



Notice of Funding Availability
The 2004 GOAL Program
August 22, 2003

GREATER OPPORTUNITIES FOR AFFORDABLE LIVING
Funding Available Under
Low-Income Housing Tax Credits
HOME Investment Partnership
Senior Citizens Housing Development Fund

Download Application Materials at
<http://www.ahfc.state.ak.us>

Application Deadline: 4:30 p.m. Anchorage Local Time,
October 31th, 2003

For more information, contact:

Alaska Housing Finance Corporation
PO Box 101020
Anchorage, AK 99510-1020
907-330-8277

ALASKA HOUSING FINANCE CORPORATION

Greater Opportunities for Affordable Living (GOAL)

APPLICATION INSTRUCTIONS

- A. GENERAL INFORMATION..... 2**
 - 1. PURPOSE AND GENERAL APPLICABLE PROVISIONS2
 - 2. FUNDING AVAILABLE.....3
 - 3. ELIGIBLE APPLICANTS.....4
 - 4. ELIGIBLE PROJECTS4
 - 5. DEADLINE FOR APPLICATION SUBMISSION.....5
 - 6. NUMBER OF COPIES AND MAILING ADDRESS.....5
 - 7. PROPOSAL COSTS5
 - 8. ACCEPTANCE OF TERMS.....5
 - 9. MISSTATEMENTS.....6
- B. APPLICATION REQUIREMENTS..... 6**
 - 1. APPLICATION FORMS6
 - 2. REQUIRED APPLICATION MATERIAL.....6
- C. EVALUATION CRITERIA12**
- D. SELECTION OF PROPOSALS TO BE FUNDED & FUNDING LEVELS12**
- E. APPLICATION SUBMISSION FORMAT.....13**
- F. MARKET STUDY REQUIREMENTS.....13**
- G. PUBLIC INTEREST DETERMINATION.....13**

A. GENERAL INFORMATION

1. Purpose and General Applicable Provisions

Under this Notice of Funding Availability (NOFA), Alaska Housing Finance Corporation (AHFC) provides grants, zero-interest rate loans, and/or federal tax credits to successful respondents who will acquire, rehabilitate, or construct housing, in accordance with requirements established at 24 CFR Part 92 (HOME Investment Partnerships Program [HOME]), A.S. 18.56.800 - 810, as implemented by 15 AAC 154.010 - 154.120 (Senior Citizen Housing Development Fund [SCHDF]) and Title 26 U.S.C. Section 42 (Low Income Housing Tax Credit Program [LIHTC]), as applicable, based on the type of funds/tax credits received. Applicants are also encouraged to apply for Special Needs Housing Grant (SNHG) development funds for development of special needs housing and GOAL Pre-Development funds for senior and special needs pre-development housing activities. These funds are available through separate NOFAs being released concurrently with this NOFA and available on AHFC's website: <http://www.ahfc.state.ak.us>.

The purpose of AHFC's Greater Opportunities for Affordable Living (GOAL) program, is to expand the supply of decent, safe and sanitary, and affordable housing for occupancy by lower-income persons and families, and senior citizens.

Assistance provided by AHFC for this purpose will be in the form of federal tax credits (LIHTC) which are generally sold by the recipient to derive project equity capital, conditional grants (HOME, SCHDF), and zero-interest rate loans (HOME). Grants are available only to Municipalities and qualifying non-profit organizations.

AHFC HOME funds may not be used within the Municipality of Anchorage. The Municipality of Anchorage receives separate HOME program funds and administers those funds in accordance with its own administrative plan.

<p>The amount of funding received under the GOAL program may not exceed the amount necessary, as determined by AHFC, to result in a financially feasible development ("subsidy layering review"). Factors to be considered in determining the amount of "necessary" GOAL funds, include other funding sources which have been committed to the development and available loan program funds which the development could reasonably be expected to support based on its anticipated revenue and expenses. AHFC reserves the right to adjust the applicant's projected revenue and expenses based on an underwriting review completed by AHFC.</p>

If you have any questions regarding this NOFA package, including Application Instructions or Program Requirements, please call either Mark Romick at (907) 338-6100. If outside Anchorage, you may use AHFC's toll free number at 1-800-478-2432. Additionally, please refer to the AHFC web page (www.ahfc.state.ak.us) or contact Latoya Moore (330-8277) regarding the application workshops which AHFC will conduct in September 2003, as well as technical assistance available from AHFC staff to assist you in applying for funding under this NOFA.

2. Funding Available

The following amount of funding is available through this NOFA.

LIHTC's	\$	2,000,000	*
HOME (general) Funds	\$	1,533,808	
HOME CHDO Funds	\$	450,000	
SCHDF (development)	\$	0	**

- * The nature of the LIHTC Program results in this amount being received each year for a ten year period, hence the equivalent of **\$20,000,000**. This amount can then be sold to investors (“limited partners”), resulting in tax credit sale proceeds used as equity capital necessary to fund the applicant’s proposed development. Recently, successful tax credit recipients have been generally able to obtain \$0.73 to \$0.77 per tax credit dollar. In total, tax credit sales resulting from credits awarded through this NOFA are expected to yield from \$14.5 – \$15.2 million in equity capital for low-income housing.
- ** Applications submitted requesting SCHDF program funds that meet minimum threshold requirements in excess of the funds currently available will be presented to AHFC’s Board of Directors for inclusion in AHFC’s FY 2005 capital budget. This capital budget will be submitted to the Governor and to the Alaska Legislature for funding authorization. If approved by both the Governor and Legislature, it is anticipated that these funds would be available on or about July 1, 2004. Sponsors should note, however, that the legislature has not typically funded all senior housing projects submitted.

A Community Housing Development Organizations that applies for HOME funds to develop rental housing which is not funded by HOME general funds due to its ranking order, will be ranked alongside any submitted CHDO homeownership development projects for receipt of HOME CHDO funds.

Applicants desiring to develop a senior project which is proposed to be funded exclusively with HOME and/or Low-Income Housing Tax Credits, but which are not funded due to their ranking order, will be combined with senior projects proposed by applicants to be funded exclusively with SCHDF funds. Such projects may be funded in accordance with the SCHDF program procedures stated above.

Senior project applicants should note that the use of HOME and/or Low Income Housing Tax Credits requires that all, or a portion of, the units be occupied by lower income seniors at restricted rent levels. Senior projects that utilize SCHDF program funds exclusively do not require such occupancy and rent restrictions.

All applicants should note that the definition of “senior household” under the SCHDF is, a related household with at least one member age 60 years or older. Projects funded by federal programs that define “seniors” differently may qualify so long as at least eighty percent of the

units in the project are occupied exclusively by households who meet the AHFC definition of “senior household” (see definitions section in GOAL Program Policy and Procedures Manual).

Applicants must specifically identify in the application the source and amount of HOME, SCHDF or LIHTC funds being requested as a “first choice”. Applicants may also indicate “second choice” sources of funds it is willing to accept if the first choice is not available.

Each funding source (HOME, LIHTC, SCHDF) is governed by different federal or state regulation, and may contain different and significant operational and project development requirements. By applying for GOAL funds, the applicant commits to following all applicable requirements. Therefore, the applicant should thoroughly review GOAL Policies and Procedures Manual, available from AHFC, for development and operational requirements which are applicable to each funding source.

3. Eligible Applicants

Eligible applicants include:

APPLICANT TYPE	ELIGIBLE APPLICANT			
	HOME* rental dev't*	HOME* homeownership dev't*	SCHDF	LIHTC
501(c)(3) or (4) Non-Profit Corporations*	X		X	X
AHFC-Certified Community Housing Development Organizations	X	X	X	X
Municipalities	X		X	X
Regional Housing Authorities	X		X	X
Private For-Profit Developers/Organizations	X			X

*** Prohibition on the Use of HOME funds by Religious Organizations:** HOME Funds may not be provided to primarily religious organizations, such as churches, for any activity including secular activities. The completed housing project must be used exclusively by the owner entity for secular purposes, available to all persons regardless of religion. In particular, there must be no religious or membership criteria for tenants of the property (HUD Regulation 24 CFR Part 92.257)

Applicants who apply for development funding under the GOAL or SNHG program are not eligible for a SCHDF/SNHG pre-development grant for the same project in the same year.

4. Eligible Projects

All projects must be eligible in accordance with the most recent version of the *GOAL Program Policy and Procedures*. A copy of the GOAL Program Policy and Procedures document is

available on AHFC's website. **It is critical that all applicants read this document in order to propose projects that will qualify for GOAL funding.**

5. Deadline for Application Submission

Applications must be physically received by the Alaska Housing Finance Corporation (at the address below) no later than 4:30 p.m. Anchorage Local Time on Friday, October 31, 2003. Applications may NOT be submitted via telefax or e-mail. The official time for application submitted is that of the date/time clock in the main reception area of AHFC's headquarters building at 4300 Boniface Parkway in Anchorage. Applications received after the deadline or delivered to an incorrect AHFC location before the deadline will NOT be considered.

6. Number of Copies and Mailing Address

Applicants must send an original and four (4) copies of the proposal to:

Mail

Alaska Housing Finance Corporation
Attention: Mark Romick
PO Box 101020
Anchorage, AK 99510-1020

Hand Delivery

Alaska Housing Finance Corporation
Attention: Mark Romick
4300 Boniface Parkway
Anchorage, AK 99504

7. Proposal Costs

All costs of responding to this NOFA are the responsibility of the applicant.

8. Acceptance of Terms

By submitting an application, the applicant accepts all terms, conditions and requirements of this NOFA, and those contained in AHFC regulations, HUD regulations and Title 26 U.S.C. Section 42 as they relate to the HOME, LIHTC and SCHDF programs. The applicant's proposal will become part of the grant, loan, or reservation agreement, whichever may be applicable, in the event the applicant is awarded program funds. The applicant will be bound by what is in the proposal, unless otherwise approved in writing by AHFC.

Omission within this NOFA package of provisions found in federal and state regulations or terms and conditions of AHFC's grant or loan agreement, or LIHTC reservation agreement does not nullify or in any way relieve the applicant or AHFC of responsibility for complying with all applicable Federal and/or State Program requirements.

Proposals and other materials submitted in response to this NOFA become the property of AHFC and may be returned only at AHFC's discretion. Applications are public documents and may be inspected or copied by anyone after a Notice of Intent to Award Funds has been issued by AHFC. Financial statements included in the application may be considered public information unless a specific written request to restrict distribution is made by the applicant.

9. Misstatements

If AHFC determines that an applicant for, or recipient of, GOAL funds or LIHTC's under the GOAL program has made a material misstatement relating to the recipient's application for, or administration of, a grant, loan, or tax credits, AHFC will, at its discretion, remove the application from any further funding consideration, or in the event that GOAL funds or LIHTC's have already been received, require the recipient to repay the funds or LIHTC's (tax credits issued by AHFC will be rescinded) to AHFC, together with accrued interest on the amount of the funds received calculated at the highest rate allowed by law from the date of funds disbursement by AHFC.

B. APPLICATION REQUIREMENTS

1. Application Forms

All applications must be on forms provided by AHFC. Forms are available in both paper and disk format. Applicants are required to submit a hard copy of all forms, and are encouraged to submit an electronic copy of the Excel Workbook for the financial feasibility portion (Section IV) of the application. Limitations on space and number of pages must be followed.

2. Required Application Material

(I) Threshold (T) Items

Each application proposal will be subject to a threshold review. An application which, in AHFC's sole opinion, has not met the required Threshold Criteria identified in this section and submitted all threshold materials, will be considered non-responsive, and may NOT be considered further in this Notice of Funding Availability cycle. AHFC reserves the right to request technical corrections to the application.

For all applicants, the Threshold Items include the following:

T-#1: An **original Application and four copies**, completed in its entirety, including all applicable sections.

Section I of the application specifies which sections are required for each type of funding requested and/or housing type being proposed. The applicant Section IV includes an Excel spreadsheet which should be included in the application both in hard copy and on disk.

T-#2: A **resolution of the applicant's governing body** authorizing the request for GOAL funds.

T-#3: **Evidence of legal organizational status**, i.e., non-profit designation letter from the Internal Revenue Service (non-profits and municipalities), authorizing legislation (Regional Housing Authorities), Certificate of Incorporation issued by

the Department of Commerce (for-profit corporations), partnership agreement (if available - partnerships).

If applying for the homeownership component under the HOME Program, the applicant must also provide evidence of Community Housing Development Organization status (CHDO Certificate).

- T-#4: **Evidence that the applicant has site control** at the time of application for funding, and that site control is maintained for a period of at least six months from the application deadline (site control must be maintained at least through April 30, 2004, or, for HOME applicants, until the projected date upon which the environmental review, including all required public comment periods, is completed, whichever is later.). The site control agreement may condition site control to the award of GOAL funding. However, this condition may not terminate the site control agreement until at least January 1, 2004. **If applying for HOME funds, the site control agreement must stipulate that the purchase of the property is subject to a determination by AHFC on the desirability of the property for the project as a result of the completion of an environmental review in accordance with regulations found at 24 CFR Part 58.**

If applying for CHDO Homeownership Development Funds, this site control requirement may be waived if the required market study demonstrates the availability of an adequate supply of lots in the community which would be suitable and available for the homeownership development activity proposed.

Required Evidence of Site Control:

- (a) Current deed (warranty deed, quitclaim deed, etc.) evidencing current title to the site; **or**
- (b) An executed earnest money agreement or option to purchase, or other similar legally binding document meeting the site control requirements of the above paragraph; **or**
- (c) Executed lease that extends for at least 30 years beyond the start of the expected compliance period for this project.

T-#5: Displacement and Relocation Assistance Requirements:

- (a) An **Anti-Displacement and Relocation Assistance Plan** for all applications which propose to undertake an activity which will involve acquisition or rehabilitation of a property occupied by a “person” other than the owner of that property (i.e., tenant, [including an individual, business or non-profit organization]),

- (b) For all applications which request HOME funds or that would be willing to accept HOME funds as an alternative to the requested funding source, a copy of the **General Information Notice** provided to, and acknowledged as being received (signature verifying receipt) by each “person” occupying a unit in the project on the date of application to AHFC.

T-#6: Evidence demonstrating the **Financial Feasibility** of the proposed project. Both *development feasibility* (i.e., sources of development funds equal development costs) and *operational feasibility* (project revenue + other operating subsidies, if any, exceed in an acceptable amount the projects operating expenses and debt service requirements) must be evident.

Minimally, this evidence should include:

- (a) Credible third party support of the projected development cost estimates. Examples include bids and/or cost estimates supplied by an architect, appraiser, materials supplier, etc. **A capital needs assessment, performed by a third party (not applicant, sponsor, or developer) is required for all rehabilitation projects.**
- (b) Data which supports estimated project revenue (rent levels), vacancy rates, operating expenses, and debt carrying capability.
- (c) Support for the reliability of other proposed project funding sources have been confirmed, i.e. letters of funding commitment, preliminary loan review, evidence of application for other funding sources, etc.
- (d) Reasonable assurances that the project can be successfully implemented within the proposed time frame, and that substantive development activity will begin within 180 days of award of GOAL funds.

Substantive activities may include securing financing, completion of blueprints or plans, receipt of building permits, project construction, rehabilitation, or acquisition.
- (e) For homeownership projects, an appraisal showing the Opinion of Value or Appraised value of homes to be developed.

T-#7: **Evidence demonstrating the Need for the subject development in the geographic area in which it is proposed.** To satisfy this requirement, applicants must complete Section V Part G of the application form and include:

- (a) Evidence of **Community Support** for the project as evidenced by written letters of support from the local government, community

council(s), and non-profit organizations located in the project area whose clients will likely benefit from the project.

- (b) A **Project Market Study** meeting AHFC requirements and performed by a qualified independent market study analyst (must be on AHFC's list of approved analysts), which evidences the demand for the project's units within a reasonable rent-up period. Go to www.ahfc.state.ak.us under the down load section and look for the GOAL program, to view market study requirements.

The only exception to this threshold requirement is for projects that meet all of the following criteria:

- The project proposes no more than eight units;
- The project will not utilize Low Income Housing Tax Credits;
- The project will not involve an addition of rental units to the community. Example of such projects may include rehabilitation, acquisition and/or reconstruction of existing rental units;
- The project will not result in a substantial increase in rent charged to current tenants or a reduction in size or quality of existing unit(s);
- The current unit(s) to be replaced or rehabilitated can demonstrate a history of three years of occupancy with a 7% vacancy rate or less; and
- The project will not involve or result in the permanent displacement of current residents.

Projects which meet these criteria may submit information that provides evidence all criteria are met as a substitution for the market study. However, please note if this substitution is elected, the project will not be eligible for any points under the "need" evaluation criteria.

T-#8: A **Management Plan** which in AHFC's opinion adequately demonstrates the ability of the recipient to manage the proposed project (satisfied by adequately answering the questions in Section V, Part F of the Application form).

T-#9: For homeownership projects, a **proposed resale formula** that depicts how 1) the home will remain affordable to low income buyers during the affordability period, and 2) the homeowner will receive a fair return his or her investment.

T-#10: Execution and submission of the "**Disclosure of Other Application Consultant Participation**" form (see Section VI of Application form **ALL applicants must submit the "disclosure of other application consultant participation form" regardless of whether you are working on more than one application or not.**). **If it does not apply, write "N/A"**

on the form and sign it.

T-#11: Responsible "Bidder"

AHFC must make a determination that the applicant/sponsor /owner is a “responsible bidder” based on AHFC’s past experience with the applicant/sponsor or potential owner of the proposed project in compliance during the development or operation phases of a project.

T-#12: (For LIHTC applicants only) Notification of Local Government Letter

All applicants for LIHTCs must notify the local government of its intent by submitting the letter included in Section IX of the application and also attaching a copy of the comments received. If comments from the local government have not been received by the application due date, applicant should submit evidence the local government received the request for comments (i.e. a United States Postal Service’s certified return receipt, or a copy of the letter with a “received” date stamp from the local government, or other such official evidence.)

T-#13 Affirmative Marketing Plan

All applicants for GOAL funds shall adopt affirmative marketing procedures and requirements for all housing produced under this NOFA, in accordance with the State of Alaska's GOAL Program Rating and Award Criteria Plan. This affirmative marketing plan shall include the following:

1. Methods for informing the public, owners and potential tenants about fair housing laws and the owner's policies regarding compliance with fair housing laws.
2. A description of what the owner will do to affirmatively market housing assisted with GOAL funds.
3. A description of what owners will do to inform persons not likely to apply for housing without special outreach.
4. A description of how the owner will maintain records documenting actions taken to affirmatively market GOAL - assisted units and to assess marketing effectiveness.
5. A description of how the owners affirmative marketing efforts will be assessed and what corrective actions will be taken where requirements are not met.

(II) **Supporting Application Material**

Failure to provide the supporting information below will not result in disqualification from funding consideration however, it may significantly impact the points which the application will earn in the rating review process, and in certain cases, may impede AHFC's ability to award one or more of the specific sources of available funds/tax credits to the applicant.

(1) **Resumes of Key Development Participants** including:

- (a) Applicant's Key Management Staff;
- (b) Applicant's Corporate Principals (if applicable);
- (c) General and Limited Partners;
- (d) Applicant, if a private individual;
- (e) Developer, General Contractor, Architect, and Engineer(s)

(2) **Financial Statements** as follows:

Non-Profit Organizations: Most recent audited financial statement.

For Profit Organizations: 2002 Corporate Federal Income Tax Return;
Current Balance Statement and Profit and Loss
Statement for period ending June 30, 2003.

Individual Applicants: 2002 Personal Federal Income Tax Return;
Completion of Section IV, Part B of
Application Form.

(3) **Photographs of the subject site, adjacent properties and street view**,
appropriately identified.

(4) **Local Street Map** which identifies the location of the property within the
boundaries of the city, borough, or general area in which it is located.

(5) **Subdivision Plat** which identifies the subject site and adjacent sites within the
immediate area.

(6) **Evidence of Acceptable Zoning**, or if not currently zoned appropriately, a
statement regarding the applicant's plans and timing to obtain proper zoning.

(7) For HOME Projects, all **Site Environmental Evidence** identified in Section
VII, Part A.

(8) **Schematic drawings** of proposed project (construction, rehabilitation, or
improvement plans).

- (9) **If Substantial Rehabilitation is proposed (rehabilitation costs which exceed \$25,000 per unit), a comprehensive property inspection report, completed by a qualified third party,** i.e., residential inspector, engineer, code enforcement officer, etc, which identifies the property’s comprehensive rehabilitation needs.
- (10) **Evidence of the commitment of any development or operational contributions qualifying as “Match” or Leverage funds. Applicants must fill out the required "match/leverage" forms to receive points in this category** (see the “Match” supplement enclosed with this NOFA package for eligible “Match” contributions and calculation methods).
- (11) If tenants will pay any portion of the utilities other than telephone, the utility allowance schedule that will be used for this project, identifying which utilities tenant will pay. If Utility Company Data is used and it is lower than the utility cost identified in the Utility Allowance Schedule included as part of this NOFA package, **historical data from the utility company** must be provided.
- (12) If proposing a job training program, evidence of commitment by participating entities described in Section V Part L.
- (13) If claiming points for being part of a Community Revitalization Plan, copy or excerpt from plan(s) evidencing project’s significance.
- (14) If claiming disaster area points for any communities not listed in the application, provide evidence of the Governor’s declaration of disaster.

C. EVALUATION CRITERIA

All applications will undergo a threshold review. Applications that pass the threshold review will be evaluated by an evaluation review committee. Both the threshold review and evaluation criteria are discussed in detail in the *Rating and Award Criteria Plan* (also referred to as the “Qualified Allocation Plan”, or QAP). A copy of this Plan is included as part of this NOFA package and is available on AHFC’s website.

D. SELECTION OF PROPOSALS TO BE FUNDED & FUNDING LEVELS

The selection of proposals to be funded is discussed in the *Rating and Award Criteria Plan* (also referred to as the “Qualified Allocation Plan”, or QAP). A copy of this Plan is included as part of this NOFA package and is available on AHFC’s website.

For any allocation of Low-income Housing Tax Credit that is made outside the priorities and selection criteria established by AHFC in the allocation plan, a written explanation will be made available to the general public, upon request.

E. APPLICATION SUBMISSION FORMAT

Applications material should be submitted as follows:

1. The original and each copy should be separately bound (no Comb binding) so that the application will not fall apart. Three ring binders with ample room for pages to be easily turned are preferred.
2. Tabs, appropriately labeled to identify that section's contents, should be placed between the Application and each Threshold (T) and Supporting Application Material item.
3. All application material should be bound in the order in which they are identified in Section B of these Application Instructions.

F. MARKET STUDY REQUIREMENTS

In accordance with Threshold Item T-#7 for development applications, unless projects meet the one exception, applicants must supply a "Project Market Study" which evidences the demand for the project within a reasonable rent-up period which is supported by a rent-up reserve fund. All market studies must be performed by an individual or firm which is listed on AHFC's "Approved Market Study Firms" list. **NO MARKET STUDIES WILL BE ACCEPTED IF THEY PREPARED BY A FIRM OR INDIVIDUAL THAT IS NOT ON THE LIST BY THE END OF THE APPLICATION PERIOD.**

A list of firms and the standard format and information required for the market study is available from AHFC via the website www.ahfc.state.ak.us under the "download section" of the webpage, or you may request a copy from Mark Romick at mromick@ahfc.state.ak.us, 1-800-478-2432 or 907-330-8274.

If an applicant wants to use a firm that is not currently on the "approved list", they must apply and be accepted before the October 31, 2003 application deadline.

For rehabilitation projects, a capital needs assessment is also required prior to the disbursement of funds or issuance of a carryover agreement. This document shall be prepared by an architect, engineer or another professional who is qualified to do an assessment of code requirements, and need structural, mechanical or electrical improvements. The property must be rehabilitated in a manner that insures the useful life of the project will exceed the compliance period for the project.

G. PUBLIC INTEREST DETERMINATION

Projects which are proposed to receive GOAL program funding must be determined to be in the public interest. For the purpose of the GOAL program, an application will be determined to meet the public

interest test if it meets the Notice of Funding Availability (NOFA) application requirements, including the Application Instructions, Rating and Award Criteria Plan, and program criteria identified within the GOAL Program Summary. These include, but are not limited to, the following:

1. Eligibility of the applicant to receive the funds requested.
2. The application meets the Threshold Requirements identified in the Application Instructions, including that it earns the minimum number of points required in the rating process.
3. The funding provided is not more than is necessary to result in a financially feasible development ("subsidy layering review"), including other funding sources which have been committed to the development, and loan funds which are known to be available and which the development could reasonably be expected to support based on its anticipated revenue and expenses. AHFC reserves the right to adjust the applicant's projected revenue and expenses based on an underwriting review completed by AHFC.
4. The project can be reasonably expected to be acquired, and/or begin significant construction or rehabilitation activities, whichever is applicable, during the twelve months following the award of funds.
5. The project does not primarily further a private interest at the expense of the criteria identified above.