

**REQUEST FOR APPLICATIONS 2014-108**

**SAIL FINANCING TO GUARANTEE PROGRAM DEVELOPMENTS  
FOR EXTREMELY LOW INCOME (ELI) HOUSEHOLDS**

**Issued By:**

**FLORIDA HOUSING FINANCE CORPORATION**

**Issued: August 18, 2014**

**Due: September 2, 2014**

**SECTION ONE  
INTRODUCTION**

This Request for Applications (RFA) is open to Applicants where the Applicant’s Development has a mortgage note guaranteed by the Florida Affordable Housing Guarantee Program which closed by June 30, 2004 and the Applicant commits to provide ELI Set-Aside units.

Florida Housing Finance Corporation (the Corporation) expects to have up to an estimated \$12,000,000 of State Apartment Incentive Loan (SAIL) funds to be available as loans under this RFA.

The Corporation is soliciting sealed applications from qualified Applicants that commit to set aside units for ELI Households by converting units at or above the 50 percent Area Median Income (AMI) committed to in their LURA or EUA down to the applicable ELI AMI level for the county where the Development is located so that the total ELI set-aside for the Development is less than or equal to 20 percent of the total units in the Development, with a maximum funding award of \$4,000,000; and, 50 percent of ELI units must be set-aside for Special Needs Households (not to exceed 10 percent of Development’s total units), all in accordance with the terms and conditions of this RFA, inclusive of Exhibits A and B, applicable laws, rules, and regulations, and the Corporation’s generally applicable financial standards. The ELI County Chart is set out in Exhibit B of this RFA. Closing on the SAIL ELI funding will occur simultaneously with the closing of the refinancing out of the Guarantee Program portfolio, and payoff of associated Subordinate Mortgage Initiative (SMI) debt, if applicable, effectively terminating the mortgage guaranty issued by the Guarantee Program and its associated financial risk to the Corporation.

**SECTION TWO  
DEFINITIONS**

Unless otherwise defined below, capitalized terms within this RFA shall have the meaning as set forth in Rule Chapters 67-21, 67-48 and 67-60, F.A.C., or in applicable federal regulations.

- |                     |  |
|---------------------|--|
| “Guarantee Program” | The Florida Affordable Housing Guarantee Program created by Section 420.5092, Fla. Stat.       |
| “Interested Party”  | A person or entity that requests a copy of this Request for Applications from the Corporation. |

|                        |   |
|------------------------|---|
| “MMRB Documents”       | The Multifamily Mortgage Revenue Bonds (MMRB) Loan Commitment, MMRB Loan Agreement, Note, Mortgage, Credit Enhancement, MMRB Land Use Restriction Agreement, Trust Indenture, Preliminary and Final Official Statements, Intercreditor Agreement, Assignments, Bond Purchase Agreement, Compliance Monitoring Agreement, Mortgage Servicing Agreement and such other ordinary and customary documents necessary to issue and secure repayment of the Bonds and Mortgage sufficient to protect the interests of the Bond owners and the Corporation. |
| “New ELI Units”        | Units at or above the 50 percent AMI committed to in the existing EUA or MMRB LURA that will be converted down to the ELI AMI level   |
| “Original Application” | The Application for which the Applicant received a mortgage note guarantee from the Florida Affordable Housing Guarantee Program.   |
| “Mandatory Item”       | A requirement of the RFA to be eligible to be considered for funding.   |

### **SECTION THREE PROCEDURES AND PROVISIONS**

A. A complete Application consists of Exhibit A of RFA 2014-108 and all applicable attachments described herein. The Corporation must receive a sealed package(s) containing four (4) printed copies of the complete Application (consisting of the Application and all applicable attachments), all by **11:00 a.m., Eastern Time**, on September 2, 2014 (Application Deadline). One (1) of the four (4) printed copies of the complete Application must be labeled “Original Hard Copy”, reflect an original signature (blue ink preferred) at Exhibit A, Item 9., and include the required non-refundable \$500 Application fee payable to Florida Housing Finance Corporation (check or money order only). The Applicant should label the outside of each shipping package with the applicable RFA number. The Corporation will not consider faxed or e-mailed Applications. After 11:00 a.m., Eastern Time, on the Application Deadline, each Application will be assigned an Application number. In addition, such Applications will be assigned a lottery number by having the Corporation’s internal auditors run the total number of Applications received through a random number generator program. The printed copies of the complete Application must be addressed to:

Ken Reecy  
Director of Multifamily Programs

Florida Housing Finance Corporation  
227 N. Bronough Street, Suite 5000  
Tallahassee, FL 32301

Pursuant to subsection 67-60.004(2), F.A.C., an Applicant may request in writing to withdraw its Application at any time prior to a vote by the Corporation's Board. For funding selection purposes for this RFA, the Corporation shall disregard any Application withdrawal request that is submitted between 5:00 p.m., Eastern Time, the last business day before the date the Committee meets to make its recommendations to the Board and the Board's vote on the Committee's recommendations, and such Application shall be included in the funding selection process as if no withdrawal request had been submitted.

B. This RFA does not commit the Corporation to award any funding to any Applicant or to pay any costs incurred in the preparation or delivery of an Application.

