



HOUSING FINANCE AUTHORITY
OF BROWARD COUNTY, FLORIDA

POLICIES AND PROCEDURES

FOR

MULTI-FAMILY HOUSING BOND PROGRAM

Housing Finance Authority of Broward County
Ralph Stone, Executive Director
Norman Howard, Manager
110 NE 3rd Street, Suite 300
Fort Lauderdale, Florida 33301
Phone: (954) 357-4900
Fax: (954) 357-8221

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I.

INTRODUCTION

The Housing Finance Authority of Broward County, Florida (the “HFA”) provides tax exempt and taxable financing for the acquisition, construction, and/or rehabilitation of multi-family rental housing projects which satisfy the goals and requirements of the HFA, and comply with applicable federal and state law. In any given year, the ability of the HFA to provide tax-exempt financing for projects is contingent upon receipt by the HFA of an annual tax-exempt bond allocation from the Division of Bond Finance of the State of Florida (the “Division”).

The HFA has carefully considered the types of projects it desires to finance, the financing professionals it wishes to use, the fees it charges, and the financing terms it requires.

The HFA will only consider financing multi-family housing projects which adhere strictly to the requirements set forth in these Policies and Procedures for Multi-Family Housing Bond Program (the “Bond Policies”). The HFA has compiled these policies to inform developers and prospective applicants of the general requirements and guidelines which apply to the issuance of bonds to finance multi-family rental housing projects. The HFA will not negotiate the requirements set forth in these Bond Policies on a transaction-by-transaction basis. Compliance with these Bond Policies does not create any right in favor of a developer, applicant or project, nor will such compliance result in any assurance that a specific project will be financed.

The HFA has the sole right to select the projects it wishes to finance. The HFA may, in its sole discretion, waive specific provisions of these Bond Policies if doing so is determined to be in the best interest of the HFA, or is determined to be in furtherance of its stated goals or objectives. Furthermore, the HFA may, at any time, amend, revise or repeal its policies, including all or any portion of these Bond Policies, with or without notice, and the HFA reserves the right to impose additional requirements on a particular project.

II.

PROJECT REQUIREMENTS

A. Requirements for New Projects

To qualify as a “new project” under these Bond Policies, a project may be (i) a proposed multi-family development for which the HFA financing will be used for new construction, or (ii) an existing multi-family development for which the HFA financing will be used for acquisition and substantial rehabilitation. To qualify for bond financing through the HFA, new projects must, at a minimum, meet the following requirements:

- (1) The project must be located in an area of Broward County where the applicant has demonstrated to the satisfaction of the HFA that there is a need for affordable rental housing.**
- (2) The project may be developed and owned by a for-profit developer, a non-profit developer, or a governmental entity.**
- (3) The project (and the principals, syndicators, enhancers and contractors associated therewith) must comply with all applicable federal laws, rules and regulations, as amended, including, but not limited to, the Internal Revenue Code of 1986, as amended (the “Tax Code”), and the regulations promulgated thereunder. Additionally, developers will be required to comply with all disclosure requirements promulgated by the Securities Exchange Commission and/or the Municipal Securities Rulemaking Board.**

Projects developed and owned by for-profit developers must comply with all applicable federal laws, rules and regulations, as amended, including but not limited to, Section 142(d) of the Tax Code. Projects developed and owned by non-profit developers must comply with all applicable federal laws, rules and regulations, as amended, including but not limited to, Section 501(c)(3) of the Tax Code.

- (4) The project (and the principals, syndicators, enhancers and contractors associated therewith) must comply with all applicable state laws, rules and regulations, as amended, including, but not limited to, the “Florida Housing Finance Authority Law,” Part IV, Chapter 159, Florida Statutes (the “Act”).**

- (5) The project (and the principals, syndicators, enhancers and contractors associated therewith) must comply with all applicable laws, ordinances, rules, regulations and development requirements, as amended, including, but not limited to, those of the applicable zoning approval authority, and Broward County ordinance 79-41, enacted June 20, 1979, as amended.**
- (6) The project (and the principals, syndicators, enhancers and contractors associated therewith) must comply with all applicable federal, state and local fair housing laws, ordinances, rules and regulations, as amended.**
- (7) Each project will be subject to certain use, rental and operational restrictions, most of which will be delineated in the Land Use Restriction Agreement applicable to such project. Such restrictions, include, but are not limited to, the following: (i) the project may not be used on a transient basis and may not be leased for a period of less than one (1) year; (ii) the project may not be used as a hotel, motel, dormitory, fraternity or sorority house, rooming house, hospital, sanitarium, nursing home, rest home or trailer park as limited by applicable law; and (iii) the project may be required to permit children to live in the development as required by law.**
- (8) The Land Use Restriction Agreement shall also include a provision for the payment to the HFA of a “Compliance Monitoring Fee” in the event all the bonds are redeemed or defeased prior to the expiration of the “Qualified Project Period” (the time during which the developer is required by the Tax Code and/or the HFA to set aside a certain percentage of the units for low and moderate income persons and families.**
- (9) The requirements contained in this Section II.A. must remain in force by deed restriction for at least fifteen (15) years regardless of the term of the bonds related to the particular project.**

