

**HOUSING FINANCE AUTHORITY
of
MIAMI-DADE COUNTY, FLORIDA**

Multi-Family Tax Exempt Bond Program

Application Procedures & Program Guidelines

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**HOUSING FINANCE AUTHORITY OF MIAMI-DADE COUNTY,
FLORIDA MULTI-FAMILY HOUSING PROGRAM APPLICATION
PROCEDURES AND PROGRAM GUIDELINES**

I. MULTIFAMILY HOUSING PROGRAM OVERVIEW

The Housing Finance Authority of Miami-Dade County, Florida (the “Authority”) has a program (the “Program”) pursuant to which it provides financing for qualified multifamily housing developments (“Developments”) which meet the goals of the Authority and comply with applicable federal and state law through the issuance of obligations of the Authority (“Obligations”), the proceeds of which are loaned to entities participating in the Program (“Program Participants”). The Program has been undertaken by the Authority in order to alleviate the shortage of affordable housing available to persons and families in Miami-Dade County, Florida (the “County”); to generate affordable multifamily rental capital for investment; to stimulate economic development; and to create jobs. Each Development financed by the Authority, in whole or in part, will not interfere with, but rather will contribute to, the housing stock, housing market, and economic stability of the County.

The Authority has adopted the following application procedures and program guidelines (the “Guidelines”) setting forth the general requirements and procedures that apply to financing under the Program, whether taxable or tax-exempt. All entities submitting applications (“Applicants”) must follow the Guidelines. The Guidelines are subject to change in accordance with changes in federal or state law, including, without limitation, Chapter 159, Part IV, Florida Statutes, Section 142(d) of the Internal Revenue Code of 1986 and Section 11(b) of the U.S. Housing Act of 1937. In addition, the Authority reserves the right to alter the Guidelines without notice or impose additional requirements on any particular Development and the Authority may waive specific provisions of the Guidelines where good cause is shown and adequate supporting documentation is provided, which waiver will always be at the sole discretion of the Authority. Compliance with these Guidelines does not create any right by an Applicant to a commitment or assurance that the Authority will issue Obligations to provide the requested financing.

The Program includes the following basic stages:

- A. Submission of Application and Application Fees.
- B. Official Action of Authority (Inducement). Inducements are valid for two years.
- C. ADRAC Process. For ADRAC Guidelines that may be downloaded or purchased see: <https://www.hfamiami.com/developers>
- D. TEFRA Hearing and TEFRA Approval. TEFRA approvals are valid for one year.
- E. Assignment of Credit Underwriter.
- F. Assignment of Bond Counsel.
- G. Document Preparation and Credit Underwriting.
- H. Final Consideration by Authority of Obligations and Acceptance of Credit Underwriting Report.
- I. Closing.

II. PROFESSIONAL TEAM

Applicants may request additional information regarding the Program from the following Authority professional team:

Authority:

Cheree Gulley
Housing Finance Authority of Miami-Dade County, Florida
PO Box 960237
Miami, Florida 33296

(305) 594-2518
cgulley@hfamiami.com

Counsel to Authority - Assistance County Attorney:

David Stephen Hope, Esq.
111 Northwest 1st Street
28th Floor
Miami, Florida 33128-1993
(305) 375-4220 (David Hope)
(305) 275-1339 (Juliette Antoine)
dhope@miamidade.gov

Authority's Financial Advisor:

Marianne Edmonds
Molly Clark
Public Resources Advisory Group
(727) 822-3339
medmonds@pragadvisors.com
mclark@pragadvisors.com

Authority's Staff Bond Counsel:

Jason Breth
David Rothman
Bryant Miller Olive P.A.

850-222-8611
jbreth@bmlaw.com
drothman@bmlaw.com

The Authority's Staff Bond Counsel will handle inducements. Staff Bond Counsel will prepare documents for TEFRA matters; such documentation will be reviewed by assigned bond counsel. The Authority has a rotation of bond counsel firms for the issuance of Obligations. Bond counsel for a particular transaction will be assigned by the Authority at the direction of the Executive Director.

The Authority's Financial Advisor will act as financial advisor to the Authority in each issuance of Obligations by the Authority.

The Authority must approve the selection of any investment banking firm that acts as senior managing underwriter, placement agent or remarketing agent for the issuance of the Authority's Obligations.

