

FLORIDA HOUSING FINANCE CORPORATION

RULE 67-48

AFFORDABLE MULTIFAMILY RENTAL HOUSING

SAIL/HOME/HC

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PART I - ADMINISTRATION

67-48.001 - Purpose and Intent.

The purpose of this Rule Chapter is to establish the procedures by which the Corporation shall:

(1) Administer the Application process, determine loan amounts, make and service mortgage loans for new construction or rehabilitation of affordable rental units under the State Apartment Incentive Loan (SAIL) Program authorized by Section 420.5087, Florida Statutes; and the HOME Investment Partnerships (HOME) Program authorized by Section 420.5089, Florida Statutes; and

(2) Administer the Application process, determine Housing Credit amounts and implement the provisions of the Housing Credit (HC) Program authorized by Section 42 of the Code and Section 420.5099, Florida Statutes.

The intent of this Rule Chapter is to encourage public-private partnerships to invest in residential housing; to stimulate the construction and rehabilitation of residential housing which in turn will stimulate the job market in the construction and related industries; and to increase and improve the supply of affordable housing in the State of Florida.

Specific Authority 420.507 FS. Law Implemented 420.5087, 420.5089 (2), 420.5099 FS. History - New 7-22-96, Amended 12-23-96, 1-6-98, Formerly 9I-48.001, Amended 11-9-98, Repromulgated 2-24-00.

67-48.002 - Definitions.

(1) "Act" means the Florida Housing Finance Corporation Act as found in Chapter 420, Part V, Florida Statutes, as in effect on the date of this Rule Chapter.

(2) "Adjusted Income" means, with respect to a HOME Development, the gross income from wages, income from assets, regular cash or noncash contributions, and any other resources and benefits determined to be income by HUD, adjusted for family size, minus the deductions allowable under Section 61 of the Code.

(3) "Affiliate" means any person that, (i) directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with the Applicant, (ii) serves as an officer or director of the Applicant or of any Affiliate of the Applicant, or (iii) is the spouse, parent, child, sibling, or relative by marriage of a person described in (i) or (ii) above.

(4) "Allocation Authority" means the total dollar volume of Housing Credits available for distribution by the Corporation and authorized pursuant to Section 42 of the Code.

(5) "Annual Owner Compliance Certification Form" or "Form AOC-1" means, with respect to a Housing Credit Development, a report format which is required to be completed and submitted to the Corporation, pursuant to Fla. Admin. Code Ann. r. 67-48.006 (6), and is adopted and incorporated herein by reference, effective February 24, 2000. Such form is included as an attachment to the Application Package.

(6) "Applicable Fraction" means the fraction, the numerator of which is the number of Housing Credit Rent-Restricted Units and the denominator of which is the total number of residential rental units less any unit exempted by Internal Revenue Ruling 92-61, or the fraction, the numerator of which is the floor space of the Housing Credit Rent-Restricted Units and the denominator of which is the total floor space of the residential rental units less any unit exempted by Internal Revenue Ruling 92-61, whichever is less. The Applicable Fraction is applied to the eligible basis of a building to determine the qualified basis of a building for Housing Credit purposes.

(7) "Applicant" means any person or entity, public or private, for-profit or not-for-profit, proposing to build or rehabilitate affordable rental housing (i) with respect to the

SAIL and/or HOME Program(s) for Low-Income or Very Low-Income persons or households and (ii) with respect to the HC Program for qualified residents, as defined in Section 42 of the Code.

(8) "Application" means the completed forms from the Application Package together with exhibits submitted to the Corporation in accordance with this Rule Chapter in order to apply for the SAIL, HOME and/or HC Program(s).

(9) "Application Deadline" means 5:00 p.m., Tallahassee time, on the final day of the Application Period.

(10) "Application Package" or "Form CAP00" means the computer disks, forms, tabs and instructions thereto, obtained from the Corporation at 227 North Bronough Street, Suite 5000, Tallahassee, Florida 32301-1329, which shall be completed and submitted to the Corporation in accordance with this Rule Chapter in order to apply for the SAIL, HOME, and/or HC Program(s). The Application Package is adopted and incorporated herein by reference, effective February 24, 2000.

(11) "Application Period" means the period during which Applications shall be accepted by the Corporation as described in the Notice of Funding or Credit Availability published in the Florida Administrative Weekly.

(12) "Application Tab Kit" means the tabs and form dividers provided by the Corporation which must be used when submitting an Application.

(13) "Binding Commitment" means, with respect to a Housing Credit Development, an agreement between the Corporation and an Applicant by which the Corporation allocates and the Applicant accepts Housing Credits from a later year's Allocation Authority in accordance with Section 42(h)(1)(C) of the Code.

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

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

(16) "Carryover" means the provision under Section 42 of the Code which allows a Development, under certain conditions allowed by Section 42 of the Code, to receive a Housing Credit Allocation in a given calendar year and be placed in service within a period of two calendar years from the date the Applicant qualifies for Carryover, pursuant to Fla. Admin. Code Ann. r. 67-48.028.

(17) "Code" or "IRC" means the Internal Revenue Code of 1986, as in effect on the date of this Rule Chapter, together with corresponding and applicable final, temporary or proposed regulations and revenue rulings issued with respect thereto by the Treasury or the Internal Revenue Service of the United States.

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

(a) Establish medically that the person is unable to be employed as a

commercial fishing worker due to such disability or illness; and

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

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

(20) "Community Housing Development Organizations" or "CHDO's" means private non-profit organizations that are organized pursuant to the definition in the HUD Regulations.

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

(22) "Consolidated Plan" means the plan prepared in accordance with HUD Regulations, 24 CFR § 91 (1994), which describes needs, resources, priorities and

proposed activities to be undertaken with respect to certain HUD programs, including the HOME Program.

(23) "Contact Person" means a person with decision making authority for the Applicant, Developer or the owner of the Development with whom the Corporation will correspond concerning the Application and the Development.

(24) "Corporation" or "Florida Housing" or "FHFC" means the Florida Housing Finance Corporation created pursuant to the Act.

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

(26) "Default Interest Rate" means 18% per annum.

(27) "Department" or "DCA" means the Department of Community Affairs of the State of Florida.

(28) "Development Costs" means with respect to the SAIL and HOME Programs the sum total of all costs incurred in the completion of a Development, all of which shall be subject to the approval by the Credit Underwriter and the Corporation as reasonable and necessary. Such costs include, for example, the following:

(a) The cost of acquiring real property and any buildings thereon,

including payment for options, deposits, or contracts to purchase properties.

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

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

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

(e) The cost of studies, surveys, plans, permits, insurance, interest, financing, tax and assessment costs, and other operating and carrying costs during construction, rehabilitation, or reconstruction of the Development.

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

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

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

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

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

(29) "Developer" means any individual, association, corporation, joint venturer, or partnership which possesses the requisite skill, experience, and credit worthiness to successfully produce affordable multifamily housing pursuant to this Rule Chapter. The Developer, as identified in an Application, may not change until the Development is complete.

(30) "Development Cash Flow" means, with respect to SAIL Developments, actual cash flow of a SAIL Development as calculated in the statement of cash flows prepared in accordance with generally accepted accounting principles and as adjusted for items including but not limited to extraordinary fees and expenses, payments on debt subordinate to the SAIL loan and capital expenditures.

(31) "Development Expenses" means, with respect to SAIL Developments, usual and customary operating and financial costs. As it relates to the application of Development Cash Flow described in Fla. Admin. Code Ann. R. 67-48.010 (4), the term does not include extraordinary capital expenses, developer fees and other non-operating expenses.

(32) "Difficult Development Area" means any area designated by the Secretary of Housing and Urban Development as having high construction, land, and utility costs relative to area median gross income in accordance with Section 42(d)(5), IRC.

(33) "Draw" means the disbursement of funds to a Development under the SAIL and HOME Programs.

(34) "Elderly" means a person 62 years of age or older. With respect to the HOME and HC Programs, persons meeting the Federal Fair Housing Act requirements for Elderly shall be considered Elderly.

(35) "Elderly Household" describes a household of one or more persons wherein at least one-half of the residents is Elderly.

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

(a) Requirements mandated by federal law.

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

(c) Whether the determination is for rental housing.

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

With respect to the HC Program, an "Eligible Person" or "Eligible Household" shall mean one or more persons or a family having a combined income which meets the income eligibility requirements of the Program and Section 42 of the Code.

(37) "Executive Director" means the Executive Director of the Corporation.

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

(39) "Family" or "Family Household" describes a household composed of one or more persons.

(40) "Farmworker" means any laborer who is employed on a seasonal, temporary or permanent basis in the planting, cultivating, harvesting or processing of agricultural or aquacultural products and who has derived at least 50% of his income in the immediately preceding 12 calendar months from such employment. "Farmworker" also includes a person who has retired as a laborer due to age, disability or illness. In order to be considered retired from farmwork due to age, a person must be 50 years of age or older and must have been employed for a minimum of 5 years as a farmworker immediately preceding retirement. In order to be considered retired from farmwork due to disability or illness, it must be:

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

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

(41) "Farmworker Household" means a household of one or more persons wherein at least one member of the household is a Farmworker.

(42) "Farmer's Home" or "FmHA" means the Farmer's Home Administration of the United States Department of Agriculture, which is now known as "USDA — Rural Development" or "RD" and formerly known as "Rural Economic and Community Development" or "RECD".

(43) "Financial Beneficiary" means one who is to receive a financial benefit of:

(a) 3% or more of total Development Cost (including deferred fees) if total Development Cost is \$5 million or less; and

(b) 3% of the first \$5 million and 1% of any costs over \$5 million

(including deferred fees) if total Development Cost is greater than \$5 million.

This definition includes any party which meets the above criteria, such as the Developer and its principals and principals of the Applicant entity. This definition does not include third party lenders, Housing Credit Syndicators, Credit Enhancers who are regulated by a state or federal agency and who do not share in the profits of the Development or building contractors whose total fees are within the limit described in Rule 67-48.002 (47), F.A.C.

(44) "Final Cost Certification" or "Form FCCA" means, with respect to a Housing Credit Development, that Form FCCA which is adopted and incorporated herein by reference, revised August 1999, and which shall be used by an Applicant to itemize all expenses incurred in association with construction or rehabilitation of a Housing Credit Development. Such form will be made available from the Corporation and shall be completed, executed and submitted to the Corporation, as specified in Fla. Admin. Code Ann. r. 67-48.023 (7) — (8), along with the recorded Extended Use Agreement, a copy of the syndication agreement disclosing the rate and all terms, the required certified public accountant opinion letter, photographs of the completed Development, the monitoring fee, and documentation of the placed-in-service date as specified in FCCA instructions. The Final Housing Credit Allocation will not be issued until such time as all items in the preceding sentence are received and processed by the Corporation. Such form is included as an attachment to the Application Package.

(45) "Final Housing Credit Allocation" means, with respect to a Housing Credit Development, the issuance of Housing Credits by the Executive Director to an Applicant upon completion of construction or rehabilitation of a Development and submission to

the Corporation by the Applicant of a completed and executed Form FCCA pursuant to Fla. Admin. Code Ann. r. 67-48.023 (7) — (8).

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

(47) "General Contractor" means a duly licensed entity which, to be eligible for the maximum 14% fee, must meet the following conditions:

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

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

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

(d) Payment and performance bond (or approved alternate security for General Contractor's performance, such as a letter of credit or other acceptable guarantee) must be issued in the name of the General Contractor; and

(e) Not more than 20% of the Development cost is sub-contracted to any one entity unless otherwise approved by the Board for a specific Development.

(48) "Geographic Set-Aside" means, with respect to a Housing Credit Development, the amount of Allocation Authority which has been designated by the

Corporation to be allocated for Housing Credit Developments located in specific geographical regions within the State of Florida pursuant to the Qualified Allocation Plan.

(49) "HC Program" means the Low-Income or Very Low-Income rental housing program administered by the Corporation pursuant to Section 42 of the Code and Section 420.5099, Florida Statutes, under which the Corporation is designated the Housing Credit agency for the State of Florida within the meaning of Section 42(h)(7)(A) of the Code, and this Rule Chapter.

(50) "HOME" or "HOME Program" means the HOME Investment Partnerships Program pursuant to the HUD Regulations.

(51) "HOME-Assisted Unit" means the specific units that are funded with HOME funds. HOME units shall adhere to rent controls and income targeting requirements pursuant to 24 CFR § 92.252.

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

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

(54) "HOME Rental Development" means a Development proposed to be constructed or rehabilitated with HOME funds. A Development which is under

construction may be eligible to apply for HOME funds only if the building permit is dated within 6 months from the Application Deadline and the Development certifies compliance with federal labor standards (if more than 12 HOME-Assisted Units).

(55) "HOME Rent-Restricted Unit" means the maximum allowable rents designed to ensure affordability on the HOME-Assisted Units:

(a) High HOME rent means 80% of the HOME-Assisted Units in a Development must have rents set at no more than the lesser of the Section 8 Fair Market Rent (FMRs) or rents that are 30% for a Family at 65% of median income limit, resident-paid utilities.

(b) Low HOME rent means 20% of the HOME-Assisted Units in a Development must have rents set at no more than the lesser of the Section 8 Fair Market Rent (FMRs), or 30% of the gross income of a Family at 50% of the area median income, minus resident-paid utilities.

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

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

(58) "Housing Credit Extended Use Period" means, with respect to any building that is included in a Housing Credit Development, the period that begins on the first day of the Compliance Period in which such building is part of the Development and ends on

the later of: (i) the date specified by the Corporation in the Extended Use Agreement or (ii) the date that is the fifteenth anniversary of the last day of the Compliance Period, unless earlier terminated as provided in Section 42(h)(6) of the Code.

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

- (a) the taxable year in which such building is placed in service, or
- (b) at the election of the Developer, the succeeding taxable year.

(60) "Housing Credit Development" means the proposed or existing rental housing Development(s) for which Housing Credits have been applied or received.

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

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

(63) "Housing Credit Syndicator" means a person, partnership, corporation, trust or other entity that regularly engages in the purchase of interests in entities that produce Qualified Low Income Housing Projects (as defined in Section 42(g) of the Internal Revenue Code) and provides at least one written reference in the Application that such

person, partnership, corporation, trust or other entity has performed its obligation under the partnership agreements and is not currently in default under those agreements.

(64) "Housing Provider" means, with respect to a HOME Development, local government, consortia approved by HUD under the HUD Regulations, for-profit and non-profit Developers, and qualified CHDO's, with demonstrated capacity to construct or rehabilitate affordable housing.

(65) "HUD" means the U.S. Department of Housing and Urban Development.

