

MEMORANDUM

TO: Multifamily Tax-Exempt Bond Applicant

FROM: Eugene “Pete” Walker Jr., Chief Executive Officer/President

**SUBJECT: APPLICATION FOR TAX-EXEMPT FINANCING FOR
MULTIFAMILY DEVELOPMENT BOND INDUCEMENT
LETTER**

The Board of Commissioners of the Housing Authority of the County of DeKalb, Georgia understands that you are considering DeKalb County for the construction of new multifamily housing units or acquisition and rehabilitation of existing units in a rental range that is affordable to low or moderate income families.

In making your application for a Letter of Inducement, you should prepare a cover letter requesting the Letter of Inducement, submit three (3) copies of the completed application with attachments. Additionally, a non-refundable application fee of \$5,000.00 must be enclosed with the application for it to be considered complete.

All applicants are encouraged to have a preliminary discussion with the Authority’s designated representatives prior to submitting their application. A thorough understanding by both parties of the development and the Authority’s requirements will help insure a successful process.

The Authority meets regularly on the fourth Friday of each month. In order for the Authority to consider your application, the complete packets must be in the Authority’s office located at 750 Commerce, Decatur, Georgia 30030, at least thirty (30) days prior to the meeting date. If not timely received, the application will be considered at the following month’s regularly scheduled meeting.

After submittal of the application, the Authority will notify you of the time and date that the application will be considered. It will be in your best interest to make plans to attend and give a personal summary of the project and to answer any questions the Authority might ask. If you desire, other parties interested in the development may also attend.

Any questions or inquiries should be directed as follows:

Deidre V. Randle
Bond Compliance Manager
Housing Authority of DeKalb County
750 Commerce Drive Ste, 201
Decatur, Georgia 30030

Email: bonds@dekalbhousing.org
Phone: (404) 270-2545
Cell: (678) 852-9841
Facsimile: (404) 270-2553

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MULTIFAMILY BOND LOAN PROGRAM APPLICATION

The Multifamily Bond Loan Program Application (the “Application”) which follows is for use by developers who wish to participate in the Authority’s multifamily rental housing bond loan program. Where items requested in the Application are not applicable, please so state. Where items requested are not yet available, please so state.

The Application may be submitted with some items showing information not yet available; however, prior to completion of the financing, the Authority requires that all applicable items of the Application be properly completed. Accordingly, if all the information is not known at the time of submission of the Application, it is suggested that the developer keep a blank copy of the Application and submit page changes to the Authority as more complete information becomes available.

The completed Application and any questions relating thereto should be directed to the Authority with attention to Deidre V. Randle, Bond Program Compliance Manager, 750 Commerce, 3rd Floor, Decatur, GA 30030.

MULTIFAMILY BOND LOAN PROGRAM APPLICATION

1. Applicant

a. Partnership or Corporation

b. Name: _____

c. Headquarters Address:

d. Person to Contact:

Name Title Telephone No.

e. Chief Executive Officer:

Name Title Telephone No.

f. Chief Financial Officer:

Name Title Telephone No.

g. Directors or Partners:

| Name | Occupation |
|------|------------|
| (1) | |
| (2) | |
| (3) | |
| (4) | |
| (5) | |
| (6) | |

h. Leading Banking Relationship:

(1) Bank Name: _____

(2) Loan Officer:

Name Title Telephone No.

2. **Applicant's Parent Corporation or Partnership** (if any)

a. Partnership or Corporation

b. Name: _____

c. Headquarters Address:

d. Person to Contact:

Name Title Telephone No.

e. Chief Executive Officer:

Name Title Telephone No.

f. Chief Financial Officer:

Name Title Telephone No.

g. Directors or Partners:

| Name | Occupation |
|------|------------|
| (1) | |
| (2) | |
| (3) | |
| (4) | |
| (5) | |
| (6) | |

h. Leading Banking Relationships:

(1) Bank Name: _____

(2) Loan Officer:

Name Title Telephone No.

3. Proposed Project

Projects proposed to be financed from proceeds of the bond issue, please provide the following information (a) through (o) for each project (if available at time of application).

a. Name: _____

b. Address: _____

c. Nearest major intersection: _____

d. Within corporate limits of what municipality? _____

e. Number of Buildings: _____

f. Size of units (show range if applicable):

- (i) Number of 1 Bedroom Units: _____ of _____ sq. ft.
- (ii) Number of 2 Bedroom Units: _____ of _____ sq. ft.
- (iii) Number of 3 Bedroom Units: _____ of _____ sq. ft.
- (iv) Number of 4 Bedroom Units: _____ of _____ sq. ft.

g. Proposed Rental Rates (show range if applicable):

- (i) 1 Bedroom Units: \$ _____
- (ii) 2 Bedroom Units: \$ _____
- (iii) 3 Bedroom Units: \$ _____
- (iv) 4 Bedroom Units: \$ _____
- (v) Utilities included in rent: _____

h. Number of Acres in Project: _____

i. Proposed Amenities: _____

j. Type of Construction: _____

k. Is proposed project site presently zoned for multi-family housing?

Yes No*

Governmental Body approving zoning:

* Note: If zoning for the project has not been approved, the Authority will not adopt an Inducement Resolution.

1. Number of units to be reserved for Qualified Renters (as defined in the Authority's Policy):

- (i) 1 Bedroom Units: \$ _____
- (ii) 2 Bedroom Units: \$ _____
- (iii) 3 Bedroom Units: \$ _____
- (iv) 4 Bedroom Units: \$ _____

m. How many jobs will be created with this project? _____

n. How much will the real estate tax base increase because of this project? _____

o. What bond set aside will be selected? 20% at 50% or 40% at 60%

4. Other Similar Projects Developed by Applicant or Parent

Give name, location and brief description of project, including name of permanent financing lender. If projects were financed with tax-exempt bonds, provide issuer name, Bond Counsel and Bond Underwriters (if any). Please provide this information on a separate sheet and attach to this Application.