B. Requirements for Existing Projects

1. Transfer of Ownership

Developers seeking to transfer ownership of a project previously financed by the HFA must obtain prior approval of such transfer by the HFA. Such approval shall be subject to the HFA’s requirements for transfer and assumption of ownership. The HFA will require that, among other things, the new owner:

- (a) assume all obligations of the prior owner, including those created or which arose prior to the assumption;**

- (b) pay all the fees and expenses applicable to the transfer and assumption of ownership, including the “Assumption Fee” as described in Section V hereof; and**
- (c) pay all fees of professionals retained by the HFA to effect the transfer and assumption of ownership.**
- (d) in the event all the bonds are redeemed or defeased in conjunction with the transfer, the owner shall agree to the payment of the annual HFA “Compliance Monitoring Fee” until the expiration of the “Qualified Project Period” (the time during which the developer is required by the Tax Code and/or the HFA to set aside a certain percentage of the units for low and moderate income persons and families).**

2. Refinancing and Refunding

The HFA will consider issuing current refunding bonds to redeem prior bonds of the HFA which are subject to optional redemption. A developer requesting a current refunding will be required to comply with all requirements set forth herein, except as otherwise permitted by the HFA. Further, the HFA may require an increase in the public purpose requirements imposed on a project, including, but not limited to, extending the term of the deed restrictions beyond the term required either by the existing Land Use Restriction Agreement or applicable laws and increasing the number of units set aside for low income persons.

To the extent there is no existing provision in the Land Use Restriction Agreement, the HFA will require an amendment to provide for the payment of an HFA “Compliance Monitoring Fee” in the event all the bonds are redeemed or defeased prior to the expiration of the “Qualified Project Period” (the time during which the developer is required by the Tax Code and/or the HFA to set aside a certain percentage of the units for low and moderate income persons and families).

If the HFA receives a request to issue current refunding bonds in conjunction with the redemption of prior bonds pursuant to a special mandatory call feature (such redemption resulting from a default under the bond documents), then the developer shall be required to provide a redemption indemnity agreement from the credit enhancement provider or surety in a form satisfactory to the HFA prior to the sale of any refunding bonds. In addition, the developer requesting the issuance of refunding bonds will be required to comply with all other applicable provisions relating to the original issuance of bonds by the HFA, including those relating to the filing of an application with the HFA. The developer requesting the issuance of refunding bonds shall be responsible for the payment of all applicable fees and expenses, including, but not limited to, the “Application Fee,” “Public Hearing Fee,”

“Closing Fee for Refundings,” and “Indemnification Security Deposit” described in Section V hereof.

III.

PROCESS FOR NEW PROJECT SELECTION

A. Application

Developers interested in financing a project with bonds issued by the HFA must complete and submit the HFA’s Multi-Family Rental Apartments Bond Program Application for Proposed Project, the current form of which is attached hereto as Form “A” (the “Application”). The Application shall be deemed “complete” when all requested information in the Application has been provided to the HFA, and the applicable fee related to such Application has been received by the HFA in “good funds.”

The HFA’s application period is from January 1st to May 31st of each year. Applications received after May 31st, may be considered by the HFA; however, those “complete” Applications received between January 1st and May 31st will receive priority consideration for bond financing over all Applications submitted subsequent to May 31st. If a developer submits an Application without all of the requested information, the HFA reserves the right, in its sole discretion, to reject the Application.

In addition to the original Application, developers must submit ten (10) copies thereof to the HFA.

B. Inducement

Once a complete Application has been received, a developer may request that the proposed project be induced. The HFA requires that a request for inducement be provided in writing and received no less than thirty (30) days prior to a regularly scheduled board meeting. Such written request must include payment of all applicable fees and expenses for such inducement, including the “Inducement Fee” described in Section V hereof and the “Bond Counsel Retainer” described in Section III.C. hereof.

Upon receipt of a written request and the applicable fee, the HFA will (i) instruct Bond Counsel to prepare an inducement resolution for consideration by the HFA Board of Directors, and (ii) schedule the presentation of such inducement resolution at the next regularly scheduled meeting of the HFA Board of Directors.

The adoption of an inducement resolution by the HFA provides no assurance of financing, and only indicates that the HFA may issue bonds for the project, subject to many conditions, including but not limited to: (i) selection of the project by the HFA for bond financing (ii) a determination that the project is feasible and ready to proceed as required herein, (iii) approval of the bond transaction and documents by the HFA and Broward County Board of County Commissioners, (iv) confirmation of sufficient private activity allocation from the Division, and (v) approval of a financing structure and market conditions and terms acceptable to the HFA and its professional team.