(66) "HUD Regulations" means, with respect to the HOME Program, the regulations of HUD in 24 CFR § 92 (1994) issued under the authority of Title II of the National Affordable Housing Act of 1990 (Public Law 101-625, November 28, 1990), as in effect on the date of this Rule Chapter.

(67) "Income Certification", "Tenant Income Certification" or "Form TIC-1" means that Form TIC-1 which is adopted and incorporated herein by reference, revised February 1999, and which shall be used to certify the income of all residents residing in a set-aside unit in a Development. Such form is included as an attachment to the Application Package.

(68) "Local Government" means a unit of local general-purpose government as defined in Section 218.31 (2), F.S. (1995).

(69) "Low Income" means, with respect to the HOME Program, income which does not exceed 80% of the median income for the area, as determined by HUD, with adjustments for family size, except that HUD may establish income ceilings higher or lower than 80% of the median for the area on the basis of HUD findings that such variations are necessary because of prevailing levels of construction costs or fair market

rents, or unusually high or low family incomes, provided; however, with respect to the HC Program, "Low Income" shall mean income which is at or below 50% or 60% of the area median income, adjusted for family size, whichever is elected.

(70) "Match" means non-federal contributions to a HOME Development eligible pursuant to the HUD Regulations.

(71) "Non-Profit" means a qualified non-profit entity as defined in the HUD Regulations, Section 42(h)(5)(c), subsection 501(c)(3) or 501(c)(4) of the Code and organized under Chapter 617, Florida Statutes, if Florida Corporation, or organized under similar state law if organized in a jurisdiction other than Florida, to provide housing and other services on a not-for-profit basis, which owns at least 51% of the ownership interest in the Development held by the general partner entity and which entity is acceptable to federal and state agencies and financial institutions as a Sponsor for affordable housing. Qualification as a Non-Profit entity must be evidenced to the Corporation by the receipt from the Applicant, upon Application, of a written opinion from legal counsel. The total cost of securing this written legal opinion will be borne entirely by the Applicant. A Non-Profit entity shall own an interest in the Development, either directly or indirectly; shall not be affiliated with or controlled by a for-profit corporation; and shall materially participate in the development and operation of the Development throughout the total affordability period as stated in the Land Use Restriction Agreement and the Extended Use Agreement. If an Applicant submits Application to the Corporation as a Non-Profit entity but does not qualify as such, the Applicant will be disqualified from participation for the current cycle.

(72) "Note" means a unilateral agreement containing an express and absolute promise to pay to the Corporation a principal sum of money for the SAIL or HOME Program loan together with interest on a specified date. The Note will provide the interest rate and will be secured by a mortgage.

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

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

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

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

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

(78) "Program Report" or "Form PR-1" means the report format which is required to be completed and submitted to the Corporation pursuant to Fla. Admin. Code Ann. r.

67-48.006 and is adopted and incorporated herein by reference, effective February 24, 2000. Such form is included as an attachment to the Application Package.

(79) "Progress Report" or "Form Q/M Report" means, with respect to a Housing Credit Development, a report format that is required to be completed and submitted to the Corporation pursuant to Fla. Admin. Code Ann. r. 67-48.028 (4), and is adopted and incorporated herein by reference, effective February 24, 2000. Such form is included as an attachment to the Application Package.

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

(81) "Qualified Allocation Plan" or "QAP" means, with respect to the HC Program, the Qualified Allocation Plan which is adopted and incorporated herein by reference, effective February 24, 2000, and which was approved by the Governor of the State of Florida on _____ December 16, 1999, pursuant to Section 42(m)(1)(B) of the Code and sets forth the selection criteria and the preferences of the Corporation for Developments which will receive Housing Credits. The QAP is included as an attachment to the Application Package.

(82) "Qualified Census Tract" means any census tract which is designated by the Secretary of Housing and Urban Development as having 50% or more of the households at an income which is less than 60% of the area median gross income in accordance with Section 42(d)(5), IRC.

(83) "Recap of Tenant Income Certification Information" or "Form AR-1" means, with respect to the HOME and/or HC Program(s), a report format which is required to be completed and submitted to the Corporation pursuant to this Rule Chapter and is adopted and incorporated herein by reference, effective February 24, 2000. Such form is included as an attachment to the Application Package.

(84) "Rehabilitation" means, with respect to the HOME Program, the alteration, improvement or modification of an existing structure. It also includes moving an existing structure to a foundation constructed with HOME funds. Rehabilitation may include adding rooms outside the existing walls of a structure, but adding a housing unit is considered new construction. "Rehabilitation" means, with respect to the Housing Credit Program, what is stated in Sec. 42(e) of the Code, with the exception of Sec. 42(e)(3)(A)(II) which is changed to read: "II. The requirement of this subclause is met if the qualified basis attributable to such amount, when divided by the number of low-income units, in the building, is \$20,000 or more."

(85) "Return on Equity" means, with respect to SAIL Developments, the amount of income from the SAIL Development that may accrue to the Sponsor as investment earnings on SAIL Equity contributed to the SAIL Development, not to exceed 12% per annum.

(86) "Review Committee" means a committee of seven FHFC staff persons appointed by the Board who will oversee the scoring of the Applications. Meetings of the Review Committee shall be at the call of the Chairperson of the Review Committee who shall be appointed by the Executive Director.

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

(88) "SAIL" or "SAIL Program" means the State Apartment Incentive Loan Program created pursuant to Section 420.5087, Florida Statutes.

(89) "SAIL Equity" means the cash contributed towards the construction of a SAIL Development at the time of the SAIL loan closing and the purchase price of land less any land debt financed.

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

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

The rate used to calculate Return on Equity on such loan shall not exceed the lesser of the loan rate or 12%.

(90) "SAIL Development" means a residential development which provides one or more housing units proposed to be constructed or substantially rehabilitated with

SAIL funds for Eligible Persons. A SAIL Development which is under construction, in the process of rehabilitation or which has been completed may be considered for the SAIL Program funding only if:

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

(b) Permanent financing of the costs associated with construction or rehabilitation of the SAIL Development has not closed as of the date the SAIL loan Application was received by the Corporation; and

(c) The Application and attached exhibits demonstrate that SAIL funds will enable the SAIL Development to provide at least 10% lower rents, provide additional amenities, or incorporate some additional features which benefit Very Low-Income persons or households. Developments that are not eligible to obtain SAIL funds are those Developments that have already received funding through the SAIL Program.

(d) Developments that have extraordinary conditions such as acts of God, restrictions of any Governmental Authority, enemy action, civil disturbance, fire, or any other act beyond the reasonable control of the Developer will need to approach the Board to obtain permission to process an Application through SAIL for additional funding.

(91) "SAIL Minimum Set-Aside Requirement" means the least number of set-aside units in a SAIL Development which must be held for Very Low-Income persons or households pursuant to the category (i.e., Family ; Elderly ; or Farmworker and Commercial Fishing Worker) under which the Application has been made. The SAIL Minimum Set-Aside Requirement shall be either (a) 20% of the SAIL Development's units set-aside for residents (i.e., Family; Elderly; or Farmworker and Commercial

Fishing Worker) with annual household incomes at or below 50% of the area, metropolitan statistical area ("MSA") or state median income, adjusted for family size, whichever is higher, or (b) 40% of the SAIL Development's units set-aside for residents (i.e., Family; Elderly; or Farmworker and Commercial Fishing Worker) with annual household incomes at or below 60% of the area, MSA or state median income, whichever is higher, adjusted for family size. Sponsors of SAIL-funded Developments shall have the option of selecting (b) above only if the SAIL Development is scheduled to be assisted with Housing Credits, in addition to the SAIL loan.

(92) "Section 8 Eligible" means one or more persons or families who have incomes which meet the income eligibility requirements of Section 8 of the United States Housing Act of 1937, as in effect on the date of this Rule Chapter.

(93) "Single Room Occupancy" or "SRO" means housing, consisting of single room dwelling units, that is the primary residence of its occupant or occupants. Each unit must contain either food preparation or sanitary facilities (and may contain both) if the Development consists of new construction, conversion of non-residential space, or reconstruction. For acquisition or rehabilitation of an existing structure or hotel, neither food preparation nor sanitary facilities are required to be in the unit. If the units do not contain sanitary facilities, the building must contain sanitary facilities that are shared by the residents. An SRO does not include facilities for Students.

(94) "Site Control Loans" means, with respect to a HOME Development, funds provided to cover Development expenses necessary to determine Development feasibility, including costs of an initial feasibility study, consulting fees, costs of preliminary financial applications, legal fees, architectural fees, engineering fees,

engagement of a development team, site control and title clearance. General operational expenses of a CHDO are not allowable expenses.

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

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

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

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

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

(98) "Tax Exempt Bond-Financed Development" means a Development which has been financed by the issuance of tax-exempt bonds subject to applicable volume cap pursuant to Section 42(h)(4) of the Code.

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

(100) "Very Low-Income" means

(a) With respect to the SAIL Program,

1. if using tax-exempt bond financing for the first mortgage, income which meets the income eligibility requirements of Section 8 of the United States Housing Act of 1937, as in effect on the date of this Rule Chapter; or

2. If using taxable financing for the first mortgage, total annual gross household income which does not exceed 50% of the median income adjusted for family size, or 50% of the median income adjusted for family size for households within the MSA, within the county in which the person or family resides, or within the State of Florida, whichever is greater; or

3. If used in a Development using Housing Credits, income which meets the income eligibility requirements of Section 42 of the Code; or

(b) With respect to the HOME Program, income which does not exceed 50% of the median income for the area, as determined by HUD, with adjustments for family size, except that HUD may establish income ceilings higher or lower than 50% of the median for the area on a basis of HUD findings that such variations are necessary

because of prevailing levels of construction costs or fair market rents, or unusually high or low family incomes.

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

Specific Authority 420.507 FS. Law Implemented 420.5087 , 420.5089 (2) FS.

History - New 7-22-96, Amended 12-23-96, 7-10-97, 1-6-98, Formerly 9I-48.002, Amended 11-9-98, 2-24-00.

67-48.003 - Notice of Funding or Credit Availability.

(1) Applications shall be received by the Corporation by the deadline noticed in the Florida Administrative Weekly, which notice shall be published at least 60 calendar days prior to any such deadline. Such notice shall also be mailed to each person and entity on the Corporation's HOME/SAIL/HC mailing list.

(2) With respect to the SAIL, HOME and HC Programs, funds will initially be allocated as necessary to satisfy any final judgment of a court of law or recommended order of a hearing officer or administrative law judge or settlement agreement which has been adopted by final order approved by the Corporation's Board of Directors in connection with litigation with respect to a previous cycle.

(3) With respect to the HOME Program, said notice shall also set forth the allocation authority available for eligible activities enumerated in Fla. Admin. Code Ann. r. 67-48.018 as follows:

(a) The Corporation shall utilize up to 10% of the HOME allocation for administrative costs pursuant to the HUD Regulations.

(b) The Corporation shall utilize at least 15% of the HOME allocation for CHDOs pursuant to the HUD Regulations, to be divided between the multifamily and single family cycles as approved by the Board of Directors. In order to apply under the CHDO set-aside, Applicants must have at least 51% ownership interest in the Development held by the General Partner entity.

(c) Within the multifamily cycle administered pursuant to Fla. Admin. Code Ann. r. 67-48, the Corporation will distribute funds in the following order:

1. Funds will be allocated to qualified CHDO's in order of ranking, until 15% of the available funds have been allocated.

2. The remaining funds will then be allocated to Applications for proposed Developments in order of ranking.

(d) The Board shall determine any geographic or other targeting requirements that will be included in said notice and published in the Florida Administrative Weekly and mailed to all interested parties on the Corporation mailing list.

(4) With respect to the HC Program, said notice shall also set forth the anticipated Allocation Authority and any geographic or other targeting requirements.

(5) After selection of Applicants is made pursuant to Fla. Admin. Code Ann. r. 67-48.004, the availability of any remaining funds or Allocation Authority shall be noticed in the same manner as detailed in subsections (1) and (3) above or offered to a Development as approved by the Board of Directors or, for purposes of the HC Program, in accordance with the QAP.

(6) With respect to the HC Program, the Corporation shall be exempt from the notice requirements in subsections (1) and (4) above if, during any Funding Cycle, the Corporation has not fully used its Allocation Authority for any reason and the Corporation determines that:

(a) A new Funding Cycle is necessary in order for the Corporation to distribute the balance of its Allocation Authority to eligible Developers; and

(b) Due to the shortness of the time remaining in the calendar year, the delay resulting from compliance with the notice requirements in subsections (1) and (4) above would interfere with the ability of the Corporation to distribute the balance of its Allocation Authority.

(7) With respect to the HC Program, in the event there remains Allocation Authority after the Corporation has exhausted its waiting list of Applicants during a Funding Cycle and time requirements preclude an Application Period and notice thereof, the Corporation shall allocate any unused Allocation Authority to any eligible Development meeting the requirements of the Code and in accordance with the Qualified Allocation Plan.

(8) With respect to the SAIL Program, said notice shall also set forth minimum and maximum funding distribution levels by geographic category, as well as information related to demographic distribution objectives.

(9) In the event of a federally declared disaster, any Allocation Authority not preliminarily allocated, as well as any Authority remaining after Preliminary Allocation, can be diverted by the Board of Directors, based upon an Executive Order signed by the Governor, to one or more federally declared disaster areas.

(10) The Notice of Funding or Credit Availability shall reference the amount of allocation to be set aside for Demonstration Developments or in connection with Developments receiving a State Housing Tax Credit allocation authorized by Section 220.185, Florida Statutes.

Specific Authority 420.507 FS. Law Implemented 420.5087, 420.5089, 420.5099 FS. History - New 7-22-96, Amended 12-23-96, 1-6-98, Formerly 9I-48.003, Amended 11-9-98, 2-24-00.

67-48.004 - Application and Selection Procedures for Developments.

(1) The Corporation hereby adopts by reference the Application Package (Form CAP00) which provides forms, computer disks, tabs, threshold requirements, instructions and other information necessary for submission of an Application under each Program.

(2) Application Packages may be obtained for a fee in accordance with this Rule Chapter, from the Corporation at 227 North Bronough Street, Suite 5000, Tallahassee, Florida 32301-1329.

(3) All Applications must be complete, accurate, legible and timely when submitted. All Applications must be received by the Application Deadline as specified in the Notice of Funding or Credit Availability for each Program. Neither Applications nor any additional or replacement items will be accepted by facsimile machine. Corporation staff may not assist any Applicant by copying, collating, or adding documents to an Application nor shall any Applicant be permitted to use the Corporation's facilities or equipment for purposes of compiling or completing an Application. Applications must be submitted on the forms provided in the Application Package or on forms generated by

the computer disk provided in the Application Package. Failure to comply with this provision will result in rejection of the Application. Exhibits must be placed behind each form to which they refer. Failure to submit an Application completed in accordance with the Application instructions will result in a reduction of points awarded or rejection in accordance with the instructions in the Application.