5. Applicant's Management Company or Fee Manager

Please provide the following information:

a. Partnership or Corporation

b. Name: _____

c. Headquarters Address:

d. Chief Executive Officer:

Name Title Telephone No.

e. Directors or Partners:

| Name | Occupation |
|------|------------|
| (1) | |
| (2) | |
| (3) | |

f. Leading Banking Relationship:

(1) Bank Name: _____

(2) Loan Officer:

Name Title Telephone No.

g. Name, location and brief description of other projects managed by proposed management company. Please provide this information on a separate sheet and attach to this Application.

h. Name and location (including nearest major street intersection) of one or more multi-family rental facilities presently constructed that are similar in type of construction, quality, size of units, number of units, amenities and rental rates to the facilities proposed to be financed. Please provide this information on a separate sheet and attach to this Application.

6. Bond Issue Size Requested for Inducement Letter

Provide the size of the bond issue requested: \$ _____

7. Preliminary Development Cost Budget

Provide a preliminary development cost budget showing projected sources and uses of funds:

| | | |
|--------------------------|----|----|
| Sources of Funds: | | |
| A. Proceeds of Bonds | | \$ |
| B. Other (State Source): | | |
| 1. | \$ | |
| 2. | | |
| 3. | | |
| Total | | \$ |

| | | |
|-------------------------------------|----|----|
| Uses of Funds: | | |
| A. Financing Costs | | \$ |
| B. Land Acquisition | | |
| C. Site Development | | |
| D. Direct Structure | | |
| E. Amenity Construction | | |
| F. Permits/Fees, etc. | | |
| G. Marketing | | |
| H. Project Overhead | | |
| I. Developer & Related Company Fees | | |
| J. Other (State Use) | | |
| 1. | \$ | |
| 2. | | |
| 3. | | |
| Total | | \$ |

Note: Total Sources of Funds should equal Total Uses of Funds and equal total cost of project.

8. Proposed Bond Issue Participants

a. Bond Counsel (must choose from list of counsels on Exhibit “C”)

(1) Firm Name: _____

(2) Address: _____

(3) Person to Contact:

 Name Title Telephone No.

b. Lender (if loans-to-lenders financing program)

(1) Firm Name: _____

(2) Address of Principal Office: _____

(3) Address of Responsible Office: _____

(4) Person to Contact:

 Name Title Telephone No.

(5) Experience in multifamily rental housing financing:

| | Mortgages Originated | Mortgages Serviced |
|-----------------------------|----------------------|--------------------|
| Number of Mortgages | | |
| Principal Amount | | |
| Approximate Number of Units | | |

c. Lender Attorney

(1) Firm Name: _____

(2) Address: _____

(3) Person to Contact:

 Name Title Telephone No.

d. Architect

(1) Name: _____

(2) Address: _____

(3) Person to Contact:

| Name | Title | Telephone No. |
|------|-------|---------------|
|------|-------|---------------|

e. Engineer (if any)

(1) Name: _____

(2) Address: _____

(3) Person to Contact:

| Name | Title | Telephone No. |
|------|-------|---------------|
|------|-------|---------------|

f. Feasibility Consultant (if any)

(1) Name: _____

(2) Address: _____

(3) Person to Contact:

| Name | Title | Telephone No. |
|------|-------|---------------|
|------|-------|---------------|

g. Bond Underwriter

(1) Name: _____

(2) Address: _____

(3) Person to Contact:

| Name | Title | Telephone No. |
|------|-------|---------------|
|------|-------|---------------|

h. Tax Credit Equity Investor

(1) Name: _____

(2) Address: _____

(3) Person to Contact:

| Name | Title | Telephone No. |
|------|-------|---------------|
|------|-------|---------------|

9. Security to Be Provided to Bondholders

Briefly describe security to be provided to bondholders (i.e., mortgage on project; credit enhancement, Housing Assistance Payments under Section 8 of National Housing Act or HUD/FHA mortgage under 221(d)(4) of National Housing Act).

10. Marketing to General Public

Are any of the bonds to be marketed to the general public?

11. Attachments

- a. Site Plans
- b. Floor Plans
- c. Artist Rendering
- d. Zoning and Zoning Variance Certificate
- e. Lender/Credit Enhancer Information (financial statement/rating, commitment letter, etc.)
- f. Applicant/Parent/Guarantor Information (include financial statements, resumes, etc.)
- g. Tax Credit Investor Information (financial statement, commitment letter, etc.)
- h. Management Company Information (financial statement and projects managed)
- i. Copy of the Public Notice – Exhibit “B”
- j. Fact Sheet – Exhibit “D”
- k. DeKalb County’s Proposed Multifamily Bond Summary – see attached to Exhibit “E”
- l. Management Agreement (which must be approved by the Authority)
- m. Purchase and Sale Contract
- n. Developer Proforma Numbers, which must include bond sizing, tax credit calculations (if applicable), and 15-year projected cashflows.

CERTIFICATION

The undersigned hereby certifies as to the foregoing Application for Inducement Letter, that:

1. All items as completed are true.
2. The undersigned has read and agrees to comply with the terms of the Authority's Statement of Policy as to multifamily housing facilities. The undersigned agrees to the Indemnification provisions set forth in the Bond Loan Program Guidelines as if such provisions were specifically set forth herein.
3. The undersigned agrees to pay all out-of-pocket expenses of the Authority and the Authority's financial advisor and Authority Counsel incurred in connection with the requested financing.
4. The undersigned authorizes the Authority and/or the Authority's financial advisor to make whatever credit checks and to contact whatever parties and request whatever credit reports as may be appropriate to verify the information contained in this Application.
5. An incomplete application will not be considered by the Authority.

Name: _____

By: _____

Its: _____

MULTIFAMILY BOND APPLICATION INSTRUCTIONS

The Board of Commissioners of the Housing Authority of the County of DeKalb, Georgia understands that you are considering DeKalb County for the construction of new multifamily housing units or acquisition and rehabilitation of existing units in a rental range that is affordable to low or moderate income families

In making your application for a multifamily tax exempt bond financing, you should prepare a cover letter requesting the Letter of Inducement, submit three (3) copies of the completed application forms and three (3) years of financial statements for the parent company or the applicant and/or Guarantor, preferably audited, as required by the application. A like number of copies of other attachments required by the application should also be submitted. Additionally, a non-refundable application fee of \$5,000.00 must be enclosed with the application for it to be considered complete.