III. APPLICATION PROCESS AND APPLICATION FEES

A. Forms of Applications

There are two applications available, the full application for financing ("Full Application") and a Mini Application ("Mini Application" and, together with the Full Application, each an "Application") available for those applying for contingent program financing from other sources. An Applicant must submit the Application electronically to each of the entities on the Professional Team as directed in the Application. The Authority will not proceed for an inducement resolution without the receipt of the full Application.

B. Timing of Application

Applications are continuously received by the Authority and are considered for inducement on a first-come, first-evaluated basis. Receipt and acknowledgement of the application, adoption of an inducement resolution or the holding of a TEFRA hearing do not guaranty availability of Private Activity Bond Allocation for the Development.

C. Private Activity Bond Allocation

In order to access federal 4% low-income housing tax credits, federal law requires Developments finance 25% or more of the aggregate depreciable basis plus land basis with tax-exempt private activity bonds that require private activity bond volume cap. To more equitably distribute the limited private activity bond allocation available to the Authority, the amount of tax-exempt private activity bonds requested in an Application may not exceed 30% of the aggregate depreciable basis plus land basis of the Development provided, however, the Executive Director, in his/her sole and absolute discretion, upon the advice of the Authority's financial advisor and bond counsel, may grant a request for an allocation award in excess of 30% of the aggregate depreciable basis plus land basis of the Development, if the Applicant demonstrates to the satisfaction of the Executive Director (1) the Development cannot otherwise be structured to meet the 30% limitation, (2) the permanent financing of the Development supports the larger allocation of volume cap, or (3) the Development is unable to obtain recycled private activity bond volume cap from the Authority.

The Authority's bond recycling program is designed to preserve and recycle prior years private

activity bond allocation that would otherwise expire upon repayment of construction period financing for qualified residential rental projects. The Executive Director, in his/her sole and absolute discretion, upon the advice of the Authority's financial advisor and bond counsel, may allocate all or a portion of available recycled private activity bond allocation to finance a Development.

Receipt and acknowledgement of an Application is no guarantee of the availability of private activity bond allocation or recycled private activity bond allocation. The Authority makes no guarantees as to the method by which private activity bond allocation or recycled private activity bond allocation will be allocated to any particular Development.

D. Application Fees, Credit Underwriting Fee and Good Faith Deposit (all fees non-refundable)

1. **Mini Application Fee** \$500 payable to the Authority, due upon submission of the Mini Application. **The Full Application must be completed and submitted along with the applicable Full Application fees (less the Mini Application fee) if and when the deal moves forward.**

2. **Full Application Fee**

- \$15 per unit, minimum \$1,000, payable to the Authority
- \$2,500 payable to the Authority's Financial Advisor for application review
- \$2,000 payable to the Authority's Staff Bond Counsel for inducement

All fees are payable by wire.

Please contact the Authority for wiring instructions for the Authority and its professionals.

For purposes of determining the application fee, applications for financing of Developments on noncontiguous sites require the submission of separate applications and fees for each site.

If Applicant withdraws the application at any time during the process or if the deal does not close within two (2) years of submitting the application, and at a future date the Applicant re-submits the same application for consideration, all application fees must again be paid to the Authority.

If the Applicant amends the application, the Authority reserves the right to charge an administrative fee of \$1,000, a Financial Advisor fee of \$1,500, and a Staff Bond Counsel fee of \$1,500.

3. **Good Faith Deposit** Before preparation of documents by Authority's Bond Counsel and commencement of transaction conference calls, the Applicant will be required to post a deposit with the Authority in an amount equal to one percent (1%) of the requested bond amount or \$150,000, whichever is less. Payment will be made by wire only. This deposit will be held until the closing of the financing at which time it will be returned to the Applicant, upon payment of the outstanding fees and expenses of the Authority and its Bond Counsel and Financial Advisor. In the event that the transaction does not close within 18 months or if application is withdrawn, then the deposit may be used to pay or offset the accrued fees and expenses of the Authority, the

Authority's Bond Counsel and Financial Advisor with any remaining amounts returned to Applicant.

4. **Credit Underwriting Fee** Upon assignment of a credit underwriter by the Authority, a credit underwriting fee is payable to the credit underwriter in the amount required by the credit underwriter. Applicant is also responsible to pay all other costs of credit underwriting.