Subject to the limited exceptions contained within Rule 67-48.005 , F.A.C., once the Application has been received by the Corporation, no additions, deletions, or changes will be accepted for Application or scoring purposes.

(4) An original and three photocopies of the original Application shall be securely bound in separate three ring binders with numbered index tabs for each form and exhibit with the materials provided in the Application Package when submitted. The submitted Application which is considered the original shall contain authentic, penned in ink signatures on those forms which specifically request original signatures. Signatures which are faxed, scanned, photocopied, or otherwise duplicated will not be considered acceptable signatures within the original Application and will cause rejection of the Application, unless the form containing the original signature is located in one of the copies of the Application, in which case the applicable penalty shall be applied in accordance with Application Instructions and forms.

(5) Applications shall be limited to one submission per subject property with exception of Tax-Exempt Bond-Financed Developments applying noncompetitively for Housing Credits.

(6) If any Applicant, an Affiliate of an Applicant, or a partner of a limited investment partnership is determined by the Corporation to have engaged in fraudulent

actions or to have deliberately misrepresented information within the current Application or in any previous Applications for financing or Housing Credits administered by the Corporation, the Applicant and any of Applicant's Affiliates will be ineligible to participate in any program administered by the Corporation for a period of up to two fiscal years, which will begin from the date the Board approves the disqualification of the Applicant's Application.

(7) The Corporation shall reject an Application if:

(a) The Application has not been submitted in accordance with the Application Package and as specified in this Rule Chapter and accompanying instructions provided by the Corporation;

(b) The Development is inconsistent with the purposes of the SAIL, HOME and/or HC Program(s) or does not conform to the Application requirements specified in this Rule Chapter;

(c) The Applicant fails to achieve the threshold requirements as detailed in the Application Package;

(d) The Applicant fails to file its Application by the Application Deadline;

(e) The Applicant fails to file the entire Application which was provided by the Corporation and adopted under this Rule Chapter;

(f) The Application is not accompanied by the correct Application fee as specified in this Rule Chapter;

(g) The Application is scanned or submitted on altered or retyped forms;

or

(h) The Application fails to score within the funding range for HC if

applying for SAIL and HC or HOME and HC. Further, if the Applicant's SAIL or HOME score is not sufficient for SAIL or HOME funding, HC will not be awarded.

(8) A Development will be withdrawn from funding and any outstanding commitments for funds or HC will be rescinded if at any time:

(a) The Board determines that the Applicant deliberately misrepresented information in its Application in order to obtain points on its Application, or

(b) The Board determines that the Applicant's Development or Development team is no longer the Development or Development team described in the Application, and the changes made are prejudicial to the Development or to the market to be served by the Development.

(9) If an Applicant or any Principal or Affiliate or an Applicant or a Developer has failed to place in service a Development which received a HC allocation or has any existing Developments participating in any Corporation programs that remain in non-compliance with the Code or this Rule Chapter and the cure period granted for correcting such non-compliance has ended, at the time of submission of the Application or at the time of issuance of a final credit underwriting report, the requested allocation will be denied and the Applicant and the Affiliates of the Applicant or Developer will be prohibited from new participation in any of the Programs for a period of one year and until such time as all of their existing Developments participating in any Corporation programs are in compliance.

(10) The Review Committee shall review all Applications that are received by the Application Deadline. For the purpose of this subsection "received" means delivery by hand, U.S. Postal Service or other courier service, in the office of the Corporation no later

than 5:00 p.m., Tallahassee time, on the Application Deadline as specified in the Notice of Funding or Credit Availability.

(11) The Application Package shall be evaluated and preliminarily ranked using the factors specified in the Application Package.

(12) Preliminary scores and rankings shall be transmitted to all Applicants, along with notice of appeal rights. Following completion of appeals, final award of points shall be submitted to the Board for approval.

(13) The Review Committee shall use other Corporation staff to assist in reviewing certain portions of the Application.

(14) With respect to the HOME and HC Program Applications, when two or more Applications receive the same numerical score, the Application which has the higher total score on Forms 3, 4, and 7 shall be ranked higher. With respect to the SAIL Program, when two or more Applications receive the same numerical score, the Corporation shall give priority to the Application which conforms to the geographic distribution detailed in section 420.5087 (1), Florida Statutes. With respect to the SAIL and HOME Program Applications, if two or more Applications remain tied, the Corporation shall give priority to the Application with the lowest percentage based on the following Form 10 calculation: SAIL or HOME loan amount divided by the lower of Actual Total Development Cost or Threshold Total Development Cost. With respect to the HC Program Applications, if two or more Applications remain tied, the Corporation shall give priority to the Application with the lowest amount of HC requested per set-aside unit, as calculated on Form 10. Finally with respect to the SAIL, HOME and HC

Applications, if two or more Applications continue to remain tied, priority will be given to the Application with the lowest number of total residential units.

(15) At no time during the Application, scoring and appeal process may Applicants or their representatives contact Board members concerning their own Development or any other Applicant's Development.

(16) The name of the Development provided in the Application may not be changed or altered after submission of the Application during the history of the Development with the Corporation unless the change is mandated by local, state or federal governmental authorities, or otherwise approved by the Corporation. Evidence of such mandate must be submitted to the Corporation within 30 calendar days of notification by the local, state or federal authorities.

Specific Authority 420.507 FS. Law Implemented 420.5087, 420.5089 FS. History - New 7-22-96, Amended 12-23-96, 7-10-97, 1-6-98, Formerly 9I-48.004 , Amended 4-7-98, 11-9-98, 2-24-00.

67-48.005 - Applicant Administrative Appeal Procedures.

(1) Following the Review Committee's determination of preliminary scores and ranking, notice of intended funding or denial of funding will be provided to each Applicant with a statement that:

(a) Applicants who wish to contest the decision relative to their own Application must petition for review of the decision in writing within 21 calendar days of the date of receipt of the notice. The request must specify in detail the forms and the scores sought to be appealed. In its petition for review, the Applicant shall have the opportunity to cure transpositional or scrivener's errors that do not otherwise materially

affect the Application and correct exhibits to the Application, provided that the original of such exhibit was properly recorded in the public records of its county of origin or was on file with the Secretary of State's Office for the State of Florida at the time the Application was submitted. Notwithstanding the ability to cure, a penalty will be applied in accordance with the Application Instructions and forms. Unless the appeal involves disputed issues of material fact, the appeal will be conducted on an informal basis. The Review Committee will review the appeal and will provide to the Applicant a written position paper which recommends either no change in score or an increase or decrease in a score which it deems to be in error. If the Applicant disagrees with the Review Committee's recommendation, the Applicant will be given an opportunity to participate in the informal administrative appeal hearings scheduled by the Review Committee. If the appeal raises issues of material fact, a formal administrative hearing will be conducted pursuant to Section 120.57 (1), Florida Statutes. Failure to timely file a petition shall constitute a waiver of the right of the Applicant to such an appeal.

(b) Applicants who wish to notify the Corporation of possible scoring errors relative to another Applicant's Application must file with the Corporation, within 21 calendar days of the date of receipt of the notice, a written request for a review of the other Applicant's score. Each request must specify in detail the assigned Application number, the forms and the scores in question. Each request is limited to the review of only one Application's score. Requests which seek the review of more than one Application's score will be considered improperly filed and ineligible for review. There is no limit to the number of requests which may be submitted. The Review Committee will review each written request timely received and will prepare a written position paper,

which will be provided to each Applicant who timely filed a notification and to the Applicant whose score has been questioned, which recommends either no change in score or an increase or decrease in a score which it deems to be in error. Failure to timely and properly file a request shall constitute a waiver of the right of the Applicant to such a review.

(2) Notice will be provided to all Applicants whose score is reduced or whose Application is deemed ineligible pursuant to 67-48.005 (1)(b) that they may contest the decision relative to their own Application by petitioning for review of the decision in writing within 21 calendar days of the date of receipt of the notice. The request must specify in detail the forms and the scores sought to be appealed. In its petition for review, the Applicant shall have the opportunity to cure transpositional or scrivener's errors that do not otherwise materially affect the Application and correct exhibits to the Application, provided that the original of such exhibit is properly recorded in the public records of its county of origin or is on file with the Secretary of State's Office for the State of Florida. Notwithstanding the ability to cure, a penalty will be applied in accordance with the Application Instructions and forms. Unless the appeal involves disputed issues of material fact, the appeal will be conducted on an informal basis. The Review Committee will review the appeal and will provide to the Applicant a written position paper which recommends either no change in score or an increase or decrease in a score which it deems to be in error. If the Applicant disagrees with the Review Committee's recommendation, the Applicant will be given an opportunity to participate in the informal administrative appeal hearings scheduled by the Review Committee. No Applicant or other person or entity will be allowed to intervene in the appeal of another

Applicant. If the appeal raises issues of material fact, a formal administrative hearing will be conducted pursuant to Section 120.57 (1), Florida Statutes. Failure to timely file a petition shall constitute a waiver of the right of the Applicant to such an appeal.

(3) For purposes of 67-48.005 (1) — (2) above, the written notification, petition, or request for review is deemed timely filed when it is received by the Executive Director, prior to 5:00 p.m. Tallahassee time of the last day of the designated time period, at the following address: Florida Housing Finance Corporation, 227 North Bronough Street, Suite 5000, Tallahassee, Florida 32301-1329, Attention: Corporation Clerk. For the purpose of this subsection, "received" means delivery by hand, U.S. Postal Service, other courier service, or by telefax. Petitions or requests for review that are not timely filed shall constitute a waiver of the right of the Applicant to such a review.

Specific Authority 420.507 FS. Law Implemented 120.57, 420.5087, 420.5089 (1), 420.5099 FS. History - New 7-22-96, Amended 12-23-96, 1-6-98, Formerly 9I-48.005, Amended 4-7-98, 11-9-98, 2-24-00.

67-48.006 - Compliance and Reporting Requirements.

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

(2) The Corporation or its representative shall conduct on-site Development inspections at least annually. The on-site inspections for RD (formerly FmHA) Developments participating in the HC Program are performed by RD periodically in conjunction with RD regulations.

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

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

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

(c) Key management company representatives attendance at a Corporation compliance workshop; and

(d) A meeting between Corporation compliance staff and the key management company representative after the compliance workshop;

(4) The Corporation will document approval of the management company to the owner of the Development after successful completion of items (3)(a) — (d).

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

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

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

(c) Verification of the income of each resident as is acceptable to prove

income under Section 8 of the U.S. Housing Act of 1937, as in effect on the date of this Rule Chapter;

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

(e) Income Certification Form TIC-1 for each resident. A sample Form TIC-

1 can be obtained from the Corporation.

(6) The Applicant shall submit Program Reports pursuant to the following:

(a) The initial HC Program Report shall be submitted within 10 days following the end of the calendar quarter during which the issuance of the Final Housing Credit Allocation was made. Subsequent Program Reports shall be submitted each year of the Housing Credit Compliance Period and shall be due no later than on one of the following dates assigned by the Corporation: January 10, April 10, July 10 or October 10.

The Program Reports shall be accompanied by:

1. Recap of Tenant Income Certification Information Form AR-1;
2. Copies of Tenant Income Certifications executed since the last Program Report for at least 10% of the Housing Credit Set-Aside units in the Development (to be sent to the monitoring agent only); and

3. With respect to the HC Program, the Annual Owner Compliance Certification Form to be signed by the owner of the Development certifying that for the preceding 12 month period the Development met its Housing Credit Set-Aside requirements (to be sent to the Corporation only). Forms PR-1, AOC-1 and AR-1 shall be provided by the Corporation and shall be submitted for all Developments receiving Housing Credit Allocations since January 1, 1987.

(b) The initial HOME Program Report shall be submitted prior to the time of loan closing, if occupied, or within 10 days following the end of the calendar quarter during which leasing of any HOME-Assisted Units occurred. Subsequent Program Reports shall be submitted annually on one of the following due dates assigned by the Corporation: January 10, April 10, July 10 or October 10. The Program Reports shall be accompanied by:

1. Recap of Tenant Income Certification Information Form AR-1;

and

2. Copies of Tenant Income Certification executed since the last Program Report for at least 10% of the HOME-Assisted Units in the Development (to be sent to the monitoring agent only).

(c) The initial SAIL Program Report shall be submitted prior to the time of loan closing, if the Development is occupied, or by the 25th of the month following rental of the initial unit in the Development. Subsequent Program Reports shall be submitted each month and are due no later than the 25th of each month thereafter. The Program Reports shall be accompanied by copies of all Tenant Income Certifications executed since the last Program Report (to be sent to the Corporation and the monitoring agent).

(7) HC Developments will submit copies of each building's completed IRS Low-Income Housing Credit Allocation Certificate Form 8609, Rev. 8/96, and Schedule A, Annual Statement, Rev. 8/96 (Form 8609) for the first year housing credits are claimed to the Compliance Section of Florida Housing Finance Corporation. These forms are incorporated by reference and are due at the same time they are filed with the Internal Revenue Service. Form 8609 and Schedule A (Form 8609) can be obtained from the

Internal Revenue Service by calling 1-800-829-4477. Additionally, correspondence shall indicate what the first month of the first taxable year is.

Specific Authority 420.507 FS. Law Implemented 420.5087, 420.5089, 420.5099 FS.

History - New 7-22-96, Amended 12-23-96, 1-6-98, Formerly 9I-48.006 , Amended 11-9-98, 2-24-00.

67-48.007 - Fees.

The Corporation shall collect the following fees and charges in conjunction with the SAIL, HOME and/or HC Program:

(1) Application Package Fee: Each Applicant must obtain an Application Package from the Corporation. A fee of \$60 shall be payable to the Corporation by any person requesting a copy of the Application Package, and said fee must be received by the Corporation prior to the issuance of an Application Package. Application Packages without tabs may be obtained for a fee of \$40.

(2) Application Tab Kit Fee: Each person requesting additional tabs for the Application shall remit a fee of \$20 per Application Tab Kit, payable to the Corporation prior to the issuance of the Application Tab Kit.

(3) Application Fee:

(a) SAIL and HC Applicants shall submit to the Corporation at the time of submission of the Application a non-refundable Application fee of:

1. \$250 per Application per Program if Applicant or Applicant's General Partner qualifies as a Non-Profit entity pursuant to HUD Regulations, Section 42(h)(5)(c), subsection 501(c)(3) or 501(c)(4) of the Code and

organized under Chapter 617, Florida Statutes, if a Florida Corporation, or organized under similar state law if organized in a jurisdiction other than Florida, and

2. \$500 per Application per Program for all others.