All applicants are encouraged to have a preliminary discussion with the Authority's designated representatives prior to submitting their application. A thorough understanding by both parties of the development and the Authority's requirements will help insure a successful process.

The Authority is scheduled to meet on the fourth Friday of each month or as otherwise posted. In order for the Authority to consider your application, the complete packets must be in the Authority's office located at 750 Commerce, Attn: Bond Program, 3rd Floor, Decatur, Georgia 30030, at least thirty (30) days prior to the meeting date. If not timely received or incomplete, the application will not be considered at the next regularly scheduled meeting.

After submittal of the application, the Authority will notify you of the time and date that the application for inducement will be considered. It will be in your best interest to make plans to attend and give a personal summary of the project and to answer any questions the Authority might ask. If you desire, other parties interested in the development may attend.

When the application is submitted to the Authority a "Notice" will be placed in the legal organ of DeKalb County, currently The Champion, to run at least thirteen (13) days prior to the Authority's Board Meeting at which the application is to be considered. The form of the Notice is to contain at least the information shown in Exhibit "B" below to the Bond Loan Program Guidelines and a completed Notice is to be provided for the Authority's use with the application. This Notice is to insure community notification and permit community input.

The policies of the Authority are as follows:

1. All developments must meet the requirements and intent of State and Federal legislation.
2. All bonds issued must be rated "A" or better by Standard and Poor's, Moody's or Fitch rating agency to be sold to the public; otherwise, the bonds will only be issued in denominations of \$100,000 or greater and sold only to persons or institutions who sign an investment letter acceptable to the Authority and its' counsels.

3. The development(s) should increase available housing of good quality in DeKalb County for persons having low-or-moderate incomes and should meet The DeKalb County Department of Human and Community Development's Criteria for Affordable Multifamily Housing Initiatives attached as Exhibit "F".
4. The development(s) are encouraged to support the economic development of DeKalb County.
5. The developments are required to meet certain supportive (social) services guidelines established by the Authority and contained in the Program Guidelines.
6. The rental requirements set forth in the "Bond Loan Program Guidelines" must apply for at least fifteen (15) years regardless of when the bonds are paid off or in the event of foreclosure by the lender.
7. The applicant must demonstrate that the cost of private financing is not low enough to allow rentals at rates that "low-to-moderate" income persons can afford.
8. Financial data and a complete resume of the applicant's parent company or Guarantor must be submitted.
9. The property must be properly zoned before applying and the project must be compatible with the long range housing needs of DeKalb County. Additionally, if there are any known variances needed an application will not be considered until the variance is approved.
10. A TEFRA Hearing will be held by DeKalb County and the project will then be submitted to the Chief Executive Officer for approval, as required by law.
11. The Authority maintains a list of approved bond counsel firms from which bond counsel must be selected (Exhibit "C" to the Program Guidelines).
12. The "Fact Sheet" attached to the Bond Loan Program Guidelines as Exhibit "E" must be completed and submitted with the application.
13. The "Bond Loan Program Guidelines" (copy attached) spell out in more detail the requirements of the Authority relative to bond issues. Each applicant is responsible for understanding and complying with the Bond Loan Program Guidelines.

BOND LOAN PROGRAM GUIDELINES
FOR MULTIFAMILY RENTAL HOUSING PROJECTS
TO BE FINANCED BY BONDS ISSUED BY
THE HOUSING AUTHORITY OF THE COUNTY OF DEKALB, GEORGIA

The following Program Guidelines have been adopted and approved by The Housing Authority of the County of DeKalb, Georgia the "Authority" pursuant to the Housing Authorities Law, O.C.G.A. Section 8-3-1 et. seq., as amended (the "Act") for multi-family rental housing projects (Multi-family Facilities") which are to be financed by the Authority' s issuance of bonds and which are suitable for occupancy by Low and Moderate Income Tenants. The definitions attached hereto as Exhibit "A" give the meaning of capitalized terms used in these Program Guidelines.

1. The Authority will consider for approval (i) Multi-family Facilities as provided in the Act and (ii) facilities to be one hundred percent (100%) occupied by low income elderly ("Elderly Housing") as provided in Section 8 of the National Housing Act of 1937 (the "National Housing Act ") and Section 11(b) of the National Housing Act, provided such projects include as security for the Bonds a pledge of Housing Assistance Payment Contracts with the United States Department of Housing and Urban Development and/or HUD/FHA mortgage insurance on the project, and (iii) multifamily housing operated by a 501(c)(3) corporation.

The Authority will consider authorizing the issuance of Bonds for Multi-family Facilities if the following conditions are satisfied:

- A. A portion of the project shall be held for low and moderate income tenants as follows:
 - i) If the bonds were issued on or before August 15, 1986 and is controlled by the Internal Revenue Code of 1954 (the "1954 Code"), then 20% (15% in targeted area) of the units are to be rented to or held available for occupancy by low and moderate income tenants.
 - ii) If the bonds were issued after August 15, 1986 and are controlled by the Internal Revenue Code of 1986 (the "Code"), then 40% of the units will be rented to or held available for rent to persons having a household income of no more than 60% of the means statistical area income or 20% of the units will be rented to or held available for persons having a household income of no more than 50% of the means statistical area income.
 - iii) If the project is owned and operate pursuant to Section 501(c)(3) of the Code, 75% of the units shall be rented or held available to persons with an income of 80% or less of the means statistical area income and 20% of the units will be rented to or held available for persons of very low income level or 40% of the units will be rented to or held available for persons not exceeding 120% of the very low income level or facts and circumstances approved by the Internal Revenue Service in accordance with its guidelines.