5. **DBF Allocation Request Fee** In the past, the Authority has utilized primarily carryforward allocation for multifamily transactions. If separate allocation is needed, an Applicant will be responsible for the payment of \$250 made payable to the Division of Bond Finance and given to the Authority for submission along with the Notice of Intent to Issue Bonds and Request for Written Confirmation to the State of Florida to request bond allocation. If carryforward funds are being used, this fee will not be applicable.

E. Application Process

1. **Initial Review** The Application will be received and reviewed by the Authority's Financial Advisor, who shall prepare a summary for the Authority.

2. **Inducement** The Board, upon review of the Financial Advisor's analysis, will consider an inducement resolution. This inducement by the Board does not bind the Authority to finance any or all of the proposed Development. Instead, it allows the Applicant to move forward into the remaining process that will determine if the Board elects to finance any or all of the proposed Development and constitutes official intent for tax purposes. The inducement period is 2 years. The Authority will consider an extension of the Inducement only upon receipt of a written request from the Applicant at least 60 business days prior to the termination of the inducement period containing the following:

- a. Status report providing tangible evidence of the progress of the financing.
- b. Payment of an additional \$1,000 to the Authority, \$1,000 to Staff Bond Counsel and \$1,000 to the Financial Advisor.

3. **TEFRA** After adoption of the inducement resolution and a determination by the working group of a timeline to closing, at the discretion of the Authority, a TEFRA hearing will be scheduled for the Development and it will proceed with the TEFRA process through the County. A minimum of 90 days is required by the Board of County Commissioners for approval of the TEFRA. The holding of a TEFRA hearing does not guarantee availability of private activity bond allocation.

4. **ADRAC** The Authority's Architectural Design and Review Advisory Committee ("ADRAC") conducts a mandatory preliminary review and final scoring workshop regarding the proposed Development. Final ADRAC scores must be ratified by the Authority on or before the Authority's consideration of the credit underwriting report and authorizing resolution. Applicants are advised that development site plans should be submitted for ADRAC review as early as possible in the design process. Applicants must contact the Authority to schedule a preliminary review meeting. ADRAC's submittal and grading requirements are found in the Authority's "Design Guidelines" available at <https://www.hfamiami.com/developers>.

F. Credit Underwriting Process and Assignment of Bond Counsel

After adoption of the inducement resolution, the Authority will assign a credit underwriter approved by Florida Housing Finance Corporation and the credit underwriting fee designated by the credit underwriter must be paid by the Applicant to the credit underwriter along with deposits required by the credit underwriter to cover the costs associated with the underwriting. Upon completion of the Credit Underwriting Report, the Credit Underwriter shall remit to the Applicant any portion of the deposit remaining unused. The underwriting process will not begin prior to the credit underwriter receiving both the copy of the application and the credit underwriting fee and deposits. At this time, Authority staff will assign Bond Counsel for the transaction.

G. Documentation and Closing

The Authority shall consult with Bond Counsel and initiate appropriate steps leading to the preparation of documents for the Obligations. The Authority will not begin conference calls or document preparation until all good faith deposits and application fees have been paid.

H. Validation

Obligations of the Authority may be required to be validated in the manner provided by Section 159, Florida Statutes, as amended, and by Chapter 75, Florida Statutes, as from time to time amended and supplemented. If a validation is necessary, Bond Counsel will prepare validation pleadings for filing in the Circuit Court in and for Miami-Dade County. Applicant shall pay any fees and expenses (including legal fees of the Authority's Bond Counsel) relating to any validation. Fees associated with a 501(c)(3) deal will be negotiated.

IV. SPECIAL REQUIREMENTS FOR APPLICANTS AND DEVELOPMENTS

The following special requirements for Applicants and Developments are intended to give an overview of certain document or compliance requirements that will be applicable to the Development financed. These requirements are in addition to the requirements of the Guidelines for Multifamily Compliance of the Authority, as such guidelines are amended periodically (the "Compliance Guidelines").

A. Expense and Indemnity Agreement

The Applicant will be required to execute an Expense and Indemnity Agreement, in the form attached to the Application as Exhibit A.

B. Applicant Legal Formation

The Applicant must be a legally formed, existing entity when the Application is filed.

C. Felony Prohibition

Any Applicant or affiliate, that (i) has been convicted of a state or federal felony based on dishonesty, fraud, deceit, or misrepresentation, or that has been convicted of any crime involving

theft of government property or (ii) otherwise falls under the categories described in 420.518(1)(a) through (f), Florida Statutes, with respect to any state or national affordable housing program, may not be considered for funding, at the sole discretion of the Authority.