(b) HOME Applicants shall submit to the Corporation at the time of submission of the Application a non-refundable fee of:

1. \$50 if Applicant qualifies or Applicant's General Partner qualifies as a Non-Profit entity pursuant to HUD Regulations, Section 42(h)(5)(c), subsection 501(c)(3) or 501(c)(4) of the Code and organized under Chapter 617, Florida Statutes, if a Florida Corporation, or organized under similar state law if organized in jurisdiction other than Florida, and

2. \$100 for all others.

(4) Credit Underwriting Fees: With respect to the SAIL and the HC Programs, the Applicant shall submit the required underwriting fee for each Development to the Credit Underwriter designated by the Corporation within 7 calendar days of the date of the invitation by the Corporation to enter credit underwriting. The credit underwriting fee shall be determined pursuant to the contract between the Corporation and the Credit Underwriter and shall be set forth in the Application Package. If a Housing Credit Development involves scattered sites of units within a single market area, a single credit underwriting fee shall be charged. Any Housing Credit Development requiring further analysis by the Credit Underwriter pursuant to Section 42(m)(2) of the Code, as well as any SAIL Development requiring further analysis by the Credit Underwriter pursuant to this Rule Chapter, will be subject to a fee based on an hourly rate determined pursuant to contract between the Corporation and the Credit Underwriter. All Credit

Underwriting fees which are listed in the Application Package shall be paid by the Applicant prior to the performance of the analysis by the Credit Underwriter.

(5) Administrative Fees: With respect to the HC Program, each Applicant to whom a Preliminary Allocation, a Binding Commitment or Preliminary Determination is granted shall submit to the Corporation a non-refundable administrative fee in the amount of 8% of the first annual Housing Credit Allocation amount to be received. However, such fee shall be 5% for Applicants that qualify or whose General Partner qualifies as a Non-Profit entity pursuant to Rule 67-48.002 (71), F.A.C., HUD Regulations, Section 42(h)(5)(c), subsection 501(c)(3) or 501(c)(4) of the Code and organized under Chapter 617, Florida Statutes, if a Florida Corporation, or organized under similar state law if organized in a jurisdiction other than Florida. Notwithstanding the foregoing, the fee for a Development of 4 units or less shall not exceed \$250 per unit. The administrative fee must be received by the Corporation within 7 calendar days of the date of the Preliminary Housing Credit Allocation, the Binding Commitment or the Preliminary Determination, whichever is applicable.

(6) Commitment Fees: With respect to the SAIL Program, each Applicant to whom a firm commitment is granted shall submit to the Corporation a non-refundable commitment fee of 1% of the SAIL loan amount upon acceptance of the firm commitment. An extension fee of .05% of the SAIL loan amount will be charged if the Corporation is asked to extend the SAIL loan commitment beyond the period outlined in this Rule Chapter. All requests for extension must be submitted in writing to the program administrator and contain the specific reasons for the extension and the date needed by which to close the loan.

(a) Non-Profit sponsors who provide a certification indicating that funds will not be available prior to closing shall be permitted to pay the commitment fee at closing.

(b) All Sponsors shall remit the commitment fee payable to the Florida Housing Finance Corporation.

(7) Compliance Monitoring Fees: With respect to the HC Program, the total monitoring fee to be paid by the Applicant for the Housing Credit Compliance Period must be submitted to the Corporation prior to the issuance of a Final Housing Credit Allocation. The total monitoring fee is based upon a quarterly payment stream which shall be discounted at 2.75% for the full Housing Credit Extended Use Period to provide a present value to be paid by the Applicant and shall be listed in the Application Package. With respect to the SAIL Program, the annual monitoring fee to be paid by the Applicant shall be determined by contract between the Corporation and the monitoring agent and shall be listed in the Application Package.

(8) Loan Servicing Fees: With respect to the SAIL Program, the servicing fee to be paid by the Applicant shall be determined by contract between the Corporation and the monitoring agent and shall be listed in the Application Package.

(9) Financial Monitoring Fees: With respect to the SAIL Program, the annual financial monitoring fee to be paid by the Applicant shall be determined by contract between the Corporation and the monitoring agent and shall be listed in the Application Package.

(10) Housing Credit Development List: The Corporation shall prepare a Housing Credit Development list which shall include Housing Credit data for all Applicants and

Developments from January 1, 1987, to the present. A fee of \$5 per yearly list shall be payable to the Corporation by any person requesting a copy of any portion or all of the Development list prior to issuance of a Development list by the Corporation.

(11) Tax-exempt Mortgage Financing: If Corporation tax-exempt mortgage financing is used for the first mortgage loan, the same fee schedule as described above shall be applied to both the first mortgage loan and the SAIL loan. Additional legal, cost of issuance, bond underwriting, credit enhancement, liquidity facility and servicing fees associated with the financing shall also be paid by the Applicant.

(12) Development Cost Pro Forma: All of the fees set forth above with respect to the SAIL Program are part of Development cost and can be included in the Development cost pro forma and paid with SAIL loan proceeds. Failure to pay any fee shall cause the firm loan commitment under any Program to be terminated or shall constitute a default on the respective loan documents.

Specific Authority 420.507 FS. Law Implemented 420.5087, 420.5099 FS. History - New 7-22-96, Amended 12-23-96, 1-6-98, Formerly 9I-48.007, Amended 11-9-98, 2-24-00.

67-48.008 - No Discrimination.

The Corporation, its staff or agents, Applicants, or participants in any Program shall not discriminate under that Program against any person or family, on the basis of race, creed, color, national origin, age, sex, religion, marital or familial status, or handicap, or against persons or families on the basis of their having minor children. Specific Authority 420.507 (12) FS. Law Implemented 420.501, 420.5089 (10) FS.

History - New 7-22-96, Repromulgated 12-23-96, Amended 1-6-98, Formerly 9I-48.008, Repromulgated 11-9-98, 2-24-00.

PART II - STATE APARTMENT INCENTIVE LOAN PROGRAM

67-48.009 - SAIL General Program Procedures and Restrictions.

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

(1) In the Application, each Applicant must select the category in which to apply and must specify the SAIL Minimum Set-Aside Requirement with which the Development will comply.

(2) Loans shall be in an amount not to exceed 25% of the total Development cost or the minimum amount required to make the Development economically feasible, whichever is less, as determined by the Credit Underwriter.

(3) The following types of Sponsors are eligible to apply for loans in excess of 25% of total Development cost pursuant to 420.507 (22), Florida Statutes:

(a) Non-Profit and public Sponsors which are able to secure grants, donations of land, or contributions from other sources collectively totaling at least 10% of total Development cost; or

(b) Sponsors that maintain an occupancy of a minimum of 80% of qualified Commercial Fishing Workers or Farmworkers.

(4) At a minimum, the percentage of set-aside units committed to in the Application must be held for Very Low-Income persons or households for a period of time equal to the greater of the following:

(a) The term of the SAIL loan; or

(b) 12 years; or

(c) Such longer term agreed to by the Applicant in the Application

Package.

(5) Applicants cannot request additional funding for the same Development within the SAIL Program with the exception of those Developments which comply with the requirements in Fla. Admin. Code Ann. r. 67-48.002 (90)(a) — (c).

(6) Applicants cannot request additional funding for the same Development within the SAIL Program in order to obtain their Developer fee.

(7) Developer fee shall be limited to 16% of Development cost excluding land and building acquisition costs. A Developer fee on the building acquisition cost shall be limited to 4% of the cost of the building exclusive of land.

(8) In no event can the amount of the Developer's fee increase over what Developer fee is shown in the Application.

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

(10) SAIL loans proceeds shall not be used to fund any contingency reserves. Specific Authority 420.507 FS. Law Implemented 420.5087 FS. History - New 7-22-96, Amended 12-23-96, 7-10-97, 1-6-98, Formerly 91-48.009, Amended 11-9-98, 2-24-00.

67-48.0095 - Additional SAIL Application Ranking and Selection Procedures.

(1) During the first six months following the publication date of the first Notice of Funding Availability published each fiscal year within the State of Florida, SAIL funds shall be allocated based upon the requirements specified in Section 420.5087 (3), Florida

Statutes, which specifies the required funding within the three demographic categories of (a) Family, (b) Elderly, and (c) Commercial Fishing Workers and Farmworkers.

(2) 10% of the funds reserved for Applicants designating a SAIL Minimum Set-Aside Requirement in the Elderly category shall be reserved to provide loans to Sponsors of housing for the Elderly for the purpose of making life-safety or security-related repairs or improvements to such housing which are required by federal, state or local regulation, as further specified in Section 420.5087, Florida Statutes.

(3) The Corporation shall, within each demographic category, rank Applications in order of total points assigned, with the highest point total being ranked first.

(4) The Corporation shall then assign, in order of ranking, tentative loan amounts to the Applications in each demographic category, up to the total amount available. However, the Corporation shall make adjustments to ensure that minimum and maximum funding distribution levels by geographic category are met, as required by Section 420.5087 (1), Florida Statutes, and further described in the SAIL Notice of Funding Availability. In the event that the 10% of program funds required to be allocated to counties with a population of 100,000 or less remains unallocated at the conclusion of a successive three-year cycle, the unallocated funds shall be carried forward and shall be added to the funds reserved for counties with a population of 100,000 or less for the next successive three-year period.

(5) After the six-month period has expired, the Corporation shall allocate SAIL funds to Applicants meeting threshold requirements, without regard to demographic category.

(6) Based upon fund availability, the Corporation shall notify Applicants of selection for participation in the SAIL Program in rank order within each set-aside category, as clarified in (4) above. When the amount of an Applicant's loan request exceeds the remaining funds available, the Corporation shall offer the Applicant a tentative loan amount equal to the remaining funds. Rejection of such offer will cause the Corporation to make the offer to the next highest ranked Applicant within the category. This process shall be followed until all funds in the category are either committed in this category or combined with available funds from other categories and offered to the next highest scorer in any category.

(7) Selection for SAIL Program participation is contingent upon fund availability after determination of final loan amounts and the appeals process.

Specific Authority 420.507 FS. Law Implemented 420.5087 FS. History - New 12-23-96, Amended 1-6-98, Formerly 9I-48.0095, Amended 11-9-98, 2-24-00.

67-48.010 - Terms and Conditions of SAIL Loans.

(1) The proceeds of all SAIL loans shall be used for new construction or Substantial Rehabilitation of affordable, safe and sanitary rental housing units.

(2) The SAIL loan must be in a first or second lien position (provided that two prior mortgages which secure the same indebtedness and credit enhancement fees shall be deemed a single prior position) and shall not share priority with any other liens unless approved by the Board.

(3) The loans shall be non-amortizing and shall have interest rates as follows:

(a) 3% interest on loans to Developments that maintain an 80% occupancy

of residents qualifying as Commercial Fishing Workers or Farmworkers over the life of the loan;

(b) 9% simple interest per annum for all other loans;

(c) Payment on the loans shall be based upon the actual Development Cash Flow. Interest may be deferred as set forth in Fla. Admin. Code Ann. r. 67-48.010 (6) without constituting a default on the loan.

(4) The loans described in Fla. Admin. Code Ann. r. 67-48.010 (3)(a) and (b) above shall be repaid from all Development Cash Flow, and if the SAIL loan is not a first mortgage loan, each year, subject to the provisions of paragraph (6) below, Development Cash Flow shall be applied to pay the following items in order of priority:

(a) First mortgage fees and debt service;

(b) Development Expenses including the servicing fee on the SAIL loan;

(c) Base interest payment on SAIL loan balance equal to 1% on the 3% loan as stated in (3)(a) above and equal to 3% on the 9% loan as stated in (3)(b) above over the life of the SAIL loan;

(d) Any SAIL loan base interest payment deferred from previous years;

(e) Mandatory payment on subordinate mortgages;

(f) 12% Return on Equity to Sponsor;

(g) Any other unpaid SAIL interest deferred from the current and previous years;

(h) Any unpaid Return on Equity deferred from previous years; and

(i) Remaining monies to be equally divided between the

Developer and the Corporation with the Corporation receiving no more than the stated interest rate on the SAIL loan. After the full SAIL loan interest has been paid, the Sponsor shall retain all remaining monies, unless the Sponsor chooses to prepay a portion of the loan balance.

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

(a) First mortgage fees and base interest payment on SAIL loan balance equal to 1% on the 3% loan as stated in (3)(a) above and equal to 3% on the 9% loan as stated in (3)(b) above over the life of the SAIL loan;

(b) Development Expenses including the servicing fee on the SAIL loan;

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

(d) Mandatory payment on subordinate mortgages;

(e) 12% Return on Equity to Sponsor;

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

(g) Remaining monies to be equally divided between the

Developer and the Corporation with the Corporation receiving no more than the stated interest rate on the SAIL loan. After the full SAIL loan interest has been paid, the Sponsor shall retain all remaining monies, unless the Sponsor chooses to prepay a portion of the loan balance.

(6) The determination of Development Cash Flow, determination of payment priorities, and payment of interest on SAIL loans shall occur annually. Any payments of

accrued and unpaid interest due annually on SAIL loans shall be deferred to the extent that Development Cash Flow is insufficient to make said payments pursuant to the payment priority schedule established in this Rule Chapter. If Development Cash Flow is under-reported and such report causes a deferral of SAIL interest, such under-reporting shall constitute an event of default on the SAIL loan. A penalty of 5% of any required payment shall be assessed.

(a) By April 15 of each year of the SAIL loan term, the Developer shall provide the Corporation and its servicer with a certification detailing the information needed to determine the annual payment to be made. However, this certification requirement will be waived until April 15 following the calendar year within which the first unit is occupied. The certification shall require submission of audited financial statements and the SAIL annual reporting form, Cash Flow Reporting Form SR-1, Rev. 1/98. Form SR-1 can be obtained from the assigned servicer. The financial statements are to be prepared in accordance with generally accepted accounting principles for the 12 months ended December 31 and shall include:

1. Comparative Balance Sheet with prior year and current year balances;
2. Statement of revenue and expenses which compares budgeted amounts to actual performance;
3. Statement of changes in fund balances or equity;
4. Statement of cash flows; and
5. Notes.

The financial statements referenced above should also be accompanied by a certification of the Developer as to the accuracy of such financial statements. The Developer shall furnish to the Corporation or its servicer, unaudited statements, certified by the Developer's principal financial or accounting officer, covering such financial matters as the Corporation or its servicer may reasonably request, including without limitation, monthly statements with respect to the Development. A late fee of \$500 will be assessed by the Corporation for failure to submit the required financial certification by April 15 of each year of the SAIL loan term. Failure to submit the required financial certification by April 15 of each year of the SAIL loan term shall constitute an event of default on the SAIL loan.