B. The Bonds shall be secured by the project unless credit enhancement acceptable to the Authority has been provided on the Bonds through the maturity date:

i) If the bonds are not rated they must be:

(1) privately placed; or

(2) sold in \$100,000 denominations and accompanied by a traveling investment letter from all purchasers.

ii) If the Bonds are to be sold to the public in \$5,000 denominations they shall be rated "A" or better by Standard & Poor's , Moody's Investment Services or Fitch Investment Services (the "Rating Agencies"), and may or may not receive other credit enhancements such as, HUD/FHA Mortgage Insurance or other programs as made from time to time be provided, Letters of Credit from rated banks, bond insurance, guarantees, or other methods of security acceptable to the Authority which result in at least an "A" rating as aforesaid.

If the Bonds fall below an "A" rating then the borrower is required to replace the credit enhancement by one rated "A" or better by the Rating Agencies or the bonds must be reissued in accordance with Section B (i) hereof.

iii) Subordinated and unrated bonds will be issued by the Authority in its sole discretion which may be unreasonably withheld.

2. Land Use Restriction Agreement. The Authority shall make a loan from bond proceeds to the Developer for the acquisition, rehabilitation, construction and ownership of the Project subject to the conditions set forth herein and being contained in the Basic Loan Documents. Prior to disbursement of the proceeds from the Bonds, the Developer must submit to the Trustee and Authority an executed Land Use Restriction Agreement which has been filed for record with the Clerk of the Superior Court of DeKalb County, Georgia in a form satisfactory to the Authority, its counsel, the Underwriter and Bond Counsel whereby the certain covenants in the Basic Loan Documents are made covenants running with the land to with.

3. Qualified Residential Rental Project.

- A. Means any project for, residential rental property if at all times during the "Qualified Project Period" such project meets applicable tenancy requirements, as specifically set forth in the Land Use Restriction Agreement.
- B. Tenancy Requirements - At issuance, the Owner/Developer must elect to comply with applicable federal law and must be set forth in the Land Use Restriction Agreement.
- C. The "Qualified Project Period" begins on the first day on which 10% of the residential units in the project are occupied and ends on latest of :
 - i) the day which is 15 years after the date on which 50% of residential units are occupied.
 - ii) the first day on which no tax-exempt private activity bond issued with respect to the project remains outstanding, or
 - iii) the date on which any assistance provided with respect to the project under Section 8 of the United States Housing Act of 1937 terminates.
- D. Income and AMGI are required to be determined consistently with Section-8 determinations. Such determinations shall include adjustments for family size.
- E. Current Income Determinations.
 - i) An annual determination of a resident's income compliant with the 20-50 or 40-60 Test is required.
 - ii) Such income will be deemed to be in compliance if the resident met the applicable test at occupancy unless:
 - (1) the most recent determination of such resident's income exceeds 140% of the applicable income limit and
 - (2) before the next determination, any residential unit of comparable or smaller size is occupied by a new resident whose income exceeds the applicable limit.
 - (3) Noncompliance with the Income requirements may cause a retroactive loss of tax exemption for the Multifamily Bonds. Presumably the 60 day period in existing regulations for correcting noncompliance would apply.
 - (4) The Rent of designated units must be affordable at 30% of the applicable income limit.
 - (5) Developers are encouraged to commit to renting at least 1-2% of the proposed units to Section 8 participants for the period that the bonds are outstanding.

- F. Deep Rent Skewing - The owner of project may elect to have "Deep Rent Skewing" provisions apply in lieu of certain of the foregoing provisions.
- i) The election would have the effect of substituting "170%," for "140%" for Income compliance tests.
 - ii) Compliance with 170% test would not be met if before the next determination, any low-income unit in the same project is occupied by a new resident whose income exceeds 40% of AMGI.
 - iii) In addition, the following requirements must be met for Deep Rent Skewing:
 - (1) 15% or more of the low-income units (not all units) are occupied by individuals with income 40% or less of AMGI.
 - (2) The Gross Rent of each low-income unit does not exceed 30% of the applicable income limit.
 - (3) The Gross Rent of each low-income unit does not exceed 1/3 of average rent with respect to comparable non-low income units.
 - (4) "Gross Rent" includes, among other things, payments and utility allowances under Section 8 of the United States Housing Act of 1937.
- G. An Annual Certification of Residential Rental Project (IRS Form 8703) is required to be submitted by each project owner to the Secretary of the Treasury, Trustee and Authority for each calendar year by March 31 of the following calendar year. A failure to make such submission does not affect tax exemption, but results in a \$100 penalty as set forth in Section S6652(j) of the Code.
- H. Change in use - If project does not meet the requirements of Section 142(d) of the Code, any interest deduction to the owner is disallowed for the period beginning on the first day of the taxable year in which the project fails to meet such requirements and ending on the date such project meets such requirements as set forth in Section 150(b)(2). This result is in addition to any possible loss, of tax exemption on obligations, the proceeds of which were used to finance the project.

4. Records. During the Qualified Project Period, the Developer shall agree:

- A. To obtain and maintain on file a Certification of Tenant Eligibility from each Low or Moderate Income Tenant dated immediately prior to the initial occupancy of such tenant in the Project, said certification to be verified by an independent third party. Further, the Developer shall annually recertify that all low and moderate income units are in continuous compliance and shall report its compliance to the Authority on a monthly basis.
- B. To provide in the Lease Agreement that each tenant shall notify the landlord when each unit is occupied by any person earning an income whose income was not included on the Certification of Tenant Eligibility and further provide that the failure to notify the Developer is an event of default curable by immediate eviction if such person or persons would cause the income level of the unit to exceed that allowed for Low and Moderate Income Tenant. Upon receipt of such notification, the Developer shall immediately recertify that unit.
- C. To maintain complete and accurate records pertaining to the dwelling units occupied, or to be occupied by Low or Moderate Income Tenants, and to permit any duly authorized representative of the Authority, the Trustee, the Department of the Treasury or the Internal Revenue Service to inspect the books and records of the Developer pertaining to the Income Certifications of Low or Moderate Income Tenants residing in the Project: monthly render to the Authority and the Trustee a certificate executed by the Developer stating the dwelling Units of the Project which were occupied by Low or Moderate Income Tenants during such period and monthly provide individual unit income certifications for any move-ins or annual recertifications, as well as a project- wide rent roll monthly and a move-out report monthly.
- D. To permit upon reasonable notice any duly authorized representative of the Authority, the Trustee, the Department of Treasury or the Internal Revenue Service to do file audits on-site and to inspect the property, including the interiors of both vacant and occupied units.