C. The Corporation reserves the right to:

1. Waive Minor Irregularities; and
2. Accept or reject any or all Applications received as a result of this RFA.

D. Any interested party may submit any inquiry regarding this RFA in writing to the Director of Multifamily Programs via e-mail at [RFA\\_2014-108\\_Questions@floridahousing.org](mailto:RFA_2014-108_Questions@floridahousing.org). All inquiries are due by 5:00 p.m., Eastern Time, on August 21, 2014. Phone calls or written inquiries other than at the above e-mail address will not be accepted. The Corporation expects to respond to all inquiries by 5:00 p.m., Eastern Time, on August 25, 2014 and will post a copy of all inquiries received, and their answers, on the Corporation's Website <http://www.floridahousing.org/Developers/MultiFamilyPrograms/Competitive/2014-108/> (also accessible by clicking [here](#)). The Corporation will also send a copy of those inquiries and answers in writing to any Interested Party that requests a copy. The Corporation will determine the method of sending its answers, which may include regular United States mail, overnight delivery, fax, e-mail, or any combination of the above. No other means of communication, whether oral or written, shall be construed as an official response or statement from the Corporation.

E. Any person who wishes to protest the specifications of this RFA must file a protest in compliance with Section 120.57(3), Fla. Stat., and Rule Chapter 28-110, F.A.C. Failure to file a protest within the time prescribed in Section 120.57(3), Fla. Stat., shall constitute a waiver of proceedings under Chapter 120, Fla. Stat.

F. By submitting this Application, each Applicant agrees to the terms and conditions outlined in the RFA. By inclusion and execution of Exhibit A of the RFA, along with all applicable attachments thereto, each Applicant certifies that:

1. Public Records. Any material submitted in response to this RFA is a public record pursuant to Chapter 119, Fla. Stat. Per Section 119.071(1)(b)2., the sealed Applications received by the Corporation are exempt from disclosure until such time as the Board provides notice of an intended decision or until 30 Calendar Days after the opening of the sealed Applications, whichever is earlier.
2. Noninterference. At no time during the review and evaluation process, commencing with the Application Deadline and continuing until the Board renders a final decision on the RFA, may Applicants or their representatives contact Board members or Corporation staff concerning their own or any other Applicant's Application. If an Applicant or its representative does contact a Board or staff member in violation of this section, the Board shall, upon a determination that such contact was made in an attempt to influence the selection process, disqualify the Application.
3. Requirements. Developments funded with SAIL ELI funds will be subject to the requirements of the RFA, the Application requirements outlined in Rule Chapter 67-60, F.A.C., the ELI Loan credit underwriting and loan terms and conditions outlined in Exhibit C of the RFA, and the Compliance requirements of Rule Chapter 67-53, F.AC.

G. The Corporation expects to select one (1) or more Applications to award the funding contemplated by this RFA. Any such Applications will be selected through the Corporation's review of each Application, considering the factors identified in this RFA.

#### **SECTION FOUR APPLICATION INFORMATION**

The Applicant must provide a completed and executed Application found in Exhibit A to RFA 2014-108, along with all applicable attachments thereto.

**A. Exhibit A Items:**

**1. Name of Development (Mandatory Item):**

The Applicant must state the name of the Development.

**2. Original Application No.:**

The Applicant must provide the Original Application number. For Example, MMRB [Year]-[Series #s] and for Non-Competitive Housing Credits, HC [Year]-[Application # assigned].

**3. Detailed Description of Ability to Refinance the Development:**

RFA 2014-108

The Applicant must provide a detailed description of its ability to refinance the development, effectively removing it from the Guarantee Program labeled as **Attachment 1** to Exhibit A. The description should include, but is not limited to, projected source of new financing including a copy of the commitment letter if available, the projected occupancy levels with New ELI Units, loan to value, debt service coverage ratio, gap financing sources and a realistic timeline for refinancing.

**4. Amount of New ELI Units requested:**

The Applicant must indicate the number of New ELI Units it is requesting, as further described in Section Four, B. 1., by inserting the number of units that will be converted to New ELI units in the first blank before the chosen AMI. In the second blank on the same line, following “for” Applicants are expected to indicate the number of years the Applicant is committing to provide the ELI set-aside units. When the calculation of the number of set-aside units to be provided yields a fraction, round up to the next whole number.

For example, a Development with 264 units with only 90 percent of those units currently set-aside for households at 60 percent AMI and the remaining 10 percent of those units without restrictions applying for 15 percent of the Development’s total units to be New ELI Units set-aside for 15 years would respond:

13 units currently at 60 percent AMI for 15 years

\_\_ units currently at 50 percent AMI for 15 years

27 units currently > 60 percent AMI or unrestricted for 15 years.

**5. Percent of Total ELI Units set-aside for Special Needs Households:**

The lesser of 50 percent of total ELI units or 10 percent of Development’s total units must be set-aside for Special Needs Households. The Applicant must indicate the number of Special Needs Households it is committing to by inserting the number of units that will be set-aside for Special Needs Households.

**6. Applicant Certification and Acknowledgement:**

The Applicant’s signature on Exhibit A indicates the Applicant’s certification and acknowledgement of the provision and requirements of

the RFA. The copy of the Application labeled “Original Hard Copy” must reflect an original signature (blue ink is preferred).