D. Applicant Prior Compliance Record

The Applicant must demonstrate a proven record of maintaining the physical appearance of prior developments and compliance with prior bond reporting requirements. The Authority may reject any application by an Applicant not current on all payments due to the Authority or in default or delinquency on responsibilities incurred in connection with any prior Authority Obligations.

E. Affiliated Parties

No Obligations may be issued to finance the acquisition of a Development from an affiliated party, without prior approval by the Authority and confirmation by the credit underwriter that the sales price reflects a fair market value for the property, without considering the benefit of the tax-exempt financing. The Authority's Bond Counsel must review and approve any affiliated party transaction to determine that it will not adversely affect the Bond Counsel opinion.

F. 501(c)(3) Applicants

If the Application involves the sale of Obligations not subject to the unified volume cap due to the 501(c)(3) status of the Applicant, the Applicant must demonstrate at a minimum that (i) the organization is a 501(c)(3) in good standing, with affordable housing as part of their charter, and with a legal opinion relating to the organization and its role in the transaction, (ii) the organization has a role in the community beyond that as a conduit financing vehicle, (iii) the organization has a meaningful role in the Development (payment of a minimal fee with no real on-going role would not qualify as "meaningful"), (iv) the organization or its parent have been in existence for at least five (5) years, (v) the organization is financially stable, and (vi) the organization has expertise in development and management of affordable housing. The Authority reserves the right to review the public purpose of providing financing to a 501(c)(3) organization for the sole purpose of acquiring an existing development without rehabilitation.

G. Site Control

The Authority is not involved in site selection, but rather finances Developments that are proposed by Applicants. However, location of the proposed Development may be a factor utilized by the Authority in its determination of whether to finance the Development. Prior to submitting an Application to the Authority, site control by deed, lease, contract or option is required.

H. Occupancy Restrictions

After the federal tax law requirements for low-income units are met (currently 20%@50 AMI or 40%@60 AMI), all remaining units in the Development must be rented or held for rental to persons or families with income equal to or less than 150% of the "Median Gross Income" for the area by family size or persons 65 years or older regardless of income ("Eligible Tenants"). The low income set-aside units must be apportioned among all unit sizes.

All units in the Development will be leased or available for lease on a continuous basis to members of the general public (other than for resident managers or maintenance personnel). Preference will not be given in renting units other than to Eligible Tenants or persons with physical needs where applicable. All amenities must be available to all Development occupants, except for exceptions related to scattered site projects.

All restrictions required by tax credit and subordinate regulatory agreements will be included in the Authority's land use restriction agreement.

I. Development Compliance

All Developments will be monitored by the Authority for compliance with all requirements under the Authority's Land Use Restriction Agreement and Developments must adhere to the Compliance Guidelines. A copy of the Compliance Guidelines is available at www.hfamiami.com/developers. Compliance monitoring will begin upon issuance of the Obligations which may occur prior to the start of the Qualified Project Period under the Land Use Restriction Agreement and will continue until the termination of the Land Use Restriction Agreement, which will be a minimum of thirty (30) years from the start of the Qualified Project Period.

Applicant agrees to deliver to the Authority within 10 days of filing with the IRS, Form 8703, Annual Certification of a Residential Rental Project.

The Authority may levy a late charge of \$100 per day if the required reports are not received timely as required by the Land Use Restriction Agreement (currently the 10th of each month). If the 10th of the month is a weekend or holiday, the reports must be submitted the next business day.

When discrepancies identified in a Monthly Reporting Letter remain unresolved for a period of ninety (90) days, the HFA reserves the absolute and unequivocal right, in its sole discretion, to reject the next submitted report. Upon such rejection of the initial report, a fee of One Hundred Dollars (\$100) per day shall immediately begin to accrue. In the event that additional reports are subsequently rejected as a result of the same unresolved discrepancies, the One Hundred Dollar (\$100) per day fee shall apply to each rejected report separately. Each rejected report shall incur its own independent daily accrual, which shall continue until all discrepancies have been fully resolved to the satisfaction of the HFA. Upon the full resolution of all discrepancies, the HFA shall resume processing of any previously rejected reports. At such time, the HFA shall issue an updated Monthly Reporting Letter together with an invoice reflecting the total number of days accrued for each rejected report and the corresponding fees due.