5. Authority Fees and Expenses.

- A. **Application Fee.** A non-refundable application fee of \$5,000.00 is charged at the time that the application is submitted for consideration. This fee is for the review and consideration of the application only.
- B. **Inducement Fee.** At the adoption of an Inducement Resolution, the applicant will pay an inducement fee of 10 Basis Points of the total bonds induced.
- C. **Closing Fee for New Money Issues.** At the bond closing for all new construction and acquisition/rehabilitation deals, the applicant will pay a closing fee of the greater of \$25,000 or 25 Basis Points of the total bonds issued.

- D. **Closing Fee for Refunding Issues.** At the bond closing for all refunding issues, the applicant will pay a refunding fee of the greater of \$20,000 or 15 Basis Points of the total bonds issued.
- E. **Document Amendment Fee.** A non-refundable fee of \$750.00 is charged when a development/owner requests review and/or approval of amendments to trust indentures loan agreements, land use restriction agreements or any other documents to which the Issuer is a party and for which comment is required by the Issuer.
- F. **Annual Program Administration Fee.** The Developer shall to pay an annual fee to the Authority equal to 1/8th of one percent of the principal amount of the Bonds originally issued on the first anniversary of the issuance of the Bonds and on each subsequent anniversary thereof so long as the Bonds are outstanding. The fee shall be due on, or before ten days following the anniversary of the delivery of the Bonds. The fee shall be paid to the Authority by the Trustee. The Program Administration Fee shall be used by the Authority to reimburse the Authority for administrative costs associated with issuing the Bonds and administering the Bond Loan Program or otherwise to provide safe and sanitary housing to low and moderate income families in DeKalb County.
- G. **Other Fees.** The Authority reserves the right to charge other fees as determined by the Authority. Including but not limited to, a fee for change of ownership \$5,000 and a fee for change of management company \$2,500.
- H. **Annual Program Monitoring Fee.** The Developer shall pay \$3.00 per unit per month (\$36.00 per unit per annum) for each tax exempt bond unit (either 20% or 40% of the units). This fee is payable annually in arrears from the trust estate.
- I. **Expenses.** The Developer shall pay, in connection with a closing, the fees and expenses of the Bond Counsel, the Authority's Counsel and the Authority's Bond Loan Program Financial Advisor.

6. Release and Indemnification Provisions for Authority Fees and Expenses. Regardless of whether a bond financing conducted in accordance with these Program Guidelines closes, the Developer, its general partners and/or parent corporation etc. shall agree :

- A. Hold the Authority harmless against liability for the payment of, all out-of-pocket expenses arising in connection with said contemplated transaction with respect to the Bonds, including the reasonable fees and expenses of the Authority's Counsel, Authority's Bond Loan Program Financial Advisor and Bond Counsel: and
- B. To protect, indemnify and save the Authority, its commissioners, incorporators, directors, officials, officers, agents and employees harmless from and against any and all claims of or on behalf of any persons arising from any case whatsoever in connection with the financing, acquisition, construction and operation of the project.

7. Restriction on Sale or Disposition of Project.

- A. The Developer agrees that notwithstanding anything to the contrary in the Basic Loan Documents, the Project will not be sold, transferred or otherwise disposed of without obtaining the prior written consent of the Authority, which consent will be conditioned upon receipt of evidence satisfactory to the Authority, that the proposed purchaser, or transferee (i) has assumed in writing the Developer's duties and obligations under the Basic Loan Documents (including, without limitation, the covenants and restrictions contained in the Declaration of Land Use Restrictions with respect to the operation and disposition of the Project), (ii) has the financial capability to carry out such duties and obligations, and (iii) is itself knowledgeable in the operation and management of comparable apartment projects.

The Authority acknowledges, that a purchaser or transferee may enter into a Management Agreement with a reputable and knowledgeable apartment management company acceptable to the Authority to satisfy the knowledgeability requirements hereinbefore stated. The Developer further agrees that any sale, transfer or other disposition of the Project in violation hereof shall be null, void and without effect, shall cause a reversion of title to the Developer and shall be ineffective to relieve the Developer of its obligation under the Basic Loan Documents. This provision shall be included in the Land Use Restrictions recorded with respect to the Project.

- B. So long as any of the Bonds remain outstanding there shall be no transfer by any party owning ten percent (10%) or more of the ownership interest in the Developer of such ownership interest, nor any other similar significant change in the ownership interest control or relative distribution thereof of the Developer in any other method or means including, but not limited to, increase capitalization, merge corporate or other amendments, issuance of additional or new stock or classification stock, or otherwise, without the prior written consent of the Authority: provided however, if the Developer is a limited partnership, the Authority hereby waives its right to approve the sale or transfer of any limited partnership interest in the Developer.
- C. Any such transfers of ownership described in paragraph A and B above (except for the sale or transfer of any limited partnership interests) will be subject to the Authority and Trustee receiving an opinion of bond counsel that the transaction contemplated and as carried out will not result in the loss of tax exemption on the Bonds.

8. Rating Requirements.

- A. Publicly Sold Issues. Multifamily Facilities bonds, any part of which are to be sold to the general public, must be rated at least "A" by either Moody's Investors Service Inc. (Moody's) or Standard & Poor 's Corporation ("S&P") or insured by a municipal bond insurance company, Letter of Credit from a rated financial institution, or other method of credit enhancement which would result in an "A" Rating
- B. Privately Placed Issues; Restrictions on Resale. For bond issues which are to be privately placed with institutional investors and such institutional investors are disclosed to the Authority, the Authority does not require any municipal bond rating. The Authority will require that the documents contain provisions whereby these bonds may only be resold by the original purchasing institution to other institutional investors during the life of the bonds and that the institution investor must execute and deliver an investor letter agreement at closing.