**B. Funding:**

1. Corporation Funding Amount(s):

The Applicant must state the amount of SAIL ELI funding it is requesting (in attached Exhibit A, item #3). During the scoring process, if the Applicant states a SAIL ELI Request Amount that is greater than the amount the Applicant is eligible to request, the Corporation will reduce the amount down to the maximum amount the Applicant is eligible to request and such adjusted amount will be deemed to be the Applicant’s Eligible SAIL ELI Request Amount. The Applicant’s Eligible SAIL ELI Request Amount is limited to the following:

- a. The maximum amount of SAIL ELI funds available to an Application shall be \$4,000,000 and limited to \$75,000 per new ELI Unit when the Applicant chooses to restrict the New ELI Units from a unit at or above 60 percent AMI for a minimum term of 15 years (ELI Set-Aside Term) or \$48,000 per New ELI Unit when the Applicant chooses to restrict the New ELI Units from a unit at 50 percent AMI for a minimum term of 15 years (ELI Set-Aside Term). To ensure that these scarce resources are allocated to Developments in a prudent manner to cede risk from the Guarantee Program portfolio, the tentative funding awarded pursuant to this RFA may be sized during credit underwriting based upon available SAIL ELI funding. To preserve existing Developments having financing guaranteed under the Florida Affordable Housing Guarantee Program pursuant to s. 420.5092, F.S. and to mitigate against an adverse concentration of risk within the Guarantee Program portfolio, closing on the SAIL ELI funding shall only occur simultaneously to the refinancing of the Development out of the Guarantee Program portfolio, and payoff of associated SMI debt, if applicable, effectively terminating the mortgage guaranty issued by the Guarantee Program and its associated financial risk to the Corporation.

Applicants must commit to set aside New ELI Units, so that the total ELI Set-Aside is equal to or less than 20 percent of the total units in the Development. The maximum funding award to an Applicant under this RFA is limited to \$4,000,000.

The Applicant must commit to set-aside at least 50 percent of the New ELI units for Special Needs Households, but not more than 10 percent of the Development’s total units, and agree to develop and execute a Memorandum of Understanding (MOU) with at least one designated Special Needs Household Referral Agency on the Special Needs Household Referral Agency Participation List for the county where the Development is located. A current list of Special Needs

Household Referral Agencies for each county is published on the Corporation's Website under Special Needs Housing, Link Initiative. An ELI unit made available for a Special Needs Household shall be held open and available for referred Special Needs Households for a minimum of 14 Calendar Days, starting on the date the unit is vacant and available to lease. If no Special Needs Households have been referred after a minimum of 14 Calendar Days or the agreed upon period in the MOU, the units may be rented to any eligible ELI household. The Applicant shall continue to make ELI units available for Special Needs Households until they reach and maintain the committed number of ELI units set aside for Special Needs Households. ELI/Special Needs units may float and are to be disbursed throughout the Development as much as is feasibly possible.

2. SAIL ELI Funding Process:

a. Application Sorting Order:

The eligible Applications will be classified in Priority 1, Priority 2, or Priority 3. For purposes of this classification, eligible Application means an Application that satisfied all Mandatory requirements, regardless of the Application's total score. Priority classifications shall be as follows:

Priority 1

- a. Will consist of eligible Applications whose mortgage note was guaranteed by the Guarantee Program prior to June 30, 2004.
- b. The Applicant's outstanding first mortgage debt per unit at June 30, 2014 was greater than \$50,000 per unit.
- c. The Applicant's Development has not closed on an award of SAIL ELI funding from RFP 2012-04, RFP 2011-05, or RFP 2010-16 and does not have an unexpired commitment of SAIL ELI funding from RFP 2012-04, RFP 2011-05, or RFP 2010-16.
- d. To ensure that these scarce resources are allocated to Development's with currently vacant units, the May 2014 physical occupancy, pursuant to the Development's Program Report Form PR-1, was less than 93 percent.
- e. The Application's Development has a Debt Service Coverage Ratio (DSCR) less than 0.80x as calculated by the Corporation based upon the December 31, 2013 audited financial statements for the Applicant's Development, or the most recent audited financial statements for Applicant's whose fiscal year is not the calendar year end.



- f. Criteria (a), (b) (c) and (d) above must be met.

#### Priority 2

- a. Will consist of eligible Applications whose mortgage note was guaranteed by the Guarantee Program prior to June 30, 2004, and is not included in Priority 1.
- b. The Applicant's Development has not closed on an award of SAIL ELI funding from RFP 2012-04, RFP 2011-05, or RFP 2010-16 and does not have an unexpired commitment of SAIL ELI funding from RFP 2012-04, RFP 2011-05, or RFP 2010-16.
- c. The Applicant's outstanding first mortgage debt per unit at June 30, 2014 was greater than \$50,000 per unit.
- d. The Application's Development has a Debt Service Coverage Ratio (DSCR) less than 0.80x as calculated by the Corporation based upon the December 31, 2013 audited financial statements for the Applicant's Development, or the most recent audited financial statements for Applicant's whose fiscal year is not the calendar year end.
- e. The average economic occupancy as calculated by the Corporation and based upon the December 31, 2013 audited financial statements for the Applicant's development, or the most recent audited financial statements for Applicants whose fiscal year is not the calendar year end, was less than 93 percent, carried out to two decimal points.
- f. Criteria (a), (b) (c), (d) and (e) above must be met.