C. Evaluation, Selection and Ranking of Projects

All proposed projects for which a complete Application has been submitted on or before May 31st shall be subject to evaluation by the HFA. Based upon such evaluation, a proposed project may be selected to receive priority for bond financing. All projects selected for bond financing shall be ranked by the HFA in order of priority.

The evaluation, selection, and ranking of proposed projects shall be conducted by the HFA in June of each year, either during the regularly scheduled HFA board meeting for the month of June or at a special board meeting scheduled for such purpose.

1. Evaluation

The HFA will evaluate each proposed project on a case-by-case basis and may utilize any criteria it deems necessary for such evaluation. In evaluating proposed projects, the criteria used by the HFA may include, but shall not be limited to, the following criteria (the "Evaluation Criteria"):

- (a) whether the project involves construction of new affordable housing units or rehabilitation of existing units;
- (b) the location of the proposed project and impact on the shortage of quality affordable housing in the specific geographic sub-market;
- (c) the overall construction cost per unit, with consideration given to the size of the units, facilities needed for services, quality of the project, etc., since the HFA does not intend to penalize projects which may offer more costly benefits;
- (d) project design, including architectural design and quality of materials, that may enhance the community, the buildings and quality of life for the tenants;

- (e) types of amenities that would enhance the quality of life for the tenants;**
- (f) types of services to be offered to the tenants relevant to their needs, with consideration given to the size of the project since the HFA understands that many services may only be affordable in large projects and does not intend to penalize smaller projects due to the lack of services;**
- (g) the number of bedrooms per unit;**
- (h) the experience of the developer (or its principals) with the development, construction and management of multi-family projects, including its ability to complete projects in a timely manner, compliance with bond reporting requirements for previously or currently owned projects, and history of past or present defaults (financial or otherwise) by the developer or other entities involving the same principals;**
- (i) number of multi-family projects for which the developer (or its principals) is requesting tax-exempt bond allocation from the Broward HFA and/or other housing finance authorities or agencies for the same cycle;**
- (j) amount of tax-exempt financing requested per housing unit and other sources of financing available for development and construction of the project;**
- (k) such other factors as the HFA may designate.**

The Evaluation Criteria listed herein are provided solely for the purpose of assisting prospective developers in understanding the types of factors which might be considered by the HFA in evaluating and selecting projects for financing. Under no circumstances shall the order in which the Evaluation Criteria are listed herein be construed to indicate degree or weight of importance.

The HFA, in its sole discretion, may or may not consider one or more of its Evaluation Criteria in evaluating a proposed project, and has the right to consider any and all factors in evaluating proposed projects, whether or not such factors are included in its Evaluation Criteria. For example, the HFA may consider factors not included in the Evaluation Criteria (e.g., low income set asides exceeding Tax Code requirements, elderly or family projects, etc.) for any particular year which will simply allow the HFA to fund a more diverse pool of multi-family projects. The HFA has the right to amend the Evaluation Criteria at any time.

To assist in the evaluation of proposed projects by the HFA, developers must submit all information relevant to the Evaluation Criteria (the “Criteria Information”) no later

than seven (7) calendar days prior to the meeting of the Board where the ranking will occur. Developers must submit 12 copies of the Criteria Information pertaining to each proposed project to the HFA within this time frame for it to be considered. Developers are encouraged to provide as much information on its proposed project(s) regarding the Evaluation Criteria as they believe to be responsive and relevant. Developers will not be permitted to supplement the Criteria Information unless there is a material change from the Application or Criteria Information previously submitted, or additional information is specifically requested by the Board or a member thereof.

2. Selection and Ranking

Once the HFA has completed its evaluation of proposed projects, it will consider whether or not to select one or more projects for bond financing. Notwithstanding the Evaluation Criteria set forth herein, the HFA has the sole and unfettered right to select or reject any and all proposed projects for bond financing.

If a proposed project is selected by the HFA, it will be ranked in order of priority among any and all other proposed projects selected for priority. In selecting and ranking proposed projects, the HFA will not employ a point system.

The HFA reserves the right to (i) delay selecting or ranking a proposed project, with such project being eligible for reconsideration at a later time in the current year or in the following year; (ii) select and/or rank a project for priority financing in the following year (i.e., “grandparenting”); or, (iii) require that a proposed project be re-ranked if such project did not receive allocation in the year it was originally ranked.

In fulfilling its duty to preserve and protect its bond financing capacity, the HFA has the right to reject any and all projects for selection and/or ranking for any reason, whether due to an unsatisfactory evaluation, due to its desire to limit the number of projects selected, or due to its desire to reserve its tax-exempt bond allocation for other purposes. The selection and ranking of proposed projects by the HFA offers no assurance or guarantee that a project will, in fact, receive tax-exempt bond financing from the HFA.