9. Facilities in Cities within DeKalb County. The Authority may not issue any bonds within the city limits of any City within DeKalb County which has established a Housing Authority pursuant to the Act unless the City and said City's Authority adopt a resolution requesting participation by the Authority. In any other city in DeKalb County, the Authority may not issue bonds to finance facilities without the Developer obtaining the approval of the financing by resolution of the City's governing body. The form of the resolution required will be provided by the Authority upon request.

10. Property Taxes. Documents authorizing issuance of bonds for any Multifamily Facilities will contain specific provisions requiring that the Developer pay property taxes to the appropriate governmental body or bodies as if such facilities were financed through conventional financing means. None of the Basic Loan Documents with private owners shall be deemed to be a "Private Enterprise Agreement" under the Act unless approved as such in writing by the Authority and specifically stated as such within said Basic Loan Document.

11. Sale Date of Bonds. The Authority intends that issuance of Multifamily Facilities bonds not impact bonds issued by DeKalb County governmental bodies for more conventional purposes, including but not limited to, improvements to water and sewerage systems, roads, buildings, schools and hospitals. In order to meet this objective, the Authority retains the right to approve the marketing dates of any bonds to be issued by the Authority. The Authority reserves the right to deny authorization for the marketing of any bonds at the same time that other county issuers plan to enter the market for traditional financing, if in its sole discretion, the simultaneous issuance would be a detriment to either party.

12. Requirement for Trustee Bank. The Authority requires that all bond issues for Multifamily Facilities use a Trustee which has an office in Georgia pursuant to a Trust Indenture. The Authority retains the right of final approval of any bank selected as Trustee and requires that the Trustee have a corporate trust department knowledgeable in tax-exempt bond financing.

13. Approval of Bond Counsel, Consultants and Underwriters. The Authority reserves the right to approve the attorneys selected or proposed as bond counsel on each of its bond issues and the Authority provides a list of all bond counsel firms previously approved as bond counsel. Further, the Authority reserves the right to approve all other consultants, underwriters or professionals selected including co-bond counsel, feasibility consultants and underwriters, except counsel of the Developer.

14. Control by the Authority. The Authority shall have :

- A. The right to access at any time the Project, subject to the rights of the tenant;
- B. The right to inspect the Developer's and any Lender's books and records relating to the Project and the loan made pursuant to the Basic Loan Documents for the purpose of assuring compliance with the Guidelines;
- C. The right to receive monthly financial reports relating to the operation of the Project from the Trustee and/or Mortgage Servicer as provided in the Basic Loan Documents;
- D. The right to enforce compliance by the Developer of the Project with the requirements contained herein;
- E. The right at all times to act in reliance upon any authorization, representation or certification of the Developer or by the Trustee which authorization, certification or representation may also be relied upon by Counsel and Bond Counsel and any liability incurred by the Counsel or Bond Counsel shall be included in the Indemnification provided in paragraph six (6) hereof; and
- F. The right to approve plans and specifications (to be received at least two weeks prior to bond closing and approved by the Authority's Executive Director or designee) of any facilities for which it issues bonds and requires that plans and specifications be submitted to it prior to issuance by the Authority of its bonds and to promptly receive copies of change orders and/or addendums to the plans and specification issued before and during construction/renovation. Additionally, a construction schedule must be submitted prior to bond closing, subject to approval by the Executive Director.

15. Construction Oversight. The Authority requires that an independent inspector, acceptable to the Authority, be engaged during the entire construction/renovation period to monthly inspect the work being done and to report monthly to the Authority on conformance of the work to the plans and specifications, the progress of the work, and any changes to the scope of the work. If, as part of the financing package, an independent inspector is required by the credit enhancer then, subject to the acceptance of the inspector by the Authority and the agreement to provide the reports required by the Authority, then an additional inspector will not be required. All costs related to the required inspection, including the inspection cost, are to be borne by the Developer. The Authority shall have approval rights of all construction and/or renovation draws. In addition, any changes in the scope of work that was previously approved in Section 14(F) must be approved by the Authority.

16. Personal Liability of the Developer. Indemnification. The Authority may require the personal guarantee of the Developer in order to secure the payment of the note given by the Developer to secure the payment of the bonds or to secure the Indemnification and payment of fees to the Authority.

17. Source and Application of Funds. The Developer shall complete the form in the application and file the same with the Authority prior to the time the Authority takes "Official Action" as conformance with Section 142(d) of the Code and on the date of the closing of the Bonds.

18. Rules of Construction. Unless the context clearly indicates to the contrary: (a) "herein", "hereby", "hereunder", "hereof", "hereinbefore", "hereinafter" and other equivalent words refer to this Agreement and not solely to the particular portion thereof in which any such work is used: (b) any pronoun used herein shall be deemed to cover all genders.

19. Additional Provisions Regarding Bonds Privately Placed with Institutional Investors. Notwithstanding anything to the contrary contained in these Program Guidelines for bond issues which are to be privately placed with the institutional investors, these Program Guidelines shall be modified as follows :

- A. Each reference herein to "Trustee" shall be deemed to refer to the "institutional investor(s) purchasing the Bond."
- B. Each reference herein to "Underwriter" shall have no effect.
- C. Each reference herein to "Trust Indenture" or " Indenture" shall be deemed to refer to "Basic Loan Documents" and the definition of "Basic Loan Documents" shall mean " the form of documents used to implement a loan program for the purpose of issuing Multi-Family Facilities Bonds and pursuant to which a Bond or Bonds may be issued and purchased by an institutional investor(s)."
- D. The definition of "Bond" or "Bonds" shall mean any one or more of the Bonds authorized and delivered pursuant to the Basic Loan Documents."
- E. The Bonds shall be secured by a mortgage on the Project and such other security as shall be deemed appropriate by the Authority.

20. Replacement Reserve. A replacement reserve must be established for the project as follows:

- New Construction of at least \$200 per unit per year.
- Renovation/Rehabilitation of at least \$300 per unit per year.