(b) The Corporation servicer shall issue a billing for interest due on the SAIL loan for the immediately preceding calendar year by May 31 of each calendar year of the SAIL loan.

(c) The Developer shall remit the interest due to the Corporation servicer no later than June 30 of each year of the SAIL loan. The first payment of SAIL base interest on 9% loans will be due no later than June 30 following the calendar year within which the first unit is occupied. The first payment of base interest shall include all base interest for the period which begins accruing on the date of the first draw and ends on December 31 of the calendar year during which the first unit is occupied. Any payment not paid when due shall bear interest at the Default Interest Rate (18%) from the due date until paid. Unless the Corporation has accelerated the SAIL loan, the Developer shall pay the Corporation a late charge of 5% of any required payment which is not received by the Corporation within 15 days of the due date.

(7) If, in its Application, the Applicant agrees to a Very Low-Income set-aside for a term longer than that required by law, the deferred SAIL interest due pursuant to this Rule Chapter shall be forgiven in an amount equal to the amount of interest due pursuant to Fla. Admin. Code Ann. r. 67-48.010, multiplied by .05 multiplied by the number of years, not to exceed 15, that such set-aside for Very Low-Income persons or households was extended beyond that required by law.

(a) The amount of interest to be forgiven shall be determined upon maturity of the Note.

(b) Only interest which is in excess of the base interest rates specified in Fla. Admin. Code Ann. r. 67-48.010 shall be eligible for forgiveness.

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

(9) The final billing for the SAIL loan shall also include a billing for compliance fees to cover monitoring of SAIL Program requirements beyond the maturity date of the Note, as applicable. Such fees shall be computed by determining the present value of the annual compliance monitoring fee and multiplying that by the number of years for which the Development will have a set-aside for Very Low-Income persons or households beyond the repayment date. For Developments with perpetual set-asides, the period for which compliance fees shall be collected shall be limited to 50 years. The present value discount rate shall be 2.75% per annum. Such amount shall be reduced by the amount of any compliance monitoring fees for other programs collected by the Corporation for the Development provided:

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

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

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

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

(12) The Corporation shall require adequate insurance to be maintained on the Development as determined by the first mortgage lender or the Corporation's servicer, but which shall, in any case, include fire, hazard and other insurance sufficient to meet the standards established in Part V, Section 106 of the Fannie Mae DUS Guide, effective May 27, 1997.

(13) The SAIL loan shall be for a period of not more than 15 years. However, if both a SAIL loan and federal housing credits are to be used to assist a Development, the

Corporation may set the SAIL loan term for a period commensurate with the investment requirements associated with the Housing Credit syndication. The loan term may also exceed 15 years as required by the Federal National Mortgage Association whenever it is participating in the financing of the Development.

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

- (a) Performance of the Sponsor during the SAIL loan term;
- (b) Availability of similar housing stock for the target population in the area;
- (c) Documentation and certification by the Sponsor that funds are not available to repay the Note upon maturity;
- (d) A plan for the repayment of the loan at the new maturity date; and
- (e) Assurance that the security interest of the Corporation will not be jeopardized by the extension.

(15) The Developer shall not refinance, increase the principal amount, or alter any terms or conditions of any mortgage superior or inferior to the SAIL mortgage without prior approval of the Corporation's Board of Directors.

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

(b) The Board shall deny requests to increase the amount of any superior

mortgage, unless the criteria outlined in 67-48.010 (15)(a) are met, the original combined loan to value ratio for the superior mortgage and the SAIL mortgage is maintained or improved, and a proportionate amount of the increase in the superior mortgage is used to reduce the outstanding SAIL loan balance. To calculate the proportionate amount of the increase in the superior mortgage which must be paid toward the reduction of the SAIL loan balance, the following calculation shall be used: divide the amount of the original SAIL mortgage by the combined amount of the original SAIL mortgage and the original superior mortgage; then multiply the quotient by the amount of the increase in the superior mortgage after deducting refinancing costs. For example, if the amount of the original SAIL mortgage is \$2,000,000, the original superior mortgage is \$4,000,000, the proposed new superior mortgage is \$5,000,000, and refinancing costs are \$200,000, then the amount of the increase in the superior mortgage after deducting refinancing costs would be \$800,000, and the proportionate amount of the increase in the superior mortgage which must be paid toward the reduction of the SAIL loan balance would be \$266,667.

(c) The Board shall deny requests for mortgage loan refinancing which require extension of the SAIL loan term or otherwise adversely affect the security interest of the Corporation unless the criteria outlined in 67-48.010 (15)(a) are met, the Credit Underwriter recommends that the approval of such a request is crucial to the economic survival of the Development or unless the Board determines that public policy will be better served by the extension as a result of the Developer agreeing to further extend the Compliance Period or provide additional amenities or resident programs suitable for the resident population. Further, the Board shall limit any approved extension to a minimum

term which makes the Development feasible and which does not exceed an industry standard term.

(16) All SAIL loans shall be in conformance with applicable federal and state statutes, including the Fair Housing Act as implemented by 24 CFR 100, Section 504 of the Rehabilitation Act of 1973 and Titles II and III of the Americans with Disabilities Act of 1990 as implemented by 28 CFR 35. The Corporation shall allow units dedicated to occupancy by the Elderly in a Development designed for occupancy by Elderly Households pursuant to authorization by HUD under the Fair Housing Amendments of 1988 as implemented by 24 CFR 100.

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

(18) The documents creating, evidencing or securing each SAIL loan must provide that any violation of the terms and conditions described in Fla. Admin. Code Ann. r. 67-48 constitutes a default under the SAIL loan documents allowing the Corporation to accelerate its loan and to seek foreclosure as well as any other remedies legally available to it.

(19) Sponsors shall annually certify that the household gross income, adjusted for family size, of each household occupying a unit set aside for Very Low-Income persons or household meets income requirements specified in Section 142(d)(3)(B) of the Code. Should the annual recertification of such households result in noncompliance with income occupancy requirements, the next available unit must be rented to a household

qualifying under the provisions of Section 420.5087 (2), Florida Statutes, in order to ensure continuing compliance of the Development.

(20) The Corporation must approve the Developer's selection of a management company prior to such company assuming responsibility for the Development. The Developer or managing agent of the Development must attend a Corporation-sponsored training workshop on certification and compliance procedures prior to the leasing of any units in the Development.

(21) A failure to pay any principal or interest due under the terms of this section shall constitute a default on the SAIL loan.

(22) If, after a four-month rent-up period commencing after issuance of the last certificate of occupancy on the units, a Sponsor is unable to meet the agreed-upon categorical set-aside for Family, Elderly, Farmworker or Commercial Fishing Worker, the Sponsor may request to rent such units to Very Low-Income persons or households without categorical restriction.

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

(b) The Board will require Sponsors to provide additional amenities or resident programs suitable for the proposed resident population.

(c) The Board will require Sponsors of Developments with 3% loans, as described in 67-48.010 (3)(a), to modify loan documents to conform to the terms and conditions of 9% loans, as described in 67-48.010 (3)(b) or to accelerate payments of SAIL loan principal or interest.

(23) The Developer shall provide to the Corporation and its servicer a certified annual budget of income and expenses for the Development no later than 30 days prior to the beginning of the Project's fiscal year.

(24) Failure to provide the Corporation and its servicer with the SAIL available Cash Flow Statement detailing the information needed to determine the annual payment to be made pursuant to this Rule Chapter shall constitute a default on the SAIL loan. Specific Authority 420.507 FS. Law Implemented 420.5087 FS. History - New 7-22-96, Amended 12-23-96, 7-10-97, 1-6-98, Formerly 9I-48.010, Amended 11-9-98, 2-24-00.

67-48.0105 - Sale or Transfer of a SAIL Development.

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

(a) The proposed transferee meets all specific Sponsor identity criteria which were required as conditions of the original loan;

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

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

(2) If the Development is sold and the buyer does not meet the criteria for assumption of the SAIL loan, the SAIL loan (principal and any deferred interest) shall be

repaid from Development Cash Flow and from the proceeds of the sale in the following order of priority:

(a) First mortgage debt service, first mortgage fees, SAIL compliance and loan servicing fees;

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

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

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

(c) Unpaid principal balance of the SAIL loan;

(d) Any current and deferred base interest due on the SAIL loan;

(e) Any other SAIL interest deferred from the current and previous years;

(f) Expenses of the sale;

(g) Any deferred or currently due Return on Equity;

(h) Remaining funds to be equally divided between the

Developer and the Corporation, with the Corporation receiving no more than the stated interest on the SAIL loan plus the principal;

(i) If, on its Application, the Developer agreed to a set-aside for Very Low-Income persons or households for a period longer than that required by law, the deferred interest due herewith shall be forgiven in an amount equal to the amount of interest due under the Note multiplied by .05 multiplied by the number of years, not to exceed 15 years, that the set-aside for Very Low-Income persons or households was extended beyond that required by law. Only the amount of interest which is in excess of the base interest rate shall be eligible for forgiveness;

(j) If there will be insufficient funds available from Development Cash Flow and from the proposed sale of the Development, the SAIL loan shall not be satisfied until the Corporation has received:

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

2. A certification from the Developer that the purchase price reported is the actual price paid for the Development and that no other consideration passed between the parties and that the Development Cash Flow reported to the Corporation during the term of the SAIL loan was true and accurate;

3. A certification from the Developer that there are no Development funds available to repay the SAIL loan and the Developer knows of no source from which funds could or would be forthcoming to pay the SAIL loan; and

4. A certification from the Developer detailing the information

needed to determine the final billing for SAIL loan interest. Such certification shall require submission of financial statements and other documents that may be required by the Corporation and its servicer.

Specific Authority 420.507 FS. Law Implemented 420.5087 FS. History - New 12-23-96, Amended 1-6-98, Formerly 9I-48.0105, Amended 11-9-98, Repromulgated 2-24-00.

67-48.012 - SAIL Credit Underwriting and Loan Procedures.

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

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

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

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

(a) The Credit Underwriter shall report any inconsistencies or

discrepancies or changes made to the Applicant's Application during credit underwriting. If the Board determines at any time that the Applicant's Development or Development team is no longer the Development or Development team described in the Application, and the changes made are prejudicial to the Development or the market to be served by the Development or if any discrepancy or misrepresentation is found, the Application will be rejected.

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

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

(d) Required appraisals and environmental studies shall be completed by professionals approved by the Corporation's Credit Underwriters. Approval of appraisers and contractors to complete environmental studies shall be based upon review of qualifications, professional designations held, references and prior experience with similar types of Developments.

(e) An appraisal shall be required during the credit underwriting process. The Applicant may choose an appraiser from the Credit Underwriter's approved list of appraisers; however, the Credit Underwriter shall order, at the Applicant's expense, the appraisal of the subject property. The Credit Underwriter shall use the same appraiser as the first mortgage lender provided the appraisal has not been ordered. The Credit

Underwriter shall review the appraisal to properly evaluate the loan request in relation to the property value.

(f) Except as provided in Section 420.5087 (5), Florida Statutes, the amount of any superior mortgages combined with the SAIL mortgage shall be less than the appraised value of the Development. Any debt service reserve requirement associated with a superior mortgage shall be excluded from the amount of the superior mortgage for purposes of this calculation.

(g) The minimum combined debt service coverage shall be 1.10 and the maximum debt service coverage shall be 1.50, including the SAIL mortgage and all other superior mortgages. In extenuating circumstances, such as when the Development has deep or short term subsidy, the debt service coverage may exceed 1.50 if the Credit Underwriter's favorable recommendation is supported by the projected cash flow analysis.

(h) In addition to operating expenses, the Credit Underwriter must include an estimate for replacement reserves when calculating the final net operating income available to service the debt. A minimum amount of \$200 per unit must be used for all Developments. However, the amount may be increased based on a physical needs assessment. An Applicant may choose to fund a portion of the replacement reserves at closing. The amount cannot exceed 50% of the required replacement reserves for 2 years and must be placed in escrow at closing.

(i) The Credit Underwriter shall consider the following when determining the need for construction completion guarantees:

1. Liquidity of the Guarantor.

2. Developer and General Contractor's history in successfully completing Developments of similar nature.

3. Problems encountered previously with Developer or Contractor.

4. Exposure of Corporation funds compared to total Development costs.

At a minimum, the Credit Underwriter shall require a Personal Guarantee for completion of construction from the principal individual or the Corporate General Partner of the borrowing entity. In addition, a letter of credit or Payment and Performance Bond will be required if the Credit Underwriter determines after evaluation of 1. — 4. above that additional surety is needed. However, a completion guarantee will not be required if SAIL funds are not drawn until construction is complete, as evidenced by certificates of occupancy.

(j) The Credit Underwriter shall require an operating deficit guarantee, to be released upon achievement of 1.10 debt service coverage for a minimum of six consecutive months for the combined permanent first mortgage and SAIL loan.

(k) Contingency reserves shall not be paid from SAIL funds. However, contingency reserves which total no more than 3% of hard and soft costs may be included within the total Development cost.

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

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

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

(o) If audited financial statements are unavailable from the Applicant, the Credit Underwriter shall request federal tax returns for the past two years.

(3) Any changes in a firm commitment from any other source of the funding shall be consistent with the underwriting assumptions made in connection with the SAIL loan. All items on the Credit Underwriting Checklist Form CU-1, Rev. 11/99, with the exception of the appraisal, survey and final plans must be provided to the Credit Underwriter within 35 calendar days of the date of the preliminary SAIL commitment. The appraisal, survey and final plans shall be due to the Credit Underwriter within 60 calendar days from the date of the preliminary SAIL commitment. The Credit Underwriter shall advise the Corporation in writing of all items not received within 35 calendar days of the date of the preliminary SAIL commitment. Such form is included as an attachment to the Application Package.

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

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

(6) Other mortgage loans related to the Development and the SAIL loan must close within 60 calendar days of the date of the firm SAIL loan commitment. All extension requests must be submitted in writing to the program administrator and contain the specific reasons for requesting an extension and shall detail the time frame to close the loan. The written request will then be submitted to the Corporation's Board of Directors for consideration. The Corporation shall charge an extension fee of .05% of the

SAIL loan amount if the Board approves the requested extension to extend the SAIL commitment beyond the period outlined in this Rule Chapter.

(7) If the Development is financed with bonds issued or to be issued on behalf of the Corporation, adjustments to the SAIL loan amounts shall be made by the Credit Underwriter based upon actual terms of the bond issue.