Each Applicant will be required to execute an acceptance of the Compliance Guidelines.

J. Property Insurance

Property insurance must be maintained with respect to the Development of the type and amount of coverage that is required pursuant to the Obligation documents including the security document or loan agreement. A certificate of evidence of commercial property insurance must be submitted to the Authority at each renewal period naming the Authority as an additional insured. This

requirement will remain on the property as long as the Land Use Restriction Agreement is in effect.

K. Physical Needs Assessment

If the Application involves acquisition and/or rehabilitation, rehabilitation expenditures must be consistent with the costs identified in a Physical Needs Assessment ordered by the credit underwriter.

L. Affirmative Action

The Authority encourages Applicants to utilize to the extent practical, the services of firms controlled by women, blacks, Hispanics or other minority groups for the construction and/or rehabilitation of the Development. Applicants shall not discriminate in the lease or occupancy or in connection with the employment of persons for the operation and management of a Development.

M. Permits

On publicly offered transactions, all construction permits must be received prior to posting the Preliminary Official Statement. On privately placed transactions, all construction permits must be received prior to scheduling the transaction closing. "Received" includes all permits actually received and permits that are the subject of a permit ready letter stating that the only condition to issuing permits is payment of fees. Reflection of the permits on the website of the governing agency will not constitute permits received.

N. Development Name

The names under which Developments financed by the Authority are marketed and operated are of concern to the Authority, because they may carry connotations or imply meanings that are inconsistent with the Authority's goal of providing affordable housing to persons of low, moderate and middle income without discrimination. For this reason, the Authority reserves the right to disapprove any proposed Development name to be used for marketing or other purposes in connection with any Development.

The intended marketing name must be clearly stated in the Application. If more than one name is being considered or if no name has been selected, this must be clearly stated. If the name changes from the first name stated, this must be communicated to the Authority and reflected on each subsequent submission of documentation or information.

The name may not change at any time after the Obligations are authorized by the Authority without approval of the Authority. For such approval, the Applicant must submit a written request clearly stating the new name and reason for the name change at least ten (10) days prior to the next following Authority meeting.

Violation of the name requirement will result in a lump sum penalty of \$5,000 payable to the Authority upon notice to the Applicant by the Authority that such penalty is due. If the discrepancy in the name is not corrected to the satisfaction of the Authority within thirty (30) days of the

Authority's notice to the Applicant, an additional penalty of \$100 per day thereafter will be assessed to the Applicant until the discrepancy is corrected.

O. Development Costs and Developer Profit

The Authority reserves the right, through its professionals, to review and approve all development costs, developer fees, developer overhead, developer profit, and any contingency reserve. Such items will be limited as set forth in Rule 67-21.027 of the Florida Administrative Code with regard to the Florida Housing Finance Corporations' Multifamily Mortgage Revenue Bond Program. The Authority will not allow fees for duplicative services or overhead.

P. Disclosure Counsel

The Authority will engage disclosure counsel for any transaction for which there is an offering document. This includes any private placement memorandum, limited offering memorandum, official statement or other offering document. The cost of disclosure counsel will be included in costs of issuance to be paid by the Borrower.

V. TRANSACTION FEES (OTHER THAN APPLICATION FEES) AND REQUIRED TRANSACTION DOCUMENTS

A. Transaction Fees

In addition to the Application fees outlined above, and in the Application, the Applicant will be responsible for all fees and expenses related to the financing, including, without limitation, the fees described below. The Authority and its professionals reserve the right to charge additional or increased fees above the standard contract rates on deals of unusual nature with exceptionally complex structures or as otherwise provided in the bond counsel contract.

Authority Closing Fee On transactions without related parties (substantial users), the Authority will charge a closing fee equal to 25 basis points of the maximum principal amount of the Obligations at closing of the transaction. On transactions with related parties (substantial users), the Authority will charge a closing fee equal to 75 basis points for new construction developments and 37.5 basis points for rehabilitation projects of the maximum principal amount of the Obligations at closing of the transaction.

Authority On-Going Fee The Authority will charge an annual on-going fee equal to 25 basis points of the outstanding principal amount of the Obligations without regard to principal reductions on the payment dates, or of the maximum principal amount as provided in the next succeeding sentence. This fee is payable semi-annually in arrears beginning on the first payment date following Closing. For draw down Obligations, the Authority On-Going Fee will always be based on the maximum principal amount that may be drawn during the draw down period. For transactions that contemplate a reduction in the amount of the Obligations within five (5) years after closing, the Short-Term Obligation Fee below will apply to the principal amount of the Obligations paid down.