#### Priority 3

- a. Will consist of eligible Applications whose mortgage note was guaranteed by the Guarantee Program prior to June 30, 2004, and is not included in Priority 1 or Priority 2.
- b. The Applicant's Development has not closed on an award of SAIL ELI funding from RFP 2012-04, RFP 2011-05, or RFP 2010-16 and does not have an unexpired commitment of SAIL ELI funding from RFP 2012-04, RFP 2011-05, or RFP 2010-16.
- c. The Applicant's Development has a Debt Service Coverage Ratio (DSCR) less than 0.80x as calculated by the Corporation based upon the December 31, 2013 audited financial statements for the Applicant's Development, or the most recent audited financial statements for Applicant's whose fiscal year is not the calendar year end.

- d. The average economic occupancy as calculated by the Corporation and based upon the December 31, 2013 audited financial statements for the Applicant's Development, or the most recent audited financial statements for Applicants whose fiscal year is not the calendar year end, was less than 93 percent, carried out to two decimal points.
- e. Criteria (a), (b) (c) and (d) above must be met.

### 3. Ranking Preferences

Preferences within each Priority classification will be given in the following order:

- a. The Applicant's ability to demonstrate through third-party documentation, such as a commitment letter, that new financing has been offered in an amount adequate to refinance out of the Guarantee Program within the nine (9) months following Application Deadline. An adequate amount is based on having the new first mortgage amount plus any SAIL ELI RFA funding, plus any equity to be injected into a refinancing equal to or greater than the amount of the existing amount of Guarantee Program debt and outstanding SMI loan, if applicable.
- b. In the event that two (2) or more Applications in the same Priority Classification have the same score, each Applications will be ranked via its lottery number with preference given to the Application with the lowest lottery number.

## SECTION FIVE EVALUATION PROCESS

Committee members shall independently evaluate and score the submitted Applications, consulting with non-committee Corporation staff and legal counsel as necessary and appropriate.

The Corporation will reject any competitive Application submittal and no action will be taken to score the Application if any of the following submission requirements are not met: (i) the Application is not submitted by the Application Deadline, (ii) the required number of hard copies are not submitted by the Application Deadline, (iii) the Applicant's hard copy submission is not contained in a sealed package, (iv) the required Application fee is not paid as of Application Deadline, or (v) the proposed Development is not eligible to apply for funding under this RFA.

Applications will be scored based on the Applicant's ability to refinance the Development, effectively removing it from the Guarantee Program, as described on Exhibit A and will be evaluated as follows: **(up to 120 points)**.

| Item Reference   | Maximum Points |
|--|----------------|
| Projected source of new financing.....                     | 20             |
| Projected occupancy levels.....                            | 20             |
| Projected loan to value.....                               | 20             |
| Projected DSCR for refinancing.....                        | 20             |
| Sources of any required gap financing for refinancing..... | 20             |
| Projected realistic timeline for refinancing.....          | 20             |
| <br>Total Points Available .....                           | <br>120        |

The Committee shall conduct at least one public meeting during which the Committee members may discuss their evaluations, select Applicants to be considered for award, and make any adjustments deemed necessary to best serve the interests of the Corporation’s mission. The Committee will list the Applications deemed eligible for funding in order from highest total score to lowest total score, applying the funding selection criteria, priorities and preferences as outlined in Section Four above, and develop a recommendation or series of recommendations to the Board.

The Board may use the Applications, the Committee’s scoring, any other information or recommendation provided by the Committee or staff, and any other information the Board deems relevant in its selection of Applicants to whom to award funding. Notwithstanding an award by the Board pursuant to this RFA, funding will be subject to a positive recommendation from the Credit Underwriter based on criteria outlined in the credit underwriting provision of Exhibit C of the RFA.

**SECTION SIX  
AWARD PROCESS**

The Corporation shall provide notice of its decision, or intended decision, for this RFA on the Corporation’s Website the day of the applicable Board vote. After posting, an unsuccessful Applicant may file a notice of protest and a formal written protest in accordance with Section 120.57(3), Fla. Stat., et. al. Failure to file a protest within the time prescribed in Section 120.57(3), Fla. Stat., et. al. or failure to post the bond or other security required by law within the time allowed for filing a bond shall constitute a waiver of proceedings under Chapter 120, Fla. Stat.

In any informal administrative proceeding with regard to this RFA:

1. Intervention shall be governed by Rule 28-106.205, F.A.C.; and

2. Any party may file objections to a recommended order and a response to another's party's objections. Objections and responses to objections shall be filed with the Corporation Clerk, and copies served upon all parties at the time of filing. Except as agreed otherwise by all parties, objections shall be filed not later than five (5) days from the date the recommended order was filed with the Corporation Clerk, and any response to another party's objections shall be filed not later than five (5) days from the date the objections were filed with the Corporation Clerk. Objections and responses to objections shall be filed and served exclusively by electronic mail.