21. Annual Report. An Annual Report, certified as being true and correct and executed in the presence of a notary, will be required to be submitted to the Authority no later than February 15th of each year for the previous calendar year. The Annual Report will include at a minimum the following:

- a) The rent for each unit type and size as of January 1st and December 1st of the calendar year being reported.
- b) Rent rolls for each calendar month with move-in, move-out, and transfer history.
- c) Next available rule units (these should be identified)
- d) The occupancy rate for the calendar year being reported. (This would be the average for the year with supporting documentation of each months occupancy rate)
- e) The balance in the replacement reserve as of December 31st of the calendar year being reported. (Please include documentation of reserves January 1st to December 31st)
- f) Operating Statements for the calendar year.
- g) A detailed listing of all work performed using funds from the replacement reserve and the cost of each work item during the calendar year being reported.
- h) Bond Principle Balance as of December 31st of the calendar year being reported.
- i) The number of units rented to Section 8 Program participants during the reported calendar year. If the property is not renting to the Section 8 Program, an explanation is required.
- j) A copy of the IRS Form 8703, Annual Certification of a Residential Rental Project (prior year)

22. Program Loan Requirements.

- A. The Authority has established the Bond Loan Program Guidelines to assist Developers that wish to participate in the Authority's governmental program of making bond loans to persons to provide housing and related facilities.
- B. At least 95% of the costs to the Authority of the bond loans under the program shall be with respect to loans to persons to provide housing and related facilities.
- C. At least 95% of the receipts from the bond loans shall be used to pay debt service or redemption prices on bond issues financed from the program, to pay or reimburse administrative costs of those issues of the program, to pay or reimburse

anticipated future losses directly related to the program, to finance additional purpose investments for the same general purposes of the program, or to redeem or to retire bonds at the next earlier possible date for redemption.

- D. No borrower under the program or any related party may purchase bonds in an amount related to the amount of that borrower's loan.

EXHIBIT “A”

DEFINITIONS

“**Act**” means the Housing Authorities Law Official Code of Georgia Annotated Section 8-3-1 et seq. as amended.

“**Area**” means the Metropolitan Statistical Area which includes DeKalb County, Georgia as determined from time to time by the Secretary of Housing and Urban Development under Section 8(f)(3) of the United States Housing act of 1937 as amended.

“**Authority**” means the Housing Authority of the County of DeKalb, Georgia, and its successor, and any public body corporate and politic resulting from or surviving any consolidation or merger to which it or its successors may be party.

“**Basic Loan Documents**” means the form of documents used to implement a loan program for the purpose of issuing Multi-family Facilities bonds.

“**Bond Counsel**” means an attorney at law or a firm of attorneys selected by the Authority and of nationally recognized standing in matters pertaining to the tax-exempt nature of interest on bonds issued by states and their political subdivisions duly admitted to the practice of law before the highest court of any state of the United States of America, or the District of Columbia.

“**Bond**” or “**Bonds**” means any one or more of the bonds authorized, authenticated and delivered pursuant to a Trust Indenture.

“**Code**” means the United States Internal Revenue Code, of 1986, as amended.

“**Counsel**” means an attorney at law or a firm of attorneys (who may be an employee of or counsel to the Authority or the Lender of the Trustee) duly admitted to the practice of law before the highest court of any state of the United States of America or of the District of Columbia.

“**Developer**” means the owner of the Multi-family Facilities who will execute the Basic Loan Documents, including parent corporations or limited partnerships, etc. Any parent corporation of which the owner may be a subsidiary and the general partners of any limited partnership.

“**Low or Moderate Income Tenant**” means the occupants of a Unit whose aggregate adjusted income as computed pursuant to the Certification of Tenant Eligibility does not exceed 80% of the Median Gross Income for the Area. If the occupants are full time students, such occupants shall not qualify as Low or Moderate Income Tenants.

“**Median Gross Income for the Area**” means the median income for households in the Metropolitan Statistical Area which Includes DeKalb County, Georgia, as determined under Section 8(f)(3) of the United State Housing Act of 1937, as amended, or if programs under Section 8(f) are terminated, median Income determined under the method used by the Secretary immediately prior to the terminations.

“**Moody’s**” means Moody’s Investors Services Inc., a national rating agency with its principal offices in New York, New York.

“MSA” means the Metropolitan Statistical Area which includes DeKalb County, Georgia as determined from time to time by the Secretary of Housing and Urban Development under Section 9(f)(3) of the United States Housing Act of 1937, as amended.

“Multi-family Facilities” means a residential rental project within the meaning of Section 1. 103-8(b)(4) of the treasury regulations under Section 103(b) of the Code. As such, a Multi-family Facility shall consist of a building or structure or proximate buildings or structures, (a) containing one or more similarly constructed residential units which are to be used on other than a transient basis and any facilities which are functionally related and subordinate to such units, and, (b) all of the residential units of which are rented or available for rental on a continuous basis to members of the general public in accordance with the requirements of the Code. Substantially all of the Multi-family Facilities must consist of similarly constructed residential units together with any functionally related and subordinate facilities within the meaning of the Code. Facilities that are functionally related and subordinate to the Multi-family Facilities include facilities for use by the tenants (including, without limitation, swimming pools, other recreational facilities and parking areas) and other facilities which are reasonably required for the Multi-family Facilities (including, without limitation, heating and cooling equipment, trash disposal equipment or units for resident managers and maintenance personnel). A building or structure generally means a discrete edifice or other man-made construction consisting of an independent (i) foundation, (ii) outer wall, and (iii) roof, and containing one or more similarly constructed residential units. Buildings and structures are proximate if they are all located on a single parcel of land or several parcels of land which are contiguous except for the interposition of a road, street, stream or similar property. Proximate buildings or structures are part of the same project only if owned for federal tax purposes by the same person and if the buildings are financed pursuant to a common plan. In no event shall a Multi-family Facility include a hotel, motel, hospital, nursing home, sanitarium, rest home or trailer park or court. Furthermore, A Multi-family Facility shall not include any building or structure which contains fewer than five residential units, one of which is occupied by an owner of the Units.