D. Assignment of Credit Underwriter

Once a proposed project has been selected and ranked in order of priority for bond financing, the HFA staff will assign a credit underwriter (the “Credit Underwriter”) to the ranked projects which are being considered for tax-exempt bond allocation for the particular cycle. Notwithstanding, at any time after a complete Application has been received by the HFA, developers may request assignment of a Credit Underwriter prior to being selected and ranked. The Credit Underwriter will assess the feasibility and readiness of each particular project on behalf of the HFA. Developers of proposed projects will be solely responsible for the payment of any

and all fees associated with the credit underwriting. The Credit Underwriter will review projects solely at the direction of and for the benefit of the HFA.

E. Assignment of Bond Counsel

Each year, after the June meeting where the HFA ranks the projects, the Broward County Attorney's Office will, at its sole discretion, assign Bond Counsel to the ranked projects. Notwithstanding, developers may request assignment of Bond Counsel any time after a complete Application has been received by the HFA so preliminary discussions can begin regarding legal issues. The assigned Bond Counsel will ultimately prepare all documentation and issue all tax opinions required by the HFA to issue bonds. Developers are strictly not permitted to designate or otherwise retain counsel to provide the legal or tax opinions provided by Bond Counsel.

Once assigned, Bond Counsel may require the payment of a retainer by the developer prior to undertaking any preliminary legal analysis of the proposed financing. Such retainer shall be approved by the Broward County Attorney's Office.

F. Public Hearing

In order to obtain bond financing, a public hearing must be held by the HFA in accordance with the requirements of the Tax Code, following which the Broward County Board of County Commissioners is required to approve the issuance of the bonds in accordance with Section 147 of the Tax Code. The public hearing shall provide citizens of Broward County the opportunity to publicly state their opinion regarding the proposed project. At least fourteen (14) days prior to such public hearing, a notice must be published setting forth the date, time and location of the public hearing, as well as relevant facts of the proposed financing, such as the exact location of the project, the principal amount of the bonds and the owner of the project. The HFA must receive a complete Application prior to scheduling a public hearing. Additionally, the developer shall be responsible for the payment of all fees and expenses applicable to such public hearing, including the "Public Hearing" fee described in Section V hereof.

G. Credit Underwriting

Upon assignment by the HFA of the Credit Underwriter to a proposed project, the developer is expected to work in a cooperative manner with such Credit Underwriter to facilitate its review of the project and the financing.

The Credit Underwriter will review all aspects of the project. The developer will be required to provide substantial information and documentation to the Credit Underwriter on a timely and expedited basis. Such information and documentation may include, but will not be limited to, the following:

- (1) Applicant Information -- information about the applicant entity; ownership structure; resumes, financial statements, previous experience of the principals; etc.**
- (2) Property -- detailed information about the property, including general and legal description; applicable surveys; site plan; zoning; title; building plans and specifications; soil test reports; feasibility or market study, plan and cost review, engineering and property condition report, appraisal; etc.**
- (3) Rehabilitation Projects – detailed information about the current status of the property, including certified current rent rolls, income and expense statements; historical occupancy and rent roll information; list of all proposed and existing staff; service contracts, leases, etc.**
- (4) Financial – detailed information regarding the financial status of the applicant, including each principal, general partner, general contractor, and credit enhancer or guarantor; pro-forma cash flow analyses; monthly income and operating expense projections; detailed schedule of sources and uses of funds; etc.**
- (5) Property Management – detailed information regarding the proposed property management agent, including agent’s resume and references; management plan, copy of standard tenant lease; executed management agreement; etc.**
- (6) Construction – detailed information regarding projected construction costs including hard and soft construction estimates; construction draw schedule; proposed construction contract; resume, references, and financial information relating to the general contractor; architect’s contract; engineering contract, etc.**

The Credit Underwriter’s determination of feasibility must be based on the rent guidelines published by HUD in the year in which the underwriting is being performed (i.e., current year), unless otherwise agreed to in writing by the HFA.

From June to August of each year, the Credit Underwriter shall provide the HFA staff with monthly progress reports indicating the status of the project, including the developer’s efforts toward readying the project for financing and development.

Upon completion of its review, the Credit Underwriter will prepare a “Credit Underwriting Report” for the benefit of the HFA that provides, at a minimum:

- (1) an overview of the proposed project;**

- (2) an overall assessment of the feasibility of the proposed project, including a recommendation regarding the amount of bonds to be issued;
- (3) a list of items which must be provided prior to completion of the financing (“exceptions” which must be satisfied prior to closing); and,
- (4) an assessment of the readiness of the project to proceed with financing, including a list of any “deficiencies” which prevent such readiness.

As requested by the Credit Underwriter, the developer must furnish all information and documents in a timely fashion to ensure that the Credit Underwriting Report is submitted to the HFA and its professional team by August 15th.