**Exhibit A to RFA 2014-108 - SAIL Financing to Guarantee Program Developments for Extremely Low Income (ELI) Households**

1. Name of Development: \_\_\_\_\_
  
2. Original Application No.: \_\_\_\_\_
  
3. **Attachment 1.** Detailed description of Applicant's ability to refinance the development, effectively removing it from the Guarantee Program. Description should include, but is not limited to, the amount of SAIL ELI funding requested under this RFA, projected source of new financing, projected occupancy levels with New ELI Units, loan to value, debt service coverage ratio, gap financing sources and realistic timeline for refinancing.
  
4. The amount of New ELI Units requested to be awarded funding is:  
  
      \_\_\_\_\_ units currently at 60 percent AMI for \_\_\_\_ years  
  
      \_\_\_\_\_ units currently at 50 percent AMI for \_\_\_\_ years  
  
      \_\_\_\_\_ units currently > 60 percent AMI or unrestricted for \_\_\_\_ years.
  
5. Percent of Total ELI Units set-aside for Special Needs Households (lesser of 50 percent of the Total ELI Units or 10 percent of the Development's total units):  
  
      \_\_\_\_\_.
  
6. Applicants must agree to develop and execute a Memorandum of Understanding (MOU) with at least one designated Special Needs Household Referral Agency on the Special Needs Household Referral Agency Participation List for the county where the Development is located.
  
7. Applicants must commit to register all of the Developments within the Applicant's portfolio on the Florida Housing Locator at [www.floridahousingsearch.org](http://www.floridahousingsearch.org) and agree to list all of the Developments within the Applicant's portfolio with the Florida Housing Locator service on a continuing basis for the remainder of the applicable extended use period(s).
  
8. By submitting an Application, the Applicant acknowledges that closing on the SAIL ELI funding must occur simultaneously to the refinancing of the Development out of the Guarantee Program portfolio, and payoff of associated SMI debt, if applicable, effectively terminating the mortgage guaranty issued by the Guarantee Program and

its associated financial risk to the Corporation. The SAIL ELI loan and Development's refinancing must close within nine (9) months of the date of the invitation to enter credit underwriting. Applicants may request one (1) extension of up to three (3) months. The Corporation shall charge a non-refundable extension fee of 1 percent of each loan amount if the Board approves the request to extend the commitment beyond the initial nine (9) month closing deadline. In the event the loan does not close by the end of the three (3) month extension period, the preliminary commitment or firm commitment, as applicable, will be deemed void and the funds will be de-obligated.

9. The undersigned agrees to abide by all conditions of this RFA, and certifies that (i) all information provided in this Application is true and correct, (ii) that I am authorized to sign this Application for the Applicant, (iii) that the loan closing for funds awarded under this RFA will occur simultaneously to the refinancing out of the Guarantee Program portfolio, and payoff of associated SMI debt, if applicable, effectively terminating the mortgage guaranty issued by the Guarantee Program and its associated financial risk to the Corporation and (iv) that the Applicant is in compliance with all requirements of the RFA.

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Signature of Applicant

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Name/Title (typed or printed)

**Exhibit B to RFA 2014-108 – SAIL Financing to Guarantee Program Developments for  
Extremely Low Income (ELI) Households**

**ELI County Chart:**

| <b>ELI County Chart</b> |                                |  |               |                                |  |               |                                |
|-------------------------|--------------------------------|--|---------------|--------------------------------|--|---------------|--------------------------------|
| <b>County</b>           | <b>ELI Set-Aside AMI level</b> |  | <b>County</b> | <b>ELI Set-Aside AMI level</b> |  | <b>County</b> | <b>ELI Set-Aside AMI level</b> |
| Alachua                 | 35%                            |  | Hamilton      | 45%                            |  | Nassau        | 33%                            |
| Baker                   | 40%                            |  | Hardee        | 45%                            |  | Okaloosa      | 33%                            |
| Bay                     | 35%                            |  | Hendry        | 45%                            |  | Okeechobee    | 45%                            |
| Bradford                | 40%                            |  | Hernando      | 40%                            |  | Orange        | 40%                            |
| Brevard                 | 35%                            |  | Highlands     | 45%                            |  | Osceola       | 40%                            |
| Broward                 | 30%                            |  | Hillsborough  | 40%                            |  | Palm Beach    | 33%                            |
| Calhoun                 | 45%                            |  | Holmes        | 45%                            |  | Pasco         | 40%                            |
| Charlotte               | 40%                            |  | Indian River  | 40%                            |  | Pinellas      | 40%                            |
| Citrus                  | 45%                            |  | Jackson       | 40%                            |  | Polk          | 45%                            |
| Clay                    | 33%                            |  | Jefferson     | 33%                            |  | Putnam        | 45%                            |
| Collier                 | 33%                            |  | Lafayette     | 40%                            |  | St. Johns     | 33%                            |
| Columbia                | 45%                            |  | Lake          | 40%                            |  | St. Lucie     | 40%                            |
| De Soto                 | 45%                            |  | Lee           | 40%                            |  | Santa Rosa    | 40%                            |
| Dixie                   | 45%                            |  | Leon          | 33%                            |  | Sarasota      | 40%                            |
| Duval                   | 33%                            |  | Levy          | 45%                            |  | Seminole      | 40%                            |
| Escambia                | 40%                            |  | Liberty       | 40%                            |  | Sumter        | 40%                            |
| Flagler                 | 40%                            |  | Madison       | 45%                            |  | Suwannee      | 45%                            |
| Franklin                | 45%                            |  | Manatee       | 40%                            |  | Taylor        | 45%                            |
| Gadsden                 | 33%                            |  | Marion        | 45%                            |  | Union         | 40%                            |
| Gilchrist               | 35%                            |  | Martin        | 40%                            |  | Volusia       | 40%                            |
| Glades                  | 45%                            |  | Miami-Dade    | 33%                            |  | Wakulla       | 33%                            |
| Gulf                    | 45%                            |  | Monroe        | 25%                            |  | Walton        | 40%                            |
|                         |                                |  |               |                                |  | Washington    | 45%                            |

