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APPLICATION GUIDELINES

Funding Sources Available

The following funding sources are available for rental housing production through the 2001 Consolidated Funding Cycle:

- HOME Investment Partnerships Program (Competitive and CHDO Set-Aside)
- Affordable Housing Trust Fund
- Small Multifamily Affordable Loan Program
- Risk Sharing
- Housing Credit Set-Aside
- Predevelopment Loan Program
- Housing Development Fund (HDF)
- Project-Based Section 8 Assistance
- Renaissance Kentucky Funds

Consolidated Funding Cycle Application Instructions

This year, the rental production application has been revised to incorporate questions and exhibits that pertain to rental housing projects of any size. In addition, the Risk Sharing and Housing Credit programs have been added to the available funding sources for rental housing production. There are six (6) sections of the core rental consolidated funding cycle application. Please carefully read and answer all questions for each section. The sections include the following:

- General Information
- Project Design
- Project Need
- Financial Description
- Capacity of Development Team
- Ready to Proceed

In addition to the core application, there are several attachments and exhibits that must be completed and returned with the application. The source of funding being requested will determine the number of attachments and/or exhibits that need to be submitted. For applicants requesting **HOME funds, Affordable Housing Trust Funds** or **Housing Credit**, you **must** complete the appropriate attachment for each of these programs. Applications will be considered incomplete if these attachments are not completed and submitted, therefore, not eligible for funding.

For applicants requesting funds for the **construction or rehabilitation of four (4) or less units or minor repair with total project cost under \$50,000** will not be required to fill out the entire core application. Under the attachment titled “1-4 Units or Minor Repair,” there is a list of questions that the applicant will need to fill-out in each of the core application sections. To ensure that all of the required questions were answered, the applicant must place a check mark by each of the required questions on the. In addition to

the smaller application, there will be additional attachments and exhibits required depending on the source of fund(s) requested.

In order that each applicant submits the required exhibits, the front page of the exhibit section indicates which exhibits need to be submitted for each specific program. The application also includes reference information that include KHC's Cost Containment Guidelines, county information to assist you in determining area median income and eligible program rents, additional program guidelines and useful web sites.

Technical Assistance

KHC program staff from Community Planning and Development (CPD), Rental Housing Production (RHP), Specialized Housing Resource (SHR) departments, as well as KHC's account representatives will be available for technical assistance from July 9, 2001 through September 7, 2001. During the week of September 10th technical assistance will not be provided to allow for staff to prepare for application review.

We strongly encourage you to seek technical assistance for any questions that you may have when completing the application. Since the Consolidated Funding Cycle is a competitive process, KHC staff will not be able to inform you on how your application will score, but can provide guidance on general and technical questions pertaining to project design, financial design and other programmatic or application questions.

State Clearinghouse Review

For projects requesting federal funding (HOME, Risk Sharing or Project-Based Section 8), a review of all applications must be conducted by the Kentucky State Clearinghouse as required by Executive Order 12372. No funding decisions will be made until all Clearinghouse comments are considered. Please note that negative, unresolved Clearinghouse comments may affect the application score.

Send one (1) original and 15 copies of the following information to the Department for Local Government, State Clearinghouse Review, 1024 Capital Center Drive, Suite 340, Frankfort, KY 40601:

- The project summary
- The project cost summary
- The Housing Assistance Form (424 form) (Exhibit A) and all required attachments

The Clearinghouse information should be sent to the Department for Local Government before or at the same time the application is submitted to KHC. Any questions concerning the State Clearinghouse review should be directed to the Department of Local Government at (502) 573-2382.

Submission of Applications

All applications for the Consolidated Funding Cycle must be submitted no later than September 17, 2001 (postmarked by midnight on or prior to, or delivered by 5:00 p.m., EDT). An **original** and **four (4) copies** of the completed application must be submitted to:

Ms. Tiffany Marthaler
Programs Administrator
Kentucky Housing Corporation
1231 Louisville Rd.
Frankfort, KY 40601

Application Review Process

Applications will be divided geographically and distributed to the designated KHC review group. Each review group will consist of KHC staff members from the different program areas. Each review group is responsible for reviewing the applications and providing a preliminary score. After applications are reviewed and scored, applications will be ranked for funding preference. It is the intention of KHC to fund applications in their entirety and provide them with the funding sources requested. In order to fund as many good and viable projects as possible, as one requested funding source becomes depleted, from higher ranking applications, KHC may propose alternative financing from remaining funding sources, to the next highest ranked applicant. The applicant will be notified of the proposed change and will have the option to accept and/or reject the proposed financing change.

