours. After the 48 hour period, the Corporation shall provide comments on the draft report and, as applicable, on the Applicant's comments to the Credit Underwriter. Then the Credit Underwriter shall review and incorporate the Corporation's and Applicant's comments and release the revised report to the Corporation and the Applicant. Any additional comments from the Applicant shall be received by the Corporation and the Credit Underwriter within 72 hours of receipt of revised report. Then, the Credit Underwriter will provide a final report, which will address comments made by the Applicant, to the Corporation.

(10) If the Credit Underwriter recommends that Housing Credits be allocated to the Development, the Executive Director shall determine the credit amount, if any, necessary to make the Development financially feasible and viable. A program to monitor the Housmg Credit Existed Use Period and shall issue a Preliminary Allocation Certificate of a Preliminary Determination of Eligibility to Tax-Exempt Bond-Financed Developments. If the Credit Underwriter recommends that no credits be allocated to the Development and the Executive Director accepts the recommendation, the Applicant shall be notified that no Housing Credits will be assigned to the Development for the current cycle. No Preliminary Allocation Certificate shall be issued on a RD-cost financed Development which competes for Housing Credits within the RD-eligible and has not been recorded on a Mailing List of Funding AD or FHA Form 104-51 by October 1st of the year in which the Applicant is invited into credit underwriting. The Obligation of Funding AD or FHA Form 104-51 is adopted and incorporated herein by reference and a copy of the form can be obtained from the United States Department of Agriculture, PO Box 15710, Gainesville, FL 32601-7701. All contingencies required in the Preliminary Allocation shall be met or satisfied by the Applicant within 60 days from the date of issuance or as otherwise indicated on the Certificate unless an extension of this deadline is requested in writing by the Applicant and is granted by the Corporation in writing for good cause.

Specific Authority: 420.0777; FS. Law. Amended 420.099 FS. Revoked 5-2-95. Amended 12-2-95, 3-10-87, 1.6-W. Formerly 48.402. Amended 11-16-82, 11-24-80, 12-20-80, 9-7-93.

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The Tax-Exempt Bond-Financed Developments, as defined in Section 42(b)(13)(B) of the Code, which applied for 49% Housing Credit when applying for tax-exempt bonds from Florida Housing in calendar years 2000 and later shall:

(a) Have 50% or more of the aggregate basis of any building and the land on which the building is located financed by tax-exempt bonds;
(b) Be subject to the monitoring and lending underwriting fees as stated in Chapter 67-23, F.A.C.
(c) Be deemed to have met all IRC program scoring threshold requirements upon the closing of the bonds with Florida Housing;
(d) Receive a Preliminary Determination from the Corporation upon Florida Housing's issuance of a loan commitment in reference to the tax-exempt bonds;
(e) Be subject to the provisions of this rule chapter, specifically the applicable provisions of Part I and Part IV, except for Sections 67-48.015 and 67-48.028, F.A.C.
(f) Receive Building Identification Numbers from the Corporation upon satisfying the requirements of this section and the Final Cost Certification requirements of Rule 67-48.023, F.A.C.
(g) Provide an IRS Form 8821 for each Financial Beneficiary of the Development prior to Final Housing Credit Allocation; and
(h) Pay the assigned Credit Underwriter for a comprehensive market study of the housing needs of low-income individuals in the area to be served by the Development. The market study must be completed by a disinterested third party and a copy of the completed market study must be on file with Florida Housing prior to the Final Housing Credit Allocation.


(1) If an Applicant cannot complete its Development by the end of the year in which the Preliminary Allocation is issued, the Applicant must enter into a Carryover Allocation Agreement with the Corporation by December 29th of the year in which the Preliminary Allocation is issued. The Carryover Allocation allows the Applicant up to the end of the second year following the Carryover Allocation to have the Development placed in-service.

(2) An Applicant shall have tax basis in the Housing Credit Development which is greater than 10% of the reasonable expected basis in the Housing Credit Development within six months of the date of the execution of the Carryover Allocation Agreement or the Housing Credits will be deemed to be returned to the Corporation. Certification that the Applicant has met the greater than 10% basis requirement shall be signed by the Applicant's attorney to certified public accountant.

(3) All supporting Carryover documentation and the signed certification evidencing the required basis must be submitted to the Corporation within six months of the date of the execution of the Carryover Allocation Agreement or the Housing Credits will be deemed to be returned.

(4) The Applicant for each Development for which a Carryover Allocation Agreement has been executed shall submit a quarterly progress report to the Corporation using Progress Report Form QM-5 Report, which is incorporated by reference, effective or the date of the latest amendment to the rule chapter, and which will be provided by the
Corporation. If the Form QM Report does not demonstrate compliance with all the requirements, the Corporation may notify the Applicant that it will not issue a QM or QM-Exemption certificate or that the Corporation will issue a QM or QM-Exemption certificate containing conditions.

Pursuant to Section 42(b)(3)(B) of the Code, the Corporation shall determine whether the requirement for a QM or QM-Exemption certificate has been met. The requirement for a QM or QM-Exemption certificate is met if the Corporation finds that the Applicant has met all the requirements of the QM or QM-Exemption certificate.

The Corporation shall issue a QM or QM-Exemption certificate only if the Applicant has met all the requirements. The Corporation shall issue a QM or QM-Exemption certificate only if the Applicant has met all the requirements.

The Corporation shall not issue a QM or QM-Exemption certificate if the Applicant has not met all the requirements.

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