“Program Guidelines” or “Guidelines” means, these guidelines established by the Authority pursuant to which Multi-family Facilities bonds may be issued.

“Project” means land and all other improvements thereto, including the Multi-family Facilities, other buildings and related facilities which taken together constitute rental Units located on contiguous land and to be acquired or constructed from proceeds of Bonds.

“Qualified Project Period” means a period beginning the later of (a) the first day on which at least ten percent of the residential units in the Multi-family Facilities are first occupied or (b) the delivery date of the bonds, and ending on the later of (x) the date which is fifteen years after the date on which at least 50 percent of the residential Units in the Multi-family Facilities are first occupied; (y) the first day on which no tax-exempt private activity bond issued with respect to the Multi-family Facilities is outstanding; or (z) the date on which any assistance provided with respect to the Development under Section 8 of the United States Housing Act of 1937 terminates.

“S&P” means Standard & Poor’s Corporation, a national rating agency with its principal offices in New York, New York.

“State” means the State of Georgia.

“Trust Indenture” or “Indenture” means the form of document to be entered into by and between the Authority and the Trustee, pursuant to which the Bonds are to be issued.

“Underwriter” means a firm of Underwriters knowledgeable in the financing and marketing of tax-exempt bonds.

“Unit” means any separate accommodation containing complete facilities for living, sleeping, eating, cooking and sanitation. Such accommodations may be served by centrally located equipment such as air conditioning or heating. For example, an apartment containing a living area, sleeping area, bathing and sanitation facilities and cooking facilities equipped with a cooking range, refrigerator and sink, all of which are separate and distinct from other apartments would constitute a Unit.

EXHIBIT “B”

PUBLIC NOTICE

_____ (Owner) proposes to develop _____ apartment units in a complex to be located at _____

_____ and tentatively called _____.

This development is located (*generally describe location*) on a site consisting of _____ acres and currently zoned _____. The complex will have _____ % of the units (_____ units) income restricted as a result of requested bond financing. In addition, the developer is proposing that an additional _____ % of the units (_____ units) will be income restricted as a result of other financing sources. Therefore, a total of _____ units in the complex will be income restricted. For more information about this proposed development, contact _____

_____ (*Owner’s Representatives*) at _____

_____ (*address, phone no., fax, e-mail – most efficient method of contact*).

Comments will be received at the above address until _____ (*approximately 2 days before Authority meeting*) for consideration.

NOTE: The number and percent of units to be income restricted as a result of the bond financing is the 20% at 50% of the area median income or 40% at 60% of the area median income selected as shown on page four of the application. The additional units referred to are those units and the percentage that will have tax credit or other restrictions on them related to income.

Example: in a 100 unit complex with 40%, the units at 60% median and 60% of the total units income restricted because of tax credit financing. The “Notice” would then reflect 40% (40 units) restricted due to bond financing and 20% (20 units) restricted due to other financing for a total of 60 units income restricted.

EXHIBIT "C"

The Authority maintains a list of approved bond counsel firms from which bond counsel must be selected. Listed below are currently approved bond counsels.

Ms. Caryl G. Smith (404) 888-4025
Hunton & Williams
600 Peachtree Street, Suite 4100
Atlanta, Georgia 30308

Mr. Woodrow Vaughan (404) 817-8574
Holland & Knight
1201 West Peachtree Street, N.E.
One Atlantic Center, Suite 2000
Atlanta, Georgia 30309
woody.vaughan@hklaw.com

Mr. Michael Kazamias (404) 222-4600
Kutak Rock
225 Peachtree Street, N.E., Suite 2100
Atlanta, Georgia 30303

Exhibit "D"

HOUSING AUTHORITY OF THE COUNTY OF DEKALB INDUCEMENT RESOLUTION Fact Sheet

_____ Apartments

LOCATION: _____

TYPE: _____

DEVELOPER: _____

OWNERSHIP ENTITY: _____

PROPERTY MANAGER: _____

RENT RANGE: Number Type Square Feet Rent

| | | | | |
|--|--|-------------|--|---------------------|
| | | | | \$_____ (set aside) |
| | | | | \$_____ (market) |
| | | | | |
| | | | | \$_____ (set aside) |
| | | | | \$_____ (market) |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | Total Units | | |

SET ASIDE UNITS: _____% to families within _____% of median income
_____ % market rate

AMENITIES:

SOURCES OF FUNDS

USES OF FUNDS

_____ \$

_____ \$

CONSTRUCTION PERIOD: _____ Months

FINANCING STRUCTURE: _____

ANTICIPATED CLOSING: _____

DeKalb County Proposed Multifamily Bond Project Summary

| | | |
|--|--|----------------------|
| <u>PROPOSED PROJECT NAME:</u> | | |
| <u>(Current name if rehab of existing):</u> | | |
| <u>ADDRESS:</u> | | |
| <u>COUNTY TAX ID #:</u> <i>(District, Land Lot, Block, Parcel)</i> | | |
| <u>PROJECTED HA APPLICATION DATE:</u> | | |
| <u>APPLICANT:</u> | | |
| <u>CONTACT PERSON:</u> | <u>PHONE:</u> | <u>EMAIL:</u> |
| <u>TYPE OF PROJECT:</u> <i>(Rehab/New Construction/Acquisition?)</i> | | |
| <u>ISSUE AMOUNT REQUESTED:</u> | | |
| <u>TOTAL UNITS:</u> | | |
| <u>BOND INCOME-RESTRICTED UNITS:</u> | | |
| <u>OTHER INCOME-RESTRICTED UNITS AND SOURCE:</u> | | |
| <u>TOTAL # OF INCOME-RESTRICTED UNITS:</u> | | |
| <u>PROPOSED UNIT MIX AND RENT RANGES:</u> | | |
| # of ____ 1 BRs (\$ _____ to \$ _____) | # of ____ 3 BRs (\$ _____ to \$ _____) | |
| # of ____ 2 BRs (\$ _____ to \$ _____) | # of ____ 4 BRs (\$ _____ to \$ _____) | |

Please be sure to attach information as to the construction or rehab work being proposed and the on-site supportive services to be offered the residents.