(8) The Corporation's servicer shall conduct at the Applicant's expense a preconstruction analysis and review of all the Project's costs prior to the closing of the SAIL loan.

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

Specific Authority 420.507 FS. Law Implemented 420.5087 FS. History - New 7-22-96, Amended 12-23-96, 7-10-97, 1-6-98, Formerly 9I-48.012, Amended 11-9-98, 2-24-00.

67-48.013 - SAIL Construction Disbursements and Permanent Loan Servicing.

(1) SAIL loan proceeds shall be disbursed during the construction phase in an amount per draw which does not exceed the ratio of the SAIL loan to the total Development cost, unless approved by the Credit Underwriter.

(2) Ten business days prior to each advance, the Developer shall supply the Corporation's servicer, as agent for the Corporation, with a written request executed by the Developer for an advance.

(a) A copy of the request for an advance shall be delivered to the Corporation (Attention: SAIL Program Administrator) simultaneously with the delivery of the request to the Corporation's servicer.

(b) The request shall set forth the amount to be paid and shall be accompanied by documentation specified by the Corporation's servicer including claims for labor and materials to date of the last inspection.

(3) The Corporation and its servicer shall review the request for advance, and the servicer shall provide the Corporation with approval of the request or an alternative recommendation, after the title insurer provides an endorsement to the policy of title insurance updating the policy to the date of the current advance and increasing the insurance coverage to an amount equal to the sum of all prior advances and the current advance, without additional exceptions, except those specifically approved in writing by the Corporation.

(4) The Corporation shall elect to withhold any advance or portion of any advance, notwithstanding any documentation submitted by the Developer in connection with the request for an advance, if

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

(b) The percentage of progress of construction of the improvements differs from that as shown on the request for an advance.

(5) The servicer may request submission of revised construction budgets.

(6) If the Corporation determines that further analysis by the Credit Underwriter is required prior to the release of the final draw, the Applicant shall pay to the Credit Underwriter a fee based on an hourly rate determined pursuant to the contract between the Corporation and the Credit Underwriter, which shall be listed in the Application Package.

(7) Retainage in the amount of 10% per draw shall be held by the servicer during construction until the Development is 50% complete. At 50% completion, no additional retainage shall be held from the remaining draws. Release of funds held by the Corporation's servicer as retainage shall occur pursuant to the SAIL loan agreement.

Specific Authority 420.507 FS. Law Implemented 420.5087 FS. History - New 7-22-96, Amended 12-23-96, 7-10-97, 1-6-98, Formerly 9I-48.013, Amended 11-9-98, 2-24-00.

PART III - HOME INVESTMENT PARTNERSHIPS PROGRAM

67-48.014 - HOME General Program Procedures and Restrictions.

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

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

(2) The minimum amount of HOME funds that must be invested in a Rental Development is \$1,000 times the number of HOME-Assisted Units in the Development.

(3) A Development qualifies as affordable housing and for HOME funds if, with respect to income and occupancy:

(a) 80% of the HOME-Assisted Units are occupied by families who

annual income does not exceed 60% of the median family income for the area, as determined by HUD, and

(b) 20% of the HOME-Assisted Units are occupied by families whose annual income does not exceed 50% of the median family income for the area, as determined by HUD, with adjustments of family size.

(c) When the income of a resident increases above 80% of area median income, the next unit that becomes available in the Development must be rented to a HOME income-eligible resident. If the income of a Very Low-Income household increases above the limits for a Very Low-Income household, then the Developer must rent the next available unit to a Very Low-Income household. The amount of rent the resident whose income has increased must pay is the lesser of the amount payable by resident under state or local law or 30% of the adjusted monthly income for rent and utilities.

(d) With respect to rent limits, the HOME Rent Chart at 65% or 50%, or the Fair Market Rent, less the applicable utility allowance, is the maximum rent that can be charged for a HOME Rent-Restricted Unit. HOME-Assisted Units with Section 8 subsidy must compare the Section 8 gross rent (resident rent, subsidy amount, and utility allowance) to the maximum applicable HOME high or low rent limit minus utilities. However, Developments with project-based rental assistance may utilize the project-based rents as compared to the HOME High and Low rents. Compliance with the HOME rent restrictions will take precedence over the Developers acceptance of a full Section 8 (resident-based) subsidy for the HOME-Assisted Units.

(e) The minimum period of affordability for rehabilitation Developments

is 15 years.

(f) The minimum period of affordability for newly-constructed rental housing is 20 years. The period of affordability will be extended until the loan is repaid as enumerated in Fla. Admin. Code Ann. r. 67-48.020 (1).

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

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

(4) The Development must comply with all provisions of 24 CFR.

(5) Any contract for the development (rehabilitation or new construction) of affordable housing with 12 or more HOME-Assisted Units under the HOME Program must contain a provision requiring that not less than the wages prevailing in the locality, as predetermined by the United States Secretary of Labor pursuant to the Davis-Bacon Act, 40 U.S.C. § 276a-265-a-5 (1994), will be paid to all laborers and mechanics

employed for the construction or rehabilitation of the Development, and such contracts must also be subject to the overtime provisions of the Contract Work Hours and Safety Standards Act, 40 U.S.C. § 327-332 (1994) and the Copeland Act (Anti-Kickback Act), 40 U.S.C. § 276c (1994).

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

(a) Equal Opportunity and Fair Housing as enumerated in 24 CFR § 92.202 and 92.250, 42 U.S.C. 2000d et seq., 42 U.S.C. 3601-3620, 42 U.S.C. 6101, and 24 CFR 5.105(a).

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

(c) Environmental Review as enumerated in 24 CFR § 92.352, 24 CFR Part 58 and National Environmental Policy Act of 1969.

(d) Displacement, Relocation, and Acquisition as enumerated in 24 CFR § 92.353, 42 U.S.C. 4201-4655, 49 CFR Part 24, 24 CFR Part 42 (Subpart B), and Section 104(d) "Barney Frank Amendments."

(e) Labor Standards as enumerated in 24 CFR § 92.354, 40 U.S.C. 276a-276a-5, 24 CFR Part 70 (volunteers), and 40 U.S.C. 276c.

(f) Lead-based Paint as enumerated in 24 CFR § 92.355, 42 U.S.C. 4821 et seq., 24 CFR Part 35 and 24 CFR § 982.401(j) (except paragraph 982.401(j)(1)(i)).

(g) Conflict of Interest as enumerated in 24 CFR § 92.356, 24 CFR 85.36 and 24 CFR 84.42.

(h) Debarment and Suspension as enumerated in 24 CFR Part 5.

(i) Flood Insurance as enumerated in Section 202 of the Flood Disaster

Protection Act of 1973 (42 U.S.C. 4106).

(j) Handicapped Accessibility as enumerated in 24 CFR Part 8 and 24 CFR § 100.205.

(k) Equal Opportunity Employment as enumerated in 41 CFR Part 60.

(l) Economic Opportunity as enumerated in 24 CFR Part 135.

(m) Minority/Women Employment as enumerated in 24 CFR § 85.36(e).

(n) Site and Neighborhood Standards as enumerated in 24 CFR 893.6(b).

Specific Authority 420.507 (12) FS. Law Implemented 420.5089 (2) FS. History - New 7-22-96, Amended 12-23-96, 1-6-98, Formerly 91-48.014, Amended 11-9-98, Repromulgated 2-24-00.

67-48.015 - Match Contribution Requirement for HOME Allocation.

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

(2) A Match Credit Fund funded by the State of Florida has been appropriated to the Corporation. The funds are to be used for demonstration Developments and pilot programs selected and approved by the Corporation's Board of Directors. Such pilot programs shall be counted as the Corporation's required match for HUD purposes and may be any eligible activity acceptable to HUD regulations and approved by Corporation's Board of Directors.

Specific Authority 420.507 (12) FS. Law Implemented 420.5089 (4) FS. History - New 7-22-96, Amended 12-23-96, 1-6-98, Formerly 9I-48.015, Amended 11-9-98, Repromulgated 2-24-00.

67-48.017 - Eligible HOME Activities.

HOME funds may be used for the following activities: acquisition (must include new construction and/or rehabilitation), new construction, reconstruction, or moderate or substantial rehabilitation of non-luxury housing with suitable amenities pursuant to the HUD Regulations. In addition, HOME funds may be used for any activity found to be eligible by HUD in Match Credit and/or Disaster Developments.

Specific Authority 420.507 (12) FS. Law Implemented 420.5089 (3) FS. History - New 7-22-96, Repromulgated 12-23-96, 1-6-98, Formerly 9I-48.017, Amended 11-9-98, Repromulgated 2-24-00.

67-48.018 - Eligible HOME Applicants.

Applicants for HOME loans may include CHDO ' s, public housing authorities, local governments, Non-Profit organizations, and private for-profit organizations (including partnerships and sole proprietorships). The Applicant must be a legally-formed, existing entity at the time of Application. Documentation evidencing the same shall be required as part of the Application as set forth at Fla. Admin. Code Ann. r. 67-48.004. Pursuant to the HUD Regulations, Applicants may not request additional HOME funding during the period of affordability. However, additional funds may be committed to a Development up to one year after Development completion provided the amount does not exceed the maximum per-unit subsidy and the additional amount is not used to pay for Developer fees.

Specific Authority 420.507 (12) FS. Law Implemented 420.5089 (3) FS. History - New 7-22-96, Amended 12-23-96, 1-6-98, Formerly 91-48.018, Amended 11-9-98, Repromulgated 2-24-00.

67-48.019 - Eligible and Ineligible HOME Development Costs.

(1) HOME funds may be used to pay for the following eligible costs as numerated in the HUD Regulations:

(a) Development hard costs as they directly relate to the identified HOME Assisted Units only for:

1. New construction, the costs necessary to meet local and State of Florida building codes and the Model Energy Code referred to in the HUD Regulations;

2. Rehabilitation, the costs necessary to meet local and State of Florida rehabilitation building codes and at a minimum, the Section 8 Housing Quality Standards under the HUD Regulations;

3. Both new construction and rehabilitation, costs to demolish existing structures, improvements to the Development site and utility connections;

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

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

1. Architectural, engineering or related professional services required to prepare plans, drawings, specifications or work write-ups;

2. Costs to process and settle the HOME financing for a Development, such as credit reports, fees for evidence of title, recordation, building permits, attorney fees, cost certifications, and estimates;

3. Developer fee shall be limited to 16% of Development cost excluding land and building acquisition costs. A Developer fee on the building acquisition cost shall be limited to 4% of the cost of the building exclusive of land. In no event can the amount of the Developer fee increase over what Developer fee is shown in the Application.

4. Impact fees;

5. Costs of Development audits required by the Corporation;

6. Affirmative marketing and fair housing costs;

7. Temporary relocation costs as required under HUD Regulations;

8. The General Contractor's fee shall be limited to a maximum of 14% of the total construction cost.

(2) HOME funds shall not be used to pay for the following ineligible costs:

(a) Development reserve accounts for replacements, unanticipated increases in operating costs, or operating subsidies, except as described in Fla. Admin. Code Ann. r. 67-48.019 (1)(c)8.;

(b) Resident-based rental assistance except for pilot or demonstration Developments as approved by the Board of Directors;

(c) Public housing;

(d) Administrative costs;

(e) Developer fees unless the HOME funds include rehabilitation or new

construction.

Specific Authority 420.507 (12) FS. Law Implemented 420.5089 (3) FS. History - New 7-22-96, Amended 12-23-96, 7-10-97, 1-6-98, Formerly 9I-48.019, Amended 11-9-98, 2-24-00.

67-48.020 - Terms and Conditions of Loans for HOME Rental Developments.

All HOME Rental Development loans shall be in compliance with the Act, the HUD Regulations and, at a minimum, contain the following terms and conditions:

(1) The HOME loan must be in a first or second lien position (provided that two prior mortgages which secure the same indebtedness and credit enhancement fees shall be deemed a single prior position) and shall not share priority with any other liens unless approved by the Board. The term of the loan shall be for a period of 15 years for Rehabilitation Developments and 20 years for new construction Developments. The term of the HOME loan may be extended to coterminate with the first mortgage term upon the recommendation of the Credit Underwriter and approval by the Corporation.

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

(a) All for-profit Applicants that own 100% of the ownership interest in the Development held by the General Partner entity will receive a 3% per annum interest rate loan.

(b) All qualified non-profit Applicants that own 100% of the ownership interest in the Development held by the General Partner entity will receive a 0% interest rate loan. For purposes of determining the annual HOME interest rate, the definition of Non-Profit found at Rule 67-48.002, F.A.C., shall not apply; instead, qualified non-profit Applicants shall be those entities defined in the HUD Regulations, Section 42(h)(5)(c),

subsection 501(c)(3) or 501(c)(4) of the Code and organized under Chapter 617, Florida Statutes, if a Florida corporation, or organized under similar state law if organized in a jurisdiction other than Florida.

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

(3) The loans shall be non-amortizing and repayment of principal shall be deferred until maturity, unless otherwise recommended by the Credit Underwriter and approved by the Corporation. Interest payments on the loan shall be paid to the Corporation's servicer annually on the date specified in the Note.

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

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

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

(7) The Developer and managing agent of the Development must attend a Corporation-sponsored training session on income certification and compliance procedures.

(8) If the Development has 12 or more HOME-Assisted Units, the General Contractor and all available subcontractors shall attend a Corporation-sponsored preconstruction conference regarding federal labor standards provisions.

(9) The Corporation shall require adequate insurance to be maintained on the Development as determined by the first mortgage lender or the Corporation's servicer, but which shall, in any case, include fire, hazard and other insurance sufficient to meet the standards established in Section 101.17 of the Federal National Mortgage Association Multifamily Conventional Selling Eligibility Requirements for rental properties.

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

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

(12) The Corporation or its servicer shall monitor the compliance of each Development with all terms and conditions of the HOME loan and shall require that such terms and conditions be recorded in the public records of the county where the Development is located. Violation of any term or condition shall constitute a default during the term of the HOME loan. The Corporation shall take legal action to effect compliance if a violation of any term or condition concerning the set-aside of units for Low and Very Low-Income households is discovered during the course of compliance monitoring or by any other means.