Site Visits

All proposed projects will receive a site visit by KHC staff during the application review period. KHC staff will contact the applicant to arrange a date and time for the site visit. The applicant must be present at the site visit to answer any questions that KHC staff may have in relation to the application.

Note: All proposed developments must be site specific.

Notice of Funding

All applicants who are approved for funding will be invited to participate in the Technical Submission phase of the application review process. These applicants will receive a congratulation letter issued by KHC. This letter will inform the applicants of remaining items that will need to be submitted and approved prior to loan closing. These items will include, but are not limited to, final plans and specifications, a market study, (if requested), appraisals, surveys, final cost estimates, etc.

All items required to be submitted during the Technical Submission phase of application review must be received within 120 days of the issuance of the congratulation letter. If the

applicant does not submit all required Technical Submission items within a timely manner or items are not approved, the preliminary approval will be canceled. All funding for that project will be recaptured and reallocated. Applicants who do not complete the Technical Submission phase will be eligible to resubmit their application in the next available funding round.

Upon successful completion of all items required for the Technical Submission phase of the application review process, the applicant will be notified of when a loan closing will take place. After a successful loan closing has occurred, funds may be requested and construction may begin.

Note: Any substantial change(s) to your project, including increases to the original development budget, must be approved by KHC. The original application may be scored again depending on the changes requested. This may effect the approval of your funds as well as scoring on future applications. It is expected that you will exhaust all other resources prior to requesting approval of additional funding from KHC. KHC has the discretion to deny funding to any project that has substantially changed from the original proposal submitted.

CONSOLIDATED FUNDING CYCLE REQUIREMENTS FOR RENTAL PROJECTS

1. Eligible Project Types

Rental housing production projects of any size are eligible to apply for one or more sources of KHC financing available through the Consolidated Funding Cycle. The following project types are eligible for funding:

- Family Housing
- Independent Elderly Housing
- Assisted Living Housing
- Special Needs Housing

2. Projects Not Eligible For Funding

1. Housing Credit offered through the Housing Credit Set-Aside are only available in conjunction with other KHC financing. Projects requesting **housing credit alone** through the Consolidated Funding Cycle are not eligible and must apply for credit during the regular housing credit rounds.
2. Projects within the following areas are not eligible to apply for state HOME funds: cities of Covington, Louisville, Owensboro and Lexington/Fayette and Jefferson counties.
3. Projects that rely on fees from supportive services to pay debt service are not eligible for funding under this application.

3. Loan Repayment Requirement

All developments of ***12 or more units** must have an amortizing loan that is **at least 51 percent** of the total development costs less equity. An amortizing loan is defined as a loan for which interest (if applicable) and principal payment is paid monthly or annually. A deferred loan is not considered an amortizing loan.

Example:	Total Development Cost	\$1,000,000
	Equity	<u>\$ 500,000</u>
		\$ 500,000

$$\$500,000 \times .51 = \$255,000$$

At least \$255,000 must be in the form of an amortizing loan.

***Note: Developments for which all units are designated to serve either populations with special needs or families with total household incomes at or below 30 percent of the area median income are excluded from the above loan repayment requirement.**

4. **HOME Matching Funds Requirement**

All proposed developments requesting **HOME funds** are required to provide a minimum of **5 percent match of the total HOME amount requested**. The 5 percent match **must** be a non-KHC financial or in-kind source.

Eligible Match include:

- Cash contributions (excluding owner's equity and/or proceeds from Housing Credits syndication).
- Donated property. If the property will not be donated but will be sold for a below-market appraised value, the match amount is the difference between the appraised value and the below-market sale price of the property. If a below-market value sale is proposed, attach a copy of the appraisal and a copy of the purchase contract. Also attach a statement from the owner explaining that the property was sold for affordable housing purposes.
- Donated construction materials. The letter of commitment must include the method of calculating the value of donated materials.
- Sweat equity (valued at \$10/hour).
- Volunteer labor (valued at \$10/hour unless classified as a professional/skilled service such as electrical or plumbing, which may be valued at documented market rate). For projects proposing skilled labor, document the current market hourly rate and method of calculation. For projects proposing unskilled volunteer labor, attach a letter from the coordinating volunteer agency (church group, civic group, etc.) stating the commitment, including the number of hours, when volunteer labor will be performed and cost per hour. Note that there is a maximum of 3,500 hours per unit for volunteer labor.
- Waived fees and taxes (calculation included as **Attachment B-4**).

Attach letters of commitment for matching contributions.

4. **HOME Threshold Requirements for Previous HOME Recipients**

To be eligible to apply for 2001 HOME funds, applicants must meet the following thresholds by September 1, 2001. Applicants with current projects that **will not meet the threshold requirements cannot apply for additional funding for the same project activity**.