**Exhibit C to RFA 2014-108 – SAIL Financing to Guarantee Program Developments for  
Extremely Low Income (ELI) Households**

**A. Credit Underwriting Procedures for SAIL ELI Loan:**

Credit underwriting is a de novo review of all information supplied, received or discovered during or after the competitive solicitation scoring process, prior to the closing on funding. The success of an Applicant in being selected for funding is not an indication that the Applicant will receive a positive recommendation from the Credit Underwriter or that the Development team's experience, past performance or financial capacity is satisfactory. The credit underwriting review 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 ELI loan amount, if any. As part of the credit underwriting review, the Credit Underwriter will consider the applicable provisions of the RFA.

At the completion of all litigation and approval by the Board of all recommended orders with regard to a competitive solicitation process, the Corporation shall offer all Applicants within the funding range an invitation to enter credit underwriting. The Corporation shall select the Credit Underwriter for each Development.

1. The invitation to enter credit underwriting constitutes a preliminary commitment.
2. A response to the invitation to enter credit underwriting must be received by the Corporation and the Credit Underwriter not later than seven (7) Calendar Days after the date of the invitation. For any invitation to enter credit underwriting that is offered to an Applicant after Board approval of the list of eligible Applications that is sorted from highest funding preference to lowest, where the Applicant's response is to decline to enter credit underwriting, the result shall be the removal of the Application from the list of eligible Applications for the applicable competitive solicitation and any other funding where that list of eligible Applications will be used.
3. If the invitation to enter credit underwriting is accepted:
  - a. All Applicants shall submit the credit underwriting fee to the Credit Underwriter within seven (7) Calendar Days of the date of the invitation to enter credit underwriting.
  - b. Failure to submit the required credit underwriting fee by the specified deadline shall result in withdrawal of the invitation.



- c. Closing on the SAIL ELI funding must occur simultaneously to the refinancing of the development out of the Guarantee Program portfolio, and payoff of associated SMI debt, if applicable, effectively terminating the mortgage guaranty issued by the Guarantee Program and its associated financial risk to the Corporation. The SAIL ELI loan and Development's refinancing must close within nine (9) months of the date of the invitation to enter credit underwriting. Applicants may request one (1) extension of up to three (3) months. All extension 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 will then be submitted to the Corporation's Board for consideration. The Board shall consider the facts and circumstances of each Applicant's request and any credit underwriting report, if available, prior to determining whether to grant the requested extension. The Corporation shall charge a non-refundable extension fee of 1 percent of each loan amount if the Board approves the request to extend the commitment beyond the initial nine (9) month closing deadline. In the event the loan does not close by the end of the three (3) month extension period, the preliminary commitment or firm commitment, as applicable, will be deemed void and the funds will be de-obligated.
4. The Credit Underwriter shall review all information in the Application and subsequently provided during the credit underwriting process, including information relative to the Applicant. The Credit Underwriter shall also request and review such other information as it deems appropriate to determine whether or not to provide a positive recommendation in connection with a Development.
5. In determining whether or not to provide a positive recommendation in connection with a Development, the Credit Underwriter will consider the prior and recent performance history of the Applicant, Developer, any Financial Beneficiary of the Applicant or Developer, and the General Contractor in connection with any other affordable housing development. The performance history shall consider instances involving a foreclosure, deed in lieu of foreclosure, financial arrearage, or other event of material default in connection with any affordable housing development or the documents governing financing or operation of any such development.
  - a. Unless the Credit Underwriter determines that mitigating factors exist, or that underwriting conditions can be imposed, sufficient to mitigate or offset the risk, the existence of the following shall result in a negative recommendation of the proposed Development by the Credit Underwriter:
    - (1) Considering all affordable housing developments in which any party named above has been involved, if:

- (a) During the period prior to August 1, 2010, 5 percent or more of that party's developments have been the subject of a foreclosure or deed in lieu of foreclosure, or in financial arrearage or other material default and such arrearage or material default remained uncured for a period of 60 days or more, or
    - (b) During the period beginning on or after August 1, 2010, any of that party's developments have been the subject of a foreclosure or deed in lieu of foreclosure, or in financial arrearage or other material default and such arrearage or material default is uncured at the present or, if cured, remained uncured for a period of 60 days or more.
  - (2) Mitigating factors to be considered by the Credit Underwriter, to the extent such information is reasonably available and verifiable, shall include the extent to which the party funded the operations of the development from that party's own funds in an attempt to keep the development afloat, the election by a party to forego financial participation in a development in an attempt to keep the development afloat, the party's satisfactory performance history over the last 10 years in connection with that party's affordable housing developments, and any other extenuating circumstances deemed relevant by the Credit Underwriter in connection with the party's involvement in a development.
- b. A negative recommendation may also result from the review of:
- (1) An Applicant, Developer, any Financial Beneficiary of the Applicant or Developer, and the General Contractor in connection with any other affordable housing development,
  - (2) Financial capacity of an Applicant, Developer, any Financial Beneficiary of the Applicant or Developer, the General Contractor, and the Housing Credit Syndicator, or
  - (3) Any other relevant matters relating to an Applicant, Developer, any Financial Beneficiary of the Applicant or Developer, and the General Contractor if, in the Credit Underwriter's opinion, one or more members of the Development team do not possess the ability to proceed.
6. The Credit Underwriter shall report any inconsistencies or discrepancies or changes made to the Applicant's Application during credit underwriting.
7. The credit underwriting report must reflect the full SAIL ELI amount, all set-aside commitments, and the remaining term of the set-aside units.

8. During the credit underwriting process, the Applicant(s) awarded SAIL ELI loan funds under this RFA must demonstrate that the New ELI Units are acceptable to the Limited Partner and pursuant to any requirements in the MMRB Documents, including acquiring Cash Flow Certificates at the Applicant's expense, if applicable.
9. The Applicant will be responsible for all fees in connection with the documentation submitted to the Credit Underwriter.
10. 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.

**B. Terms and Conditions of the SAIL ELI Loan:**

SAIL ELI Loans will be subject to the credit underwriting provisions outlined in Section A above and the loan provisions outlined below:

1. The terms and conditions of the SAIL ELI Loan shall be as follows:
  - a. The SAIL ELI Loan may be in a first, second, or other subordinated lien position;
  - b. The SAIL ELI Loan shall:
    - (1) Have the amount based on the funding requirements set forth in this RFA; and
    - (2) Be non-amortizing at 0 percent simple interest per annum over the life of the SAIL ELI Loan, with the principal forgivable at maturity provided the units for which the SAIL ELI Loan amount is awarded are targeted to ELI Households for the duration of the Compliance Period. The minimum term of the SAIL ELI Loan is 15 years;
  - c. Any sale, conveyance, assignment, or other transfer of interest 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. The Board shall consider the facts and circumstances of each Applicant's request and any credit underwriting report, if available, prior to determining whether to grant such request;
  - d. The SAIL ELI Loan shall be serviced either directly by the Corporation or by the Corporation's servicer on behalf of the Corporation;

- e. The Corporation and the Corporation's servicer shall monitor compliance of all terms and conditions of the Loan and shall require that certain terms and conditions be embodied in the Land Use Restriction Agreement and recorded in the public records of the county wherein the Development is located. Violation of any material term or condition of the documents evidencing or securing the Loan shall constitute a default during the term of the Loan if not appropriately cured. The Corporation shall take appropriate legal action to effect compliance if a violation of any material term or condition relative to the set-aside of units for ELI Households is discovered during the course of compliance monitoring or by any other means;
- f. The Corporation shall require adequate insurance to be maintained on the Development as determined by the first mortgage lender or the Corporation's servicer, but which shall, in any case, include fire, hazard and other insurance sufficient to meet the standards established in Part IIIB, Section 911 of the Fannie Mae Multifamily Delegated Underwriting and Servicing (DUS) Guide, effective February 3, 2014, as updated, which is available on the Corporation's Website under the link labeled Multifamily Programs/Related References (also accessible by clicking [here](#));
- g. All SAIL ELI Loans shall be in conformance with applicable federal and state statutes, including the Fair Housing Act as implemented by 24 CFR Part 100, which is adopted and incorporated herein by reference, Titles II and III of the Americans with Disabilities Act of 1990 as implemented by 28 CFR Part 35, and Section 504 of the Rehabilitation Act of 1973, as implemented by 24 CFR Part 8 ("Section 504 and its related regulations"). These provisions are available on the Corporation's Website under the Multifamily Programs link labeled Related References and Links or by clicking [here](#).
- h. Rent controls for the ELI Set-Aside units for which the SAIL ELI Loan is issued shall be restricted at the level applicable for federal Housing Credits;
- i. The documents creating, evidencing or securing each SAIL ELI Loan must provide that any violation of the terms and conditions described in this Exhibit to the RFA constitutes a default under the SAIL ELI Loan documents allowing the Corporation to accelerate its loan and to seek foreclosure as well as any other remedies legally available to it; and
- j. The affordability period committed to in this RFA includes the units set aside for ELI Households. However, after 15 years all of the ELI Set-Aside units may convert to serve residents at or below 60 percent AMI.
- k. If, after initial certification of ELI Households and move in, ELI Set-Aside units are no longer distributed across the unit mix on a pro-rata basis, the

Development will not be in noncompliance so long as the next unit of required size that becomes vacant in the Development is rented to an ELI Household until the ELI Set-Aside units in the Development again meets its requirement to be distributed across the unit mix on a pro-rata basis.