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

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

(b) The Board shall deny requests to increase the amount of any superior mortgage, unless the criteria outlined in 67-48.020 (13)(a) are met, the original combined loan to value ratio for the superior mortgage and the HOME mortgage is maintained or improved, and a proportionate amount of the increase in the superior mortgage is used to reduce the outstanding HOME loan balance. To calculate the proportionate amount of the increase in the superior mortgage which must be paid toward the reduction of the HOME loan balance, the following calculation shall be used: divide the amount of the original HOME mortgage by the combined amount of the original HOME mortgage and the

original superior mortgage; then multiply the quotient by the amount of the increase in the superior mortgage after deducting refinancing costs. For example, if the amount of the original HOME mortgage is \$2,000,000, the original superior mortgage is \$4,000,000, the proposed new superior mortgage is \$5,000,000, and refinancing costs are \$200,000, then the amount of the increase in the superior mortgage after deducting refinancing costs would be \$800,000, and the proportionate amount of the increase in the superior mortgage which must be paid toward the reduction of the HOME loan balance would be \$266,667.

(c) The Board shall deny requests for mortgage loan refinancing which require extension of the HOME loan term or otherwise adversely affect the security interest of the Corporation unless the criteria outlined in 67-48.020 (13)(a) are met, the Credit Underwriter recommends that the approval of such a request is crucial to the economic survival of the Development or unless the Board determines that public policy will be better served by the extension as a result of the Developer agreeing to further extend the Compliance Period or provide additional amenities or resident programs suitable for the resident population. Further, the board shall limit any approved extension to a minimum term which makes the Development feasible and which does not exceed an industry standard term.

Specific Authority 420.507 (12) FS. Law Implemented 420.5089 (7), (8), (9) FS.

History - New 7-22-96, Amended 12-23-96, 7-10-97, 1-6-98, Formerly 9I-48.020, Amended 11-9-98, 2-24-00.

67-48.0205 - Sale or Transfer of a HOME Development.

(1) The HOME loan shall be assumable upon Development sale, transfer or refinancing if the following conditions are met:

(a) The proposed transferee meets all specific Sponsor identity criteria which were required as conditions of the original loan;

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

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

(2) If the Development is sold and the proposed transferee does not meet the criteria for assumption of the loan, the HOME loan shall be repaid from the proceeds of the sale. If there will be insufficient funds available from the proposed sale of the Development, the HOME loan shall not be satisfied until the Corporation has received:

(a) An appraisal prepared by an appraiser selected by the Corporation indicating that the purchase price for the Development is reasonable and consistent with existing market conditions;

(b) A certification from the Developer that the purchase price reported is the actual price paid for the Development and that no other consideration passed between the parties and that the income reported to the Corporation during the term of the loan was true and accurate; and

(c) A certification from the Developer that there are no Development funds available to repay the loan and the Developer knows of no source from which funds could or would be forthcoming to pay the loan.

Specific Authority 420.507 (12) FS. Law Implemented 420.5089 (7), (8), (9) FS.

History - New 12-23-96, Amended 1-6-98, Formerly 91-48.0205, Amended 11-9-98,

Repromulgated 2-24-00.

67-48.021 - HOME Credit Underwriting and Loan Procedures.

(1) After the administrative appeal procedures have been completed, the Corporation shall assign a tentative loan amount to the Applicants in each set-aside category with the highest point totals on their applications for funding, up to the amount available in the category.

(2) Based upon availability of funds, the Corporation shall issue a preliminary commitment notifying each Applicant of selection for participation in the HOME Program in the order of each Applicant's ranking within each set-aside category. When an Applicant's tentative loan amount exceeds the remaining fund availability, the Corporation shall offer the Applicant a tentative loan amount equal to the remaining funds. Rejection of such an offer will cause the Corporation to make the offer to the next highest ranked Applicant within the category. This process shall be followed until all funds for the set-aside category are committed.

(a) The preliminary commitment letter shall be subject to a positive recommendation by the Corporation's Credit Underwriter, approval by the Corporation's Board of Directors, and a certification by the Corporation of the HUD Environmental Review pursuant to 24 CFR § 92.352 (1994).

(b) The preliminary commitment letter shall require that the Applicant submit the information required from the Credit Underwriter's checklist Form (CU-1) to the Credit Underwriter within 35 days of notification. The appraisal, survey and final

plans shall be submitted within 60 days of the preliminary commitment. Unless a written extension is obtained from the Board, failure to submit the required information by the specified deadline shall result in rejection of the Application. The Corporation shall select the Credit Underwriter for each Development.

(c) The Credit Underwriter shall verify all information in the Application Package, including information relative to the Applicant, Developer, Syndicator, General Contractor and other members of the Development team. The Credit Underwriter shall complete its analysis and submit a written draft report to the Corporation within 80 calendar days from the date of the preliminary commitment letter. Upon receipt, the Corporation shall provide to the Applicant the section including supporting information and schedules from the written draft report. The Applicant shall review and provide written comments to the Corporation and Credit Underwriter within 48 hours after receipt. After the 48-hour period, the Corporation shall provide comments on the draft report and, as applicable, on the Applicant's comments to the Credit Underwriter. Then the Credit Underwriter shall review and incorporate the Corporation's and Applicant's comments and release the revised report to the Corporation and the Applicant. Any additional comments from the Applicant shall be received by the Corporation and the Credit Underwriter within 72 hours of receipt of revised report. Then, the Credit Underwriter will provide a final report, which will address comments made by the Applicant, to the Corporation.

(d) The Credit Underwriter shall report any inconsistencies or discrepancies or changes made to the Applicant's Application during credit

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

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

1. Minimum debt service coverage of 1.10 and maximum debt service coverage of 1.50 for the HOME loan and all other superior mortgages. In extenuating circumstances such as when the Development has deep or short term subsidy, the debt service coverage may exceed 1.50 if the Credit Underwriter's favorable recommendation is supported by the projected cash flow analysis.

2. Minimum replacement reserve of \$200 per unit for all Developments. However, the amount may be increased based on a physical needs analysis. An Applicant may choose to fund a portion of the replacement reserves at closing. The amount cannot exceed 50% of the required replacement reserves for 2 years and must be placed in escrow at closing.

3. Require audited financial statements and, if unavailable from the

Applicant or Affiliates, the Credit Underwriter shall request federal tax returns for the past two years.

4. Review and determine if the number of loans and construction commitments of the Applicant and its Principals will impede its ability to proceed with the successful development of each proposed Corporation Development.

5. The Credit Underwriter shall consider the following when determining the need for construction completion guarantees:

a. Liquidity of the Guarantor.

b. Developer and General Contractor's history in successfully completing Developments of similar nature.

c. Problems encountered previously with Developer.

d. Problems encountered previously with Contractor.

e. Exposure of Corporation funds compared to total Development costs. At a minimum, the Credit Underwriter shall require a Personal Guarantee for completion of construction from the principal individual or the Corporate General Partner of the borrowing entity.

In addition, a letter of credit or Payment and Performance Bond will be required if the Credit Underwriter determines after evaluation of a. — e. above that the additional surety is needed.

6. Require an operating deficit guarantee, to be released upon achievement of 1.10 debt service coverage for a minimum of six consecutive months for the combined permanent first mortgage and HOME loan.

7. Any contingency reserves shall not be paid from HOME funds.

8. Review the appraisal and other market documentation to determine if the market exists to support both the demographic and income restriction set-asides committed to within the Application.

(f) An appraisal shall be required during the credit underwriting process. The Applicant may choose an appraiser from the Credit Underwriter's approved list of appraisers; however, the Credit Underwriter shall order the appraisal for the subject property. The Credit Underwriter shall use the same appraiser as the first mortgage lender provided the appraisal has not been ordered. The Credit Underwriter shall review the appraisal to properly evaluate the loan request in relation to the property value.

(g) If the Credit Underwriter requires additional clarifying materials in the course of the underwriting process, the Credit Underwriter shall request same from the Applicant and shall specify deadlines for the submission of same. Failure to submit required information by the specified deadline, unless a written extension of time has been approved by the Corporation, shall result in the Application being rejected and the Corporation selecting additional Applicants in order of scoring.

(h) A preconstruction analysis and review of the Development's costs shall be required prior to the closing of the HOME loan.

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

(j) After approval of the Credit Underwriter's recommendation by the Board of Directors, or a committee appointed by the Board, the Corporation

shall issue a firm HOME loan commitment.

(k) The HOME loan shall close within 60 calendar days from the date of the firm commitment letter.

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

Specific Authority 420.507 (12) FS. Law Implemented 420.5089 (2) FS. History - New 7-22-96, Amended 12-23-96, 7-10-97, 1-6-98, Formerly 9I-48.021, Amended 11-9-98, 2-24-00.

67-48.022 - HOME Disbursements Procedures and Loan Servicing.

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

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

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

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

(5) The Corporation's servicer and the Corporation shall review the request for Draw and the Corporation's servicer shall provide the Corporation with approval of the request or an alternative recommendation of an amount to be paid after the title insurer provides an endorsement to the policy of title insurance updating the policy to the date of the current draw and increasing the insurance coverage to an amount equal to the sum of all prior Draws and the current Draw, without additional exceptions, except those specifically approved in writing by the Corporation. For all Developments consisting of 12 or more HOME-Assisted Units, the borrower shall submit weekly payrolls of the General Contractor and subcontractors in accordance with Federal Labor Standards as enumerated in 24 CFR 92.354.

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

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

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

(b) The percentage of progress of construction of improvements differs

from that shown on the request for a Draw.

(c) Developments subject to and not in compliance with Federal Labor Standards.

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

(9) If 100% of the loan proceeds have not been expended within six months prior to the HUD deadline pursuant to 24 CFR § 92.500 (1994), the funds shall be recaptured and reallocated to any eligible Development on any Corporation waiting list or eligible HOME Developments, as selected by the Board.

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

Specific Authority 420.507 (12) FS. Law Implemented 420.5089 (1) FS. History - New 7-22-96, Amended 12-23-96, 7-10-97, 1-6-98, Formerly 9I-48.022, Amended 11-9-98, 2-24-00.

PART IV - HOUSING CREDIT PROGRAM

67-48.023 - Housing Credits General Program Procedures and Requirements.

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

(1) Each Applicant shall comply with this Rule Chapter and with Section 42 of the Code and federal regulations issued pursuant thereto and in effect at the time of the Funding Cycle. Noncompliance by an Applicant in a Funding Cycle shall result in HC Program ineligibility for the Applicant in that Funding Cycle.

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

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

(4) The Development shall provide safe, sanitary and decent residential rental housing and shall be developed, constructed and operated in accordance with the commitments made and the facilities and services described in the Application at the time of submission to the Corporation. Applications will not be considered approved to receive an allocation of Housing Credits until Florida Housing issues a Preliminary Allocation/Preliminary Determination to the Applicant and all contingencies of such documents are satisfied. Allocations are further contingent on the Applicant complying with its Application commitments, Chapter 67-48, F.A.C., and Section 42, IRC.

(5) Applicants are prohibited from requesting an additional or increased Housing Credit Allocation for the sole purpose of obtaining Developer's fees.

(6) All of the dwelling units within a Development shall be rented or available for rent on a continuous basis to members of the general public. The owner of the Development shall not give preference to any particular class or group in renting the dwelling units in the Development, except to the extent that dwelling units are required to be rented to Eligible Persons. All Developments must comply with the Fair Housing Act as implemented by 24 CFR 100, Section 504 of the Rehabilitation Act of 1973 and Titles II and III of the Americans with Disabilities Act of 1990 as implemented by 28 CFR 35.

(7) Each Housing Credit Development shall complete the Final Cost Certification Form FCCA-2000, which is incorporated by reference, by the earlier of the following two dates. Such form is included as an attachment to the Application Package.

(a) the date that is 60 calendar days after all the buildings in the Development have been placed in service, or

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

(8) The completed Final Cost Certification Form FCCA-2000 shall include an audit report prepared by an independent certified public accountant. The Corporation will issue only one complete set of Forms 8609 per Development which will be no earlier than total Development completion and the Corporation's acceptance and approval of the Development's Final Cost Certification.

(9) After the final evaluation and determination of the Housing Credit Allocation amount has been made by the Executive Director, and the recorded Extended Use Agreement has been received in accordance with 67-48.029, the Forms 8609 are issued to the Applicant of the Housing Credit Development.

Specific Authority 420.507 (12) FS. Law Implemented 420.5099 FS. History - New 7-22-96, Amended 12-23-96, 7-10-97, 1-6-98, Formerly 9I-48.023, Amended 11-9-98, 2-24-00.

67-48.025 - Qualified Allocation Plan.

(1) Pursuant to Section 420.507 (12), Florida Statutes, the Corporation is responsible for the allocation and distribution of housing credits in this state. As the allocating agency for the state, distribution of Housing Credits to Applicants shall be in accordance with the Corporation's Qualified Allocation Plan.

(2) The specific criteria of the Qualified Allocation Plan as mandated by Congress and addressed at Section 42(m)(1)(B) of the Internal Revenue Code, as amended, are hereby approved by the Governor on December 16, 1999, and adopted by reference herein.

Specific Authority 420.507 (12) FS. Law Implemented 420.5099 FS. History - New 7-22-96, Repromulgated 12-23-96, Amended 1-6-98, Formerly 9I-48.025, Amended 11-9-98, 2-24-00.

67-48.026 - Housing Credit Underwriting Procedures.

(1) After the administrative appeal procedures have been completed, the Corporation shall offer all Applicants within the funding range the opportunity to enter credit underwriting.

(2) A response to the invitation to enter credit underwriting must be received by the Corporation and the Credit Underwriter not later than seven calendar days after the date of the letter of invitation.

(3) If the credit underwriting invitation is accepted:

(a) The Applicant shall submit the credit underwriting fee in accordance with 67-48.007 (4) to the Credit Underwriter within seven calendar days of the date of invitation, and

(b) The Applicant shall submit the information required from the Credit Underwriter's checklist Form (CU-1) to the Credit Underwriter within 35 calendar days of the date of the invitation to enter credit underwriting. The Credit Underwriter shall complete its report within 56 calendar days from the date of the credit underwriting invitation. The appraisal, survey and final plans are acceptable contingency items to the credit underwriting report.

(4) Unless a written extension is obtained from the Board, failure to submit the required credit underwriting information or fees by the specified deadline shall result in rejection of the Application.

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

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

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

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

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

1. Thirty (30) basis points over the percentage as of the date of Invitation to Credit Underwriting up to nine percent (9%) for nine percent (9%) credits for new construction and rehabilitation Developments;

2. Fifteen (15) basis points over the percentage as of the date of Invitation to Credit Underwriting up to four percent (4%) for four percent (4%) credits for acquisition and federally subsidized Developments. A percentage of fifteen (15) basis points over the percentage as of the date of Invitation to Final Credit Underwriting will be used for Developments receiving FHFC tax-exempt bonds in calendar year 2000 or later.

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

c) Developer fee shall be limited to 16% of Development cost excluding land and building acquisition cost. A Developer fee on the building acquisition cost shall be limited to 4% of the cost of the building exclusive of land. A total Developer fee of 18% of Development cost, excluding land and building acquisition costs, shall be allowed if the proposed Development is qualified for Housing Credits pursuant to Rule 67-48.027 pertaining to Tax-Exempt Bond Financed Developments.