The developer is responsible for resolving and curing any and all deficiencies cited in the Credit Underwriting Report by September 1st, and is responsible for ensuring that a final, completed Credit Underwriting Report is submitted to the HFA and its professional team by September 5th (or the first business day immediately following).

H. Final Project Selection

All Credit Underwriting Reports will be presented to the HFA Board for consideration at its September meeting. The HFA will review the Credit Underwriter’s conclusions regarding whether the financing structure is feasible, and whether the project is “ready” to proceed with financing.

In considering the information provided by the developer, the Credit Underwriting Report and the recommendations of the Credit Underwriter, the HFA requires that projects meet a minimum test for “readiness” at its September meeting as follows:

- (1) a project must have received proper zoning from the governing jurisdiction(s), with evidence of such zoning being satisfactory to HFA staff and the Credit Underwriter;
- (2) a project must have evidence of site control, with such evidence being satisfactory to HFA staff and the Credit Underwriter;
- (3) the site plan for the project must be approved by the governing jurisdiction(s), with evidence of such approval being satisfactory to HFA staff and the Credit Underwriter;
- (4) a project must have a firm commitment for credit enhancement of the bonds or, alternatively, a commitment to place or buy the bonds on an

unrated basis, which commitment must be satisfactory to the HFA and the Credit Underwriter; and

- (5) the HFA must have received a final Credit Underwriting Report stating that the above items have been satisfied and that the project is feasible, and recommending that the HFA proceed with financing.

The number of projects selected will depend on the dollar amount of tax-exempt bond allocation expected from the Division since the HFA cannot issue tax-exempt private activity bonds in excess of such amount. The HFA shall have the right to reserve all or a portion of its expected allocation for the issuance of single family bonds or for other multi-family projects. The HFA will determine how many projects it believes it can finance based on the estimated allocation from the Division and the amount of such allocation the HFA has determined to use for multi-family projects.

The HFA will award allocation to those projects that were ranked and concluded to be “ready” as follows:

- (1) if the total dollar amount of bond funds requested by the projects which were ranked and are deemed “ready” exceeds the HFA’s expected multi-family tax-exempt bond allocation (i.e., there is an “over-subscription”), then the projects will be awarded allocation pursuant to the ranking order established at the June meeting, subject to the Conditions set forth below in this subsection; or
- (2) if the total dollar amount of bond funds requested by the projects which were ranked and are deemed “ready” is less than the allocation for multi-family projects, (i.e., there is an “under-subscription”), then all projects that have been selected and ranked will be awarded allocation, subject to the Conditions set forth below in this subsection.

All awards of allocation by the HFA are subject to: (i) the developer’s compliance with the requirements contained in these Bond Policies, (ii) the HFA’s right to award allocation to one project per developer; (iii) the HFA’s right to discard a ranked project if any of the information upon which it was evaluated at the June meeting has changed; and (iv) the HFA’s right to discard a project and rescind the award of allocation due to the developer’s failure to meet the Plat Application Deadline or the Plat Approval Deadline, defined below. The foregoing items (i) through (iv) are cumulatively referred to herein as “the Conditions.”

Regarding the plat for each project, the HFA requires that a plat application be submitted to the governing jurisdiction by September 30th of each year (the “Plat Application Deadline”), and that plat approval be obtained from the governing jurisdiction by the regularly scheduled HFA Board meeting for the following March (the “Plat Approval Deadline”). The HFA will determine, at its October meeting,

whether the plat application was timely submitted, and will assess, at its March meeting, whether plat approval was timely obtained.

If a project is discarded at the October meeting due to failure to meet the Plat Application Deadline, the HFA may award the available allocation to the next ranked project which has met the Plat Application Deadline and the other requirements set forth herein. If a project is discarded at the March meeting due to failure to meet the Plat Approval Deadline, or if the HFA's expected multi-family tax-exempt bond allocation is "under-subscribed" as described in subsection (2) above, then the HFA may utilize its remaining allocation in any manner it deems appropriate, including, but not limited to, (i) reserving the remaining allocation for its single family program, or (ii) reserving the remaining allocation for future projects to be identified at a later time. Additionally, the HFA may award all or a part of the remaining allocation to one or more proposed multi-family projects which had not been evaluated or ranked by the HFA at its June meeting.

Additional multi-family projects that are under consideration due to an undersubscription shall be evaluated and ranked for receipt of allocation in a similar manner as set forth in Section III.C. of these Bond Policies.

To maximize use of its tax-exempt bond allocation, the HFA reserves the right to require each selected project to utilize taxable bonds to the fullest extent feasible, as determined by the HFA based on input from its professionals and the Credit Underwriter.

IV.