The Authority On-Going Fee must be covered by the first mortgage or other security device (i.e., included in the interest rate on the Obligations).

All Applicants should make the Authority aware at the onset of the transaction of a structure where there is a holder of the Obligations that is related to the Applicant.

Authority Short Term Obligation Fee In addition to the Authority Closing Fee and the Authority On-Going Fee, the Authority will charge a short-term early reduction fee for transactions where the Obligations of a series are redeemed, matured or otherwise paid down within five (5) years of issuance of the Obligations. Such fee is payable upon such reduction as described above as follows, in a minimum amount of \$20,000:

	Prepayment Date		
Bond Amount	≤ 18-Month	18+ to 24-Months	24+ to 60-Months
\$15 million or less	31 bps	24 bps	18 bps
Above \$15 million up to \$20 million	30 bps	23 bps	17 bps
\$20 million up to \$25 million	29 bps	22 bps	16 bps
\$25 million up to \$30 million	28 bps	21 bps	15 bps
\$30 million or above	27 bps	20 bps	14 bps

Authority Compliance Set Up Fee The Authority will charge \$30.00 per rental unit in the Development at closing of the transaction as a compliance set up fee.

Authority Compliance Monitoring Fee The Authority will charge an annual fee in the amount equal to \$30.00 per rental unit in the Development (subject to adjustment from time to time by the Authority) to be paid by the Applicant to the Authority at all times during the term of the Land Use Restriction Agreement.

In the event that Obligations are pre-paid, the Authority will require the compliance fee due for the remaining Qualified Project Period to be paid in full upon prepayment.

Authority Bond Counsel Fee Bond Counsel will charge a fee based on the Bond Counsel contract. Bond Counsel fees for post-closing transactions are in accordance with Section VII, B and bond counsel contract.

Authority Disclosure Counsel Fee Disclosure Counsel will charge a fee based on the Disclosure Counsel contract. Disclosure Counsel fees for post-closing transactions are in accordance with the disclosure counsel contract.

Authority Financial Advisor Fee The Authority's Financial Adviser will charge a fee based on the Financial Advisor contract.

Authority Rebate Analyst Fee The Authority's Rebate Analyst will charge a fee based on the Rebate Analyst contract.

Construction Loan Servicing Fee Third party fees for construction loan servicing in an

amount and for a duration to be determined at closing of the Obligations will be payable directly to the provider of such services, which provider will be selected by the Authority.

County Attorney Fee The Applicant will be required to pay a one-time fee equal to fifteen thousand dollars (\$15,000) per transaction payable at closing of the transaction to the County Attorney's Office.

Annual Audit Fee The Developer will be required to pay an annual fee for the audit of funds and accounts in the transaction, with a minimum fee of \$10,000.

Annual Management Review Fee The Developer will be required to pay an annual management review fee in the amount of \$1,000 for the review of tenant files to verify compliance with income restrictions and eligibility along with a physical inspection of the property.

B. Transaction Documents

The Applicant will be required to enter into the Authority's form of the following transaction documents:

Land Use Restriction Agreement

Construction Loan Servicing Agreement with Authority Servicer

The Applicant will be required to provide the Authority's forms of the following guarantees by guarantors recommended by the credit underwriter. A personal guarantor will be required unless otherwise waived by the Authority.

Guaranty of Completion

Guaranty of Recourse

Obligations

Fee Guaranty and Environmental Indemnity Agreement

Guaranty of Operating Deficits

Forms of the agreements and guarantees described in this paragraph B have been approved by the Authority containing restrictions and requirements of the Authority and may not be altered materially without the approval of the Authority. Forms of such agreements are available upon request to the Authority. Any obligations with respect to secondary market disclosure shall be handled by the Authority's Disclosure Counsel and the Applicant. The Applicant must comply with all such requirements. The Authority will not be a party to any continuing disclosure documents.

VI. SPECIAL DOCUMENT REQUIREMENTS

A. Use of Proceeds/Authority Costs of Issuance.

Obligation proceeds as well as proceeds from all other funding sources to be utilized for construction or rehabilitation of the Development will be subject to review and approval by the Authority's construction loan servicer.