2. The SAIL ELI Loan shall be assumable upon sale or transfer of the Development if the following conditions are met:
  - a. The proposed transferee meets all specific Applicant identity criteria which were required as conditions of the original loan;
  - b. The proposed transferee agrees to maintain all ELI Set-Asides and other requirements of the SAIL ELI Loan for the period originally specified or longer; and
  - c. The proposed transferee and release of transferor receives a favorable recommendation from the Credit Underwriter and approval by the Board of Directors of the Corporation.

All assumption requests must be submitted in writing to the Director of Special Assets and contain the specific details of the transfer and assumption. In addition to any related professional fees, the Corporation shall charge a non-refundable assumption fee as outlined in this RFA.

### **C. Fees**

The Corporation and, if applicable, the Credit Underwriter shall collect via check or money order from the Applicant the following fees and charges in conjunction with the SAIL ELI RFA. Failure to pay any fee shall cause the funding to be withdrawn as outlined in the credit underwriting and program requirements set out in Exhibit C of the RFA.

#### **(1) Application Fee:**

All Applicants requesting SAIL ELI funding shall submit to the Corporation as a part of the Application submission a non-refundable Application fee of \$500.00.

#### **(2) Credit Underwriting Fee Estimate:**

The following fees are not the fees that will be charged, but are listed below for estimation purposes. The actual fees will be determined based on the current contract, including any addendum, for services between the

Corporation and the Credit Underwriter(s) in effect at the time underwriting begins.

(a) Initial Credit Underwriting Fee Estimate: \$12,790

(b) Re-underwriting fee: \$167 per hour, not to exceed \$7,417

Any Development requiring further analysis by the Credit Underwriter pursuant to Exhibit C of this RFA will be subject to a fee based on an hourly rate determined pursuant to contract between the Corporation and the Credit Underwriter. All credit underwriting fees shall be paid by the Applicant prior to the performance of the analysis by the Credit Underwriter.

(c) Extraordinary Services fee: \$167 per hour.

(3) Compliance Monitoring Fees:

The following fees are not the fees that will be charged, but are listed below for estimation purposes of completing your pro-forma in the Application. The actual fees will be determined based on the current contract, including any addendum, for services between the Corporation and the Compliance Monitor(s).

(a) Initial fee - A total annual fee comprised of a base fee of \$156 per month + an additional fee per set-aside unit of \$9.56 per year, subject to a minimum of \$244 per month, and subject to an automatic annual increase of 3 percent of the prior year's fee. This fee will be in addition to the Development's current compliance monitoring fees.

(b) Follow-up Reviews/Extraordinary Services fee: \$167 per hour

(4) Commitment Fees:

Each Applicant to which a firm commitment is granted shall submit to the Corporation a non-refundable commitment fee of 1 percent of the SAIL ELI loan amount upon acceptance of the firm commitment.

(5) Loan Closing Extension Fees:

In the event the SAIL ELI Loan does not close within the timeframes prescribed, extension fees will be assessed. The SAIL ELI loan and Development's refinancing must close within nine (9) months of the date of the invitation to enter credit underwriting (preliminary loan commitment).

Applicants may request one (1) extension of up to three (3) months related to this closing deadline. The Corporation shall charge a non-refundable extension fee of 1 percent of each loan amount if the Board approves the request to extend the preliminary commitment or firm commitment beyond the initial nine (9) month closing deadline.

(6) Loan Servicing Fees:

The following fees are not the fees that will be charged, but are listed below for estimation purposes of completing your pro-forma in the Application. The actual fees will be based on the current contract, including any addendum, for services between the Corporation and the Servicer(s).

(a) Permanent Loan Servicing Fees:

SAIL ELI loans each have a Permanent Loan Servicing Fee to be paid annually. The following fee is listed for estimation purposes only; the actual fees will be determined based on the current contract, including any addendum, for services between the Corporation and Servicer(s).

Annual fee of 25 bps of the outstanding loan amount, with a minimum monthly fee of \$200 and a maximum monthly fee of \$798, and an hourly fee of \$167 for extraordinary services.

(7) Additional SAIL ELI Loan Fees:

SAIL ELI Applicants will be responsible for all fees associated with the Corporation's legal counsel related to the SAIL ELI funding.

(8) Assumption/Renegotiation Fees:

For all SAIL ELI loans, where the Applicant is requesting a sale and/or transfer and assumption of the loan, the borrower or purchaser shall submit to the Corporation a non-refundable assumption fee of one-tenth of one percent of the loan amount.

For all SAIL ELI loans, where the Applicant is requesting a renegotiation of the loan, the borrower shall submit to the Corporation a non-refundable renegotiation fee of one-half of one percent of the loan amount.

For all SAIL ELI loans, where the Applicant is requesting an extension of the loan term, the borrower shall submit to the Corporation a non-refundable

extension fee of one-tenth of one percent of the loan amount. If the extension is associated with a renegotiation of the loan, then only the renegotiation fee will be charged.