PROCESS FOR BOND FINANCING

A. Bonds Issued by the HFA

Bonds issued by the HFA must comply with the specific requirements set forth in Chapter 30 of the Broward County Administrative Code, regardless of whether such bonds are to be publicly sold or privately placed. If the bonds are to be publicly sold, they must be credit enhanced or secured by a financial guarantee to ensure that such bonds carry an investment-grade rating of “A” or better by a nationally recognized rating service. The HFA may also consider issuing bonds which do not carry an investment grade rating, provided the requirements set forth in Chapter 30 of the Broward County Administrative Code regarding the sale or placement of unrated or non-credit enhanced bonds are met.

Developers are encouraged to review the requirements of Chapter 30 of the Broward County Administrative Code which can be found at www.broward.org.

B. Financing Team

The HFA has a selected team of financing professionals, including financial advisor, bond trustee, and investment banker(s), that must be used in all of its transactions as required by Chapter 30 of the Broward County Administrative Code. Chapter 30 of the Broward County Administrative Code contains the operational policy of the HFA and can be found at www.broward.org.

Only an investment banker selected by the HFA may serve as senior managing underwriter, senior placement agent, or remarketing agent for the HFA’s multi-family bond issues. The investment banker designated as senior managing underwriter or senior placement agent will work with the developer, along with input from the HFA’s financial advisor, to develop the financing structure.

The developer is responsible for the payment of all costs and fees incurred in conjunction with a project transaction, whether or not the transaction is finalized and closed. If bonds are sold or placed for the project, the developer is responsible for the payment of all costs of issuance, including but not limited to payment of the underwriting or placement fee to the investment banker(s) in the amount agreed to between the investment banker(s) and the HFA.

C. Tax-Exempt Bond Allocation

The HFA will apply on the earliest possible date of any given year to the Division for an allocation of the State Private Activity Bond Volume Cap created by the Tax Reform Act of 1986 (the “Volume Cap”) by filing a notice of intent to issue bonds for

each selected project. The Division provides a written confirmation of allocations for private activity bonds for each local issuing jurisdiction in the state of Florida, including Broward County, subject to the availability of a sufficient amount of Volume Cap. Upon receipt of its application for tax-exempt bond allocation, the HFA will receive its allotted share of the available allocation. The HFA's allocation of tax-exempt bonds will remain available for the designated projects so long as the bonds are issued within the time frame required by applicable rules of the Division.

The HFA will attempt to obtain an allocation of Volume Cap for the selected projects but can make no guarantee or representation regarding its ability to obtain such allocation. Additionally, the financing of single family housing is a priority for the HFA and the HFA reserves the right to prioritize the use of its Volume Cap for single family housing.

The HFA will require all multi-family bond transactions to be priced by March 1st of each year and closed by April 1st of such year. The HFA will not permit developers to close in escrow in order to meet these dates. These time frames are of the essence to the HFA and should be strictly adhered to in order to allow the HFA an opportunity to apply unused allocation toward its single family transaction(s) or toward other multi-family projects on the waiting list.

The HFA further reserves the right to refuse to proceed with a multi-family bond transaction if the original application to the HFA, the credit enhancement provider or ownership structure has changed from the original Application, or the financing is otherwise determined to not be in the best interest of the HFA.

D. Preparation of Bond Documents

Before the HFA will direct the preparation of bond documents, the following must occur:

- (1) tax-exempt Volume Cap must have been allocated for the project and a written confirmation for the same received from the Division;**
- (2) the HFA must consider the project ready to proceed and highly likely to be financed pursuant to an acceptable financing structure;**
- (3) the developer must have executed a retainer agreement and paid a minimum retainer of \$10,000 to Bond Counsel;**
- (4) all fees of the HFA, including the Good Faith Deposit described in Section V hereof must be paid.**

Within ten (10) calendar days of receipt of a notice evidencing allocation of Volume Cap for the project, the developer is required to deposit funds with the HFA in an

amount equal to the “Good Faith Deposit” described herein in Section V. The Good Faith Deposit will be held by the HFA until:

- (1) the bond closing, at which time it will be applied to the costs of issuance; or
- (2) the term of the inducement has expired; or
- (3) the HFA has determined the project is not likely to be acquired, constructed or financed with tax-exempt bonds from the HFA; or
- (4) a period equal to one year from the date of payment of the Good Faith Deposit has expired.

In the event of 2, 3, or 4 above, the HFA has the right to retain the Good Faith Deposit to cover its administrative expenses (including operating expenses), expenses paid or incurred by the HFA or its staff, or on behalf of the HFA in connection with the bond transaction, or the fees and expenses due to any professionals associated with the transaction (such as Bond Counsel, issuer’s counsel, the financial advisor, the underwriter and its counsel, etc.). The HFA shall, in its sole and unfettered discretion, determine the nature and amount of expenses which shall be deducted from the Good Faith Deposit before it is returned.

Developers will be required by the HFA and Bond Counsel to execute numerous documents in connection with the bond financing. For example, developers will be required to execute a bond purchase agreement satisfactory to the HFA, which agreement will be required as a condition precedent to award the sale of the HFA’s bonds to the Investment Banker and obligate the developer to pay all costs associated with issuing the bonds.