(d) In no event can the amount of the Developer fee increase over what Developer fee is shown in the Application.

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

(f) Costs such as syndication fees and brokerage fees cannot be included in Eligible Basis. All consulting fees must be paid out of the Developer fee. Consulting fees cannot cause the Developer fee to exceed the maximum allowable fee as set forth in (d) above.

(g) All contracts for hard or soft Development costs must be itemized for each cost component.

(h) An appraisal shall be required during the credit underwriting process. The Applicant may choose an appraiser from the Credit Underwriter's approved list of appraisers; however, the Credit Underwriter shall order the appraisal for the subject property. The Credit Underwriter shall use the same appraiser as the first mortgage lender provided the appraisal has not been ordered.

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

(j) A separate market study shall be required if the appraisal does not adequately address the market for the proposed Development.

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

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

(10) If the Credit Underwriter recommends that Housing Credits be allocated to the Development, the Executive Director shall determine the Credit amount, if any, necessary to make the Development financially feasible and viable throughout the Housing Credit Extended Use Period and shall issue a Preliminary Allocation Certificate or a Preliminary Determination of Housing Credits in the case of Tax-Exempt Bond-Financed Developments. If the Credit Underwriter recommends that no Credits be allocated to the Development and the Executive Director accepts the recommendation, the Applicant shall be notified that no Housing Credits will be allocated to the Development for the current cycle. No Preliminary Allocation Certificate shall be issued

on a RD (formerly FmHA) Development which has not received an Obligation of Funding (RD or FmHA Form 1944-51), which Obligation of Funding is incorporated by reference. A copy of the obligation for funding can be obtained from the U.S. Department of Agriculture, P.O. Box 147010, Gainesville, FL 32614-7010. All contingencies required in the Preliminary Allocation shall be met or satisfied by the Applicant within 45 days from the date of issuance or as otherwise indicated on the Certificate unless an extension of this deadline is requested in writing by the Applicant and is granted by the Corporation in writing for good cause.

Specific Authority 420.507 (12) FS. Law Implemented 420.5099 FS. History - New 7-22-96, Amended 12-23-96, 7-10-97, 1-6-98, Formerly 9I-48.026, Amended 11-9-98, 2-24-00.

67-48.027 - Tax-Exempt Bond-Financed Developments.

(1) Tax-Exempt Bond-Financed Developments, as defined in Section 42(h)(4)(B) of the Code, seeking to obtain Housing Credits from the Treasury, receiving the bonds from Florida Housing in calendar year 2000 or later and not competing for Housing Credits under the State of Florida Allocation Authority shall:

(a) Have 50% or more of the aggregate basis of any building and the land on which the building is located financed by tax-exempt bonds;

(b) Make Application for Housing Credits using Florida Housing's Form MFMRB-2000, which form is incorporated by reference. The Form MFMRB-2000 can be obtained from Florida Housing's Multifamily Mortgage Revenue Bond Program;

(c) Be subject to the Form MFMRB, monitoring and credit underwriting fees as stated in Rule 67-21, F.A.C.;

- (d) Be deemed to have met all threshold requirements upon the closing of the bonds with Florida Housing;
- (e) Receive a Preliminary Determination from the Corporation upon Florida Housing's issuance of a loan commitment in reference to the tax-exempt bonds;
- (f) Be subject to the administrative fee specified in this Rule Chapter which is payable prior to or simultaneous with the closing of Florida Housing's tax-exempt bonds;
- (g) Be subject to the Developer fee limitations as set forth in this Rule Chapter;
- (h) Be subject to the provisions in this Rule Chapter, pertaining to the required Extended Use Agreement; and
- (i) Receive Building Identification Numbers from the Corporation upon satisfying the requirements of this section and the Final Cost Certification requirements of Rule 67-48.023.

(2) Tax-Exempt Bond-Financed Developments, as defined in Section 42(h)(4)(B) of the Code, seeking to obtain Housing Credits from the Treasury receiving the bonds from Florida Housing prior to calendar year 2000 or receiving bonds from another source other than Florida Housing, and not competing for Housing Credits under the State of Florida Allocation Authority shall:

- (a) Have 50% or more of the aggregate basis of any building and the land on which the building is located financed by tax-exempt bonds;
- (b) After bonds are issued to the Development, make Application to the

Corporation as required in Fla. Admin. Code Ann. r. 67-48.004 and Fla. Admin. Code Ann. r. 67-48.026. Applications for these Developments shall be received by the Corporation no later than July 1 of the year the Development is placed in service.

(c) Be subject to the Application fee specified in this Rule Chapter;

(d) Meet the threshold requirements pursuant to the Qualified Allocation Plan and shall have completed loan closings on all required financing;

(e) Participate in the credit underwriting process pursuant to this Rule Chapter, unless such Development has received its tax-exempt bond financing through the Corporation, in which case the Development must be underwritten to the extent necessary to determine Development feasibility and housing credit need;

(f) Be subject to the credit underwriting fees as set forth in this Rule Chapter;

(g) Receive a Preliminary Determination from the Corporation upon satisfying the requirements of sections (a) through (f) above;

(h) Be subject to the administrative fee specified in this Rule Chapter;

(i) Be subject to a Developer fee limitation as specified in this Rule Chapter;

(j) Be subject to the provisions in this Rule Chapter, pertaining to the required Extended Use Agreement;

(k) Be subject to the monitoring fee specified in this Rule Chapter unless such Development has received tax-exempt bond financing through the Corporation; and

(l) Receive Building Identification Numbers from the Corporation upon satisfying the requirements of this section and the Final Cost Certification requirements of Rule 67-48.023.

Specific Authority 420.507 (12) FS. Law Implemented 420.5099 FS. History - New 7-22-96, Amended 12-23-96, 1-6-98, Formerly 9I-48.027, Amended 11-9-98, 2-24-00.

67-48.028 - Carryover Allocation Provisions.

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

(2) In order to qualify for Carryover, an Applicant shall have tax basis in the Housing Credit Development which is greater than 10% of the reasonably expected basis in the Housing Credit Development by the close of the calendar year in which the Preliminary Allocation is made pursuant to section 42(h)(1)(E) of the Code. Certification that the Applicant has met the greater than 10% basis requirement shall be signed by the Applicant's attorney or certified public accountant.

(3) All Carryover documentation and the signed certification evidencing the required basis, must be submitted to the Corporation no later than the close of business on November 14 of the applicable calendar year.

(4) The Applicant for each Development qualifying for Carryover shall submit quarterly progress reports to the Corporation using Progress Report Form Q/M Report Rev. 8/97, which is incorporated by reference and which will be provided by the

Corporation. If the Form Q/M Report does not demonstrate continuous and adequate development and construction progress, the Corporation will require monthly submission of Form Q/M Report until satisfactory progress is achieved, until the Development is placed in service, or until a determination is made by the Corporation that the Development cannot be placed in service by the Carryover deadline and the Housing Credits are returned to the Corporation in accordance with the terms of the Carryover Allocation Agreement. Form Q/M Report shall include a written statement describing the current status of the Development; the financing, construction and syndication activity since the last report; the reasons for any changes to the anticipated placed-in-service date; and any other information relating to the status of the Development which the Corporation may request. The first report shall be due to the Corporation by the first Monday in April of the calendar year following Carryover qualification. Such form is included as an attachment to the Application package.

Specific Authority 420.507 (12) FS. Law Implemented 420.5099 FS. History - New 7-22-96, Repromulgated 12-23-96, Amended 1-6-98, Formerly 9I-48.028, Amended 11-9-98, 2-24-00.

67-48.029 - Extended Use Agreement.

(1) Pursuant to Section 42(h)(6) of the Code, the Applicant and the Corporation shall enter into an Extended Use Agreement. The purpose of the Extended Use Agreement is to set forth the Housing Credit extended use period, the Compliance Period, and to evidence commitments made by the Applicant in the Application. Such commitments, for example, include the Housing Credit Set-Aside commitment, resident programs, and Development amenities.

(2) The following provisions shall be included in the Extended Use Agreement:

(a) The Applicable Fraction for Housing Credit Set-Aside Units for each taxable year in the extended use period shall not be less than the Applicable Fraction;

(b) Eligible Persons occupying Set-Aside Units shall have the right to enforce in any State of Florida court the extended use requirement for Set-Aside Units;

(c) The Extended Use Agreement shall be binding on all successors and assigns of the Applicant; and

(d) The Extended Use Agreement shall be executed and recorded pursuant to Florida law as a restrictive covenant prior to the issuance of a Final Housing Credit Allocation to an Applicant.

Specific Authority 420.507 (12) FS. Law Implemented 420.5099 FS. History - New 7-22-96, Repromulgated 12-23-96, 1-6-98, Formerly 91-48.029, Amended 11-9-98, 2-24-00.

67-48.030 - Sale or Transfer of a Housing Credit Development.

An owner of a Housing Credit Development, its successor or assigns which have been granted a Final Housing Credit Allocation shall not sell the Housing Credit Development without having first notified the Treasury of the impending sale and complying with the Treasury's procedure or procedures for completing the transfer of ownership and utilizing the Housing Credit Allocation. The owner of a Housing Credit Development shall notify the Corporation in writing of an impending sale and of compliance with any requirements by the Treasury for the transfer of the Housing Credit

Development. The owner of a Housing Credit Development shall notify the Corporation in writing of the name and address of the party or parties to whom the Housing Credit Development was sold within 14 days of the transfer of the Housing Credit Development. Specific Authority 420.507 (12) FS. Law Implemented 420.5099 FS. History - New 7-22-96, Repromulgated 12-23-96, Amended 1-6-98, Formerly 9I-48.030, Amended 11-9-98, Repromulgated 2-24-00.

67-48.031 - Termination of Extended Use Agreement and Disposition of Housing Credit Developments.

The Housing Credit extended use period for any building shall terminate upon the date a building is acquired through foreclosure or instrument in lieu of foreclosure or if no buyer can be found who is willing to maintain the Housing Credit Set-Aside of the Development. In the event the Applicant is unable to locate a buyer willing to maintain the Set-Aside provisions of the Extended Use Agreement, the following steps shall be taken, as set forth in Section 42(h)(6) of the Code, before a building is converted to market-rate use:

(1) After the fourteenth year of the Compliance Period, unless otherwise obligated under the Extended Use Agreement, an Applicant may submit a written request to the Corporation to find a buyer to acquire the Applicant's interest in the Housing Credit Set-Aside portion of the building.

(2) The Corporation shall have one year from the receipt of the request to obtain a qualified buyer for the Development.

(3) The Corporation shall actively seek to obtain a qualified buyer for acquisition of the Housing Credit Set-Aside portion of the building for an amount not less than the Applicable Fraction as specified in the Extended Use Agreement of:

- (a) The sum of the outstanding indebtedness secured by the building;
- (b) The adjusted investor equity in the building; and
- (c) Other capital contributions not reflected in the amounts above, and

reduced by cash distributions from the Development.

(4) In the event no buyer is found to acquire the Housing Credit Set-Aside portion of the building within one year, the Housing Credit Extended Use Period shall be terminated, and the units converted to market-rate.

(5) Pursuant to Section 42(h)(6)(E)(ii) of the Code, the termination of an Extended Use Agreement shall not be construed to permit the termination of a tenancy, the eviction of any existing resident of any Set-Aside Unit, or any increase in the gross rent with respect to any Set-Aside Unit before the close of the three-year period following such termination. In no case shall any portion of a Housing Credit Development be disposed of prior to the expiration of the Extended Use Agreement.

Specific Authority 420.507 (12) FS. Law Implemented 420.5099 FS. History - New 7-22-96, Repromulgated 12-23-96, 1-6-98, Formerly 9I-48.031, Amended 11-9-98, Repromulgated 2-24-00.

67-48.032 - Minimum Set-Aside for Non-Profit Organizations Under Housing Credits Program.

(1) For each calendar year, not less than 10% of the Corporation's total yearly Allocation Authority shall be set aside by the Corporation for issuance to qualified Non-

Profit organizations.

(2) To ensure that the minimum 10% is set aside, the Corporation has determined that an initial allocation of 12% to qualified Non-Profits will be met. In order to achieve the initial 12% set aside, Applications from Applicants that qualify or whose General Partner qualifies as a Non-Profit entity pursuant to Rule 67-48.002(71), F.A.C., HUD Regulations, Section 42(h)(5)(c), subsection 501(c)(3) or 501(c)(4) of the Code and organized under Chapter 617, Florida Statutes, or organized under similar state law if organized in a jurisdiction other than Florida and meet scoring threshold requirements shall be moved into the funding range, in order of their comparative scores, with Applicants whose Non-Profit entity is organized under Florida law receiving priority over Non-Profit entities of other jurisdictions, until the 12% set-aside is achieved. The last Non-Profit Development that is moved into the funding range in order to achieve the 12% initial set-aside shall be fully funded even though that may result in a higher Non-Profit set-aside. This will be accomplished by removing the lowest scored Application of a for-profit Applicant from the funding range and replacing it with the highest scored Non-Profit Application below the funding range within the applicable Geographic Set-Aside pursuant to the QAP. This procedure will be used again on or after October 1, if necessary, to ensure that the Agency allocates at least 10% of its Allocation Authority to qualified Non-Profit Applicants. Any for-profit Applicant so removed from the funding range will NOT be entitled to any consideration of priority for the receipt of current or future Housing Credits other than placement on the current ranking and scoring list in accordance with its score. Binding Commitments for Housing Credits from a future year will not be issued for Applicants so displaced.

(3) After the full Non-Profit set-aside amount has been allocated, remaining Applications from Non-Profit organizations shall compete with all other Applications in the HC Program for remaining Allocation Authority.

(4) Qualification as a Non-Profit entity must be evidenced to the Corporation by the receipt from the Applicant, upon Application to the HC Program, of a written opinion from legal counsel. The total cost of securing this written legal opinion will be borne entirely by the Applicant. A Non-Profit entity shall own an interest in the Development, either directly or indirectly; shall not be affiliated with or controlled by a for-profit corporation; and shall materially participate in the development and operation of the Development throughout the Extended Use Period. If an Applicant submits Application to the HC Program as a Non-Profit entity but does not qualify as such, the Applicant will be disqualified from participation in the HC Program for the current Cycle.

Specific Authority 420.507 (12) FS. Law Implemented 420.5099 FS. History - New 7-22-96, Repromulgated 12-23-96, Amended 1-6-98, Formerly 9I-48.032, Amended 11-9-98, 2-24-00.