The closing fees payable to the Authority and the Authority Professional Team, including but not limited to the registrar, paying agent, trustee and Authority servicer must be deposited with the fiscal agent or trustee and paid from the Authority's primary financing document.

B. Housing Laws

All applicable Federal, State, and Local Fair Housing requirements must be followed.

C. Securitization

All Obligations must be securitized through a securitization structure.

D. Rating/Placement

Each financing must be rated by a national rating agency in one of the three highest rating categories or must be privately placed with an Accredited Investor or Qualified Institutional Buyer ("Sophisticated Investor") which agrees to hold the Bonds for its own account and not for resale and executes an Investor Letter as described below. With respect to public offerings, there must be an underwriter and with respect to private placements, there must be an independent third party placement agent. In each case, the underwriter or placement agent must be acceptable to the Authority.

E. Investor Letters

Investor Letters acceptable to the Authority are required to be delivered at closing by the purchaser of the Obligations. Obligations that are privately placed will be transferrable only upon delivery of an Investor Letter by the purchaser in the form delivered by the initial purchaser at closing. Following is a list of the only exceptions to the preceding traveling Investor Letter requirement ("Exempted Transfers"):

- a transfer to any affiliate or other party related to the transferee that is a Sophisticated Investor; or
- the sale or transfer to a special purpose entity, a trust or a custodial or similar pooling arrangement from which the Obligations or securitized interests therein are not expected to be sold or transferred except to (a) owners or beneficial owners thereof that are Sophisticated Investors or (b) in circumstances where secondary market credit enhancement is provided for such securitized interests resulting in a rating thereof of at least "A" or better.

F. Minimum Denominations

All Obligations not rated in one of the three highest rating categories by a nationally recognized rating agency must be issued in minimum denominations of \$250,000 each and multiples of \$5,000 in excess of such minimum denomination. The intent of this paragraph is applicable not only to the initial sale of the bonds, but also to resales, if any, in secondary markets and shall be incorporated in the transaction documents as restrictions on transfer.

VII. POST CLOSING TRANSACTIONS

A. Process

Action of the Authority post-closing (subordinations, defeasances, amendments, transfers of property, transfers of ownership, for example) must be requested by letter addressed to the Authority and submitted to the Authority and the Financial Advisor. Such request must provide a thorough explanation of the background, the events that require the action and the requested action item and must be submitted two weeks prior to a meeting of the Authority in order to be considered at such meeting.

B. Fees

An administrative fee in connection with action to be taken post-closing pursuant to A. above in the amount of \$1,000 must be paid to the Authority at the time the request for action is made. Such fee does not cover the fees of the Authority's professionals, including but not limited to, Bond Counsel, Financial Advisor and credit underwriter, involved in preparing or reviewing action items. The Borrower will be responsible for payment of all professional fees incurred as a result of any action requested post-closing. Such fees will vary depending on the action item.

C. Transfer of Property or Borrower Ownership

Change of Ownership of Borrower. Any change in ownership structure of the Borrower must be consented to by the Authority in accordance with the transaction documents.

Sale of Development. Any transfer of any ownership interest in the Development by the Borrower must be consented to by the Authority in accordance with the transaction documents. The Authority's consent to such a transfer may be withheld during the first twenty -four (24) months from the date of the closing at the Authority's sole discretion. Thereafter, the Authority's consent shall not be unreasonably withheld so long as the Authority's requirements are fully satisfied. Such requirements may include, but are not limited to: (i) considering creditworthiness and management ability of new owner, (ii) considering the tax-exempt status of the obligations, (iii) considering the current status of the Development's and Applicant's compliance with the requirements of the Authority and transaction documents, (iv) reimbursement of expenses incurred by the Authority in making determinations, including attorney fees, feasibility and underwriting fees and bond counsel and financial advisor fees (v) payment to the Authority of a transfer fee, and (vi) approval of an assumption and/or modification agreement and other necessary related documentation, including any real estate or title documents, acceptable to the Authority and its counsel.

Any disposition of the Development by the Applicant in violation of these requirements shall: (i) be null, void and without effect; (ii) cause a reversion of title to the Applicant; (iii) be ineffective to relieve the Applicant from its obligations purported to be transferred or assumed. Any deed or other document transferring any interest in the Development shall contain notice of these restrictions and the express written assumption of the transferee shall be obtained.