Additionally, the bond documents will contain various requirements and limitations that will be imposed on the developer. For instance, developers will be: (i) prohibited from using subordinate financing to pay off the HFA’s tax-exempt bonds; (ii) required to pay the fees for the audit of the project and bond issue; and (iii) required to share financial information regarding the project as requested by the HFA. The bond documents will also establish the HFA’s right to obtain financial information about the project from the credit enhancer.

E. Indemnification

The HFA requires that the developer fully indemnify the HFA, its members, officers, employees and agents. For example, the developer will be required to provide indemnification against any and all claims and liability relating to the bonds, the issuance thereof, or the project, and may be required to provide the HFA with an environmental indemnity. Similarly, the HFA will require the developer to indemnify

the HFA against claims relating to any alleged untrue statements of material fact or material omissions contained anywhere in any offering materials, not just for those misstatements contained in the sections pertaining to the project or the developer.

The HFA shall require its counsel to draft specific indemnification provisions into the bond documents of all projects financed by the HFA. Further, the developer must secure its indemnification obligations by providing an “Indemnification Security” to the HFA on or prior to pre-closing the bonds, as defined herein in Section V.

F. Requirements for Mailing Preliminary Offering Statement

Before the mailing or distribution of a preliminary official statement (or similar document) for a bond transaction, the HFA must receive the following:

- (a) bond documents in substantially final form;
- (b) credit and lender documents which are substantially finalized;
- (c) documents establishing the creation of the partnership or entity owning the project;
- (d) evidence of site plan approval and plat approval;
- (e) evidence satisfactory to the HFA, in its sole and unfettered discretion, indicating that all required construction permits have been received or will be received by the date scheduled for the closing of the bond transaction;
- (f) a form certificate executed by the developer as required by the HFA stating that the developer has reviewed and accepts the bond documents (including the bond purchase agreement) and that there are no unresolved issues relating to the project, lender/credit enhancer or bond issuance which would prevent the developer from closing the transaction; and
- (g) a list of all estimated transaction costs.

G. Pricing and Sale of Bonds

The HFA will schedule the pricing of its bonds solely at its own convenience and when, in the best judgment of its financing professionals, an acceptable interest rate can be achieved. The HFA will not arrange pricing at the convenience of the developers. If, however, a developer requests a pricing at a certain time and subsequently cannot or will not price as scheduled, the HFA cannot guarantee an immediate rescheduling of the pricing.

Once bonds have been sold or placed, the developer shall be responsible for paying all costs of issuance relating to the bonds, regardless of whether the bond issue closes.

H. Bond Closing

Bond closings will be scheduled at a time and location acceptable to the HFA where final documents will be executed and the bond proceeds will be transferred. A pre-closing is typically scheduled the day immediately preceding the closing date so that the parties can review all final documentation and ensure that all is in order for the transfer of funds. All funds for payment of costs of issuance, the HFA's "Bond Closing Fee," as well as the cash or letter of credit for the "Indemnification Security," are required to be received by the bond trustee on the date of pre-closing, or the business day prior to the date of closing if the pre-closing is held on another day.

Upon closing of the bonds, the proceeds will be deposited with the bond trustee to be disbursed for the payment of the outstanding bond issuance expenses, for the acquisition, construction and/or rehabilitation of the project and other costs as provided in the bond documents. Developers will be responsible for the direct payment of any costs associated with the bond issuance which are not legally permitted to be payable from bond proceeds.

V.

FEES AND EXPENSES

Developers are responsible for the payment of all fees and expenses relating to each bond issue pursued on its behalf and are responsible for payment of same regardless of whether such costs are capable of being financed with bond proceeds. The fees outlined herein relate only to the HFA and do not include trustee fees, continuing disclosure costs, financial advisor fees, credit enhancement fees, underwriting fees, bond counsel fees or other costs of issuance.

All HFA fees are non-negotiable and shall be paid via cashier's check to the "Housing Finance Authority of Broward County." The HFA's fees are payable at the times required in these Bond Policies and in the specific amounts required below. No discounts will be offered based on the size of a bond issue, and all fees are non-refundable, except as otherwise provided herein.

Application Fee \$500.00

The Application Fee is due simultaneously with submission of the initial Application to the HFA.

Inducement Fee **\$1,500.00**

The Inducement Fee is due at the time the HFA receives a written request from the developer that the project be induced.

Public Hearing Fee **\$5,500.00**

The Public Hearing Fee is due at the time the developer requests that the HFA hold the public hearing for the project referenced in Section III.E. hereof.