1. Applicants requesting funds for the same activity for which 1998 and earlier funds were awarded must have all funds expended and all project closeout documentation submitted and approved by September 17, 2001.
2. Eighty percent (80%) of 1999 HOME funds must be expended. A plan detailing how the remaining funds will be expended by March 31, 2002 must be attached to the application.
3. Eighty percent (80%) of 2000 HOME funds must be expended. A plan detailing how the remaining funds will be expended by March 31, 2002 must be attached to the application.

KHC reserves the right to not release funds for fiscal year (FY) 2001 projects until all previous projects are complete. Complete projects are those for which all funds are expended and all completion reports have been submitted and approved. Further, within the Capacity of Developer Team scoring criteria, consideration will be given to whether prior projects met originally-imposed commitment, expenditure and completion deadlines; whether there have been monitoring and compliance findings (including whether the findings have been cleared and whether annual performance reports have been submitted).

In the event a recipient has not satisfactorily performed under the terms of the written agreement, KHC may not accept subsequent applications. Current HOME recipients who are having (or have had) difficulty with timely project implementation, approval of project documents, delayed funds expenditure, poor construction quality or those who have outstanding issues as identified by KHC compliance monitoring staff, should contact their assigned HOME Program representative to ascertain eligibility to apply for FY 2001 funding.

6. Developer Fee

The allowable fees for developers are based on the total project cost (TPC) of the project. For projects with a total project cost less than \$750,000, the maximum developer fee cannot exceed 15 percent of the total project cost. For projects with a total cost greater than \$750,000, the maximum developer fee cannot exceed 10 percent of total project cost. For projects that will be combining Housing Credit with other government assistance, the developer fee is limited to 10 percent of the total development cost.

7. Cost Reasonableness

While maintaining aesthetic and livable standards, it is KHC's objective to fund as many proposals as possible. Because funds are limited, cost per type of unit and construction costs per square foot are important factors in weighing applications. KHC has recently adopted Cost Containment Guidelines to evaluate the total cost for construction of all new projects.

Only KHC's financed portion of total development costs will be considered in the application of this policy. In applying this standard, either baseline limits or actual project costs will be adjusted as follows.

- (a) Total costs will be reduced by the cost of land for all projects.
- (b) Baseline limits will be increased by 30 percent for multifamily developments serving the mentally or physically disabled, individuals diagnosed with chemical or substance abusers and the frail elderly.
- (c) Urban revitalization project costs will be reduced by any tenant relocation expenses and/or neighborhood redevelopment costs.
- (d) Renaissance Kentucky project costs may range up to 130 percent of the applicable 221(d)(3) baseline limit. Exceptions may be made for projects costing up to 150 percent of the baseline limit.

The actual Hard Construction Contract is defined as the amount of the General Contractors Contract amount to complete all construction as shown on the plans and specified in the specifications to include General Requirements, Contractor's Overhead, Contractor's Profit, Bond Premium and Builders Risk Insurance. The contingency amount for each project shall be added to the Contract for Construction to establish the total hard cost even though it is not part of the Contractor's Contract. Please see the attached **Cost Containment Guidelines** in the Reference Materials Section of this application.

8. Reserve for Replacement

The calculation for determining the appropriate reserve for replacement is based on the **GREATER** of the following assumption:

- The amount of building construction cost multiplied by 0.006 **OR**; \$200 per unit for new construction or \$250 per unit for rehabilitation developments, as applicable.

The reserve for replacement annual deposit shall increase \$25 per unit at 5-year increments.

9. Appraisal Requirement

KHC requires that appraisals be conducted on projects requesting \$250,000 or more of KHC financing in the form of a loan or deferred loan. All appraisals must be ordered and paid for by the applicant. Appraisals will be required to be submitted during the Technical Submission phase of application review. KHC reserves the right to request appraisals on any project, regardless of funding amounts. Please see the attached **Appraisal Guidelines** in the Reference Material Sections of this application.

10. Market Studies

KHC requires market studies for rental housing developments of **12 units or more**. One exception to this rule is that a market study is required for all **Risk Sharing** projects of **any size**.

After an application has been preliminarily approved for funding, KHC will order a market study on the proposed project. The cost of the market study will be paid for by KHC. If the market study proves that the project is not feasible, due to market constraints, KHC will recapture all funding allocated to the proposed project. KHC reserves the right to request a market study or additional market information on all projects, regardless of size.

11. Property Needs Analysis

All preliminarily approved substantial rehabilitation projects consisting of **12 or more** units and for which the affordability period **exceeds 20 years**, will be required to submit a Property Needs Analysis (PNA). The PNA will be performed by a firm approved by KHC to determine whether the proposed rehabilitation activities are sufficient to ensure that the building improvements have a useful life beyond the term of the loan. The PNA will be requested at the Technical Submission phase of application review. Applicants are responsible for fees for such assessments.