Good Faith Deposit **The greater of \$25,000 or 50 basis points of principal amount of bonds expected to be issued**

The Good Faith Deposit must be paid to the HFA by the developer before bond documents are drafted. Upon request of the developer, the HFA's Executive Director may reduce the Good Faith Deposit to an amount not less than Seventy Five Thousand Dollars (\$75,000) if, in the Executive Director's sole discretion, the developer demonstrates that the requested Good Faith Deposit is sufficient to cover the HFA's administrative expenses, expenses paid or incurred by the HFA or its staff, or on behalf of the HFA in connection with the bond transaction, and the fees and expenses due to any professionals associated with the transaction.

Indemnification Security **\$20,000 cash**

The developer must secure its indemnification obligations to the HFA as set forth in the bond documents by providing the HFA on or before the pre-closing of the bonds with the required cash deposit. The cash deposit will be placed into a segregated account to be held, expensed and invested by the HFA for its own benefit. The cash deposits contributed by the developers and deposited into this segregated account (which shall maintain a minimum balance of \$500,000) will be non-refundable, and the interest earnings thereon will accrue to the benefit of the HFA.

Closing Fee

New Issues **50 basis points of principal amount of bonds issued**

Refundings **50 basis points of aggregate principal amount of bonds outstanding**

The Closing Fee is a one-time fee for consummating the transaction and must be received by the HFA or bond trustee on or before the pre-closing of the bonds.

Annual Administrative Fee

18 basis points of aggregate principal amount of bonds outstanding

The Annual Administrative Fee will be paid by remittance through the bond trustee to the HFA annually at the time designated in the bond documents as required by the HFA. The Annual Administrative Fee applies to new issues and refundings, and covers the costs of the preparation of the HFA's financial statements and the audit thereof, and other HFA administrative costs and is not related in any way to other fees required to be paid under the bond documents for the services of the trustee, rebate analyst, etc. The Annual Administrative Fee is due annually to the HFA, payable in advance at the time of closing, until the longer of the expiration of the Qualified Project Period or the final maturity of the bonds.

Assumption Fee

10% of aggregate principal amount of bonds outstanding if up to 10% of the units are rented

2% if 11 to 60% of the units are rented

1% if over 60% of the units are rented

1/2% after one year has passed from completion of construction

The Assumption Fee is due prior to execution of any consent for transfer of ownership by the HFA.

Audit Fee

\$500 one-time fee, plus a flat annual amount (\$6,000 in 2002) adjusted every 3 years

The developer will be required to pay for the services of the HFA's auditor to audit its bond issue. The audit fees shall be set forth in the Trust Indenture at an amount equal to those required by the contract then in effect between the HFA and its auditor. The developer understands that the audit fee applicable to any transaction will depend on the negotiated terms of the HFA's contract with its auditor and will change from transaction to transaction. The HFA reserves the right to adjust the audit fee based on the contract with its auditor and the developer agrees to pay any and all such amounts. The HFA will not be liable for payment of any fees for bond issue audits.

As of 2002, the audit fee shall consist of a one-time fee of \$500, plus an annual amount of \$6,000, adjusted every three (3) years thereafter. The annual amount shall be increased every three (3) years by the lesser of 3%, or the percentage increase in

the index number of retail commodities prices designated “Consumers Price Index - all items” CPIU (1982-84=100) over the same period.

Compliance Monitoring Fee

\$25.00 per unit

The Compliance Monitoring Fee shall be paid only in the event all the bonds are redeemed or defeased prior to the expiration of the “Qualified Project Period” (the time during which the developer is required by the Tax Code and/or the HFA to set aside a certain percentage of the units for low and moderate income persons and families). The Compliance Monitoring Fee shall compensate the HFA for its duties in monitoring the multifamily project for compliance during the Qualified Project Period.

SUMMARY OF RELEVANT DATES

January-May	Application period. Receive Applications for projects which will be given priority consideration by the HFA over Applications submitted subsequent to May 31st.
June	Seven days prior to the June board meeting of the HFA, developers are required to submit information on Evaluation Criteria. At regularly scheduled Board meeting or a special meeting, the HFA will evaluate all complete Applications received on or prior to May 31st. After evaluating proposed projects, the HFA will select projects for priority financing and will rank them in order of priority.
From June to August	Developer must work with the credit underwriter and submit all information and documents requested by the Credit Underwriter to enable it to analyze the project. The Credit Underwriter must provide HFA staff with monthly progress reports.
By August 15	Deadline for submitting Credit Underwriting Report to HFA.
By September 1	Deadline for resolving and curing any and all deficiencies cited in the Credit Underwriting Report.
By September 5 (or business day immediately following)	Deadline for submitting to the HFA a final, complete Credit Underwriting Report.
September HFA meeting	Consideration by the HFA Board of the completed Credit Underwriting Reports, and final determination by the HFA of which projects ranked in June will receive allocation.
September 30th	Deadline for submitting plat application.

October HFA meeting

Determination by the HFA Board whether the Plat Application Deadline was met.

March 31st

Deadline for obtaining plat approval for project.

April HFA meeting

Assessment by the HFA Board as to whether Plat Approval Deadline was met.