12. Inspection Policy

- A preconstruction conference will be conducted for each KHC-funded rental project. At this meeting, a schedule of inspections, usually monthly, will be developed. If construction is ready to commence at the time of the preconstruction conference, a **construction start-up notice** must be submitted.
- If construction **is not** ready to commence at the time of the preconstruction conference, the recipient must submit a **construction start-up notice** at a minimum of **two (2) weeks** prior to commencement of construction. Failure to submit this notice promptly may result in delay in accessing funds.
- After all inspections have been conducted and after KHC's Technical Services staff has approved the construction activity, draw requests may be submitted to KHC.
- A representative from the funded agency should attend each inspection.
- Ten (10) percent of KHC's investment in a project will be retained until a final inspection has been conducted and all construction activity approved.
- The final draw must also include required close-out documentation.

13. **Building Code Requirements**

- All construction will comply with appropriate construction standards. All rehabilitation performed must meet the requirements of the latest edition of the Kentucky Building Code (KBC) as enforced by the Kentucky Department of Housing, Buildings and Construction, as well as any local building codes, zoning and land development regulations. One and two family dwellings and townhouses must meet the requirements of the International Energy Conservation Code and the Kentucky Residential Code referenced in the KBC. Furthermore, all rental housing must meet the requirements of Section 8 Housing Quality Standards (HQS) and the Kentucky Fair Housing Law including those sections requiring accessibility and adaptability. All rehabilitation must comply with the HOME Regulations 92.251. Additionally, all units must meet the minimum requirements of the International Property Maintenance Code if the rehabilitation cost is less than \$30,000. Additionally, all units must meet Section 3 of the Kentucky Residential Code, regardless of the total cost of the rehabilitation.
- All new construction plans must be approved by KHC.
- Rehabilitation assistance may be used for rehabilitation work necessary to correct incipient as well as existing violations of the Kentucky Building Code. An incipient violation exists if, at the time of inspection, it is thought that the physical condition of an element in the structure will deteriorate into an actual violation during the term of the loan.

GENERAL PROGRAMMATIC REQUIREMENTS

Small Multifamily Affordable Loan (SMAL) Program

- Developments cannot exceed 11 units.
- Eligible rental activities are new construction and substantial rehabilitation.
- The maximum loan amount requested cannot exceed 90 percent loan to value or the loan amount supported by a 1.15 debt coverage ratio.
- Interest rate requested cannot be lower than 3.5 percent.
- The term of the loan shall not exceed 30 years.
- Eligible households must have incomes at or below 80 percent the area median income.
- Proposed rents should be projected at 30 percent of the income level of the targeted population.
- The SMAL Program funds can be used for construction loans and/or permanent mortgage loans.

HOME Investment Partnership (HOME) Program

- Eligible rental activities are limited to new construction, acquisition with rehabilitation and rehabilitation of existing rental units.
- HOME funds cannot be used for refinancing.
- HOME funds can be used for construction loans and permanent mortgage loans.
- Projects funded with HOME must meet the minimum required affordability period.
- All HOME funds must be secured with a mortgage.
- HOME funds can be provided in the form of a loan, deferred loan and/or grant. Interest rates on loans are flexible and the loan term, at a minimum, must be equal to the required affordability period. (See the HOME Attachment.)
- HOME rental developments can only serve households with incomes at or below 60 percent the area median income.

- In projects of five or more HOME-assisted units, at least 20 percent of the HOME units must be occupied by households with incomes at or below 50 percent of the area median income.
- HOME rental developments under five units can have all HOME units occupied by households at or below 60 percent of the area median income.
- An environmental review is required and shall be carried out pursuant to the National Environmental Policy Act of 1969 and related laws and authorities in accordance with 24 Code of Federal Regulations (CFR) Part 58. (This review will be conducted by KHC staff.)
- The Federal Davis-Bacon Act wage rate requirements apply to developments of 12 units or more under this program that utilize KHC's construction financing. The Davis-Bacon Act requires that workers receive no less than the prevailing wages being paid for similar work in the locality. Prevailing wages are computed by the Department of Labor and are issued in the form of a Federal Wage Determination. The Wage Determination lists each classification of workers who will work on the project and the rates that must be paid to each classification.
- Under the HOME Program all acquisition and rehabilitation is subject to the requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA) (49 CFR Part 24 and 42 U.S.C. 4201-4655). For example, if a developer wishes to purchase a piece of property that is for sale on the open-market that is tenant-occupied, the existing tenants may be eligible for relocation benefits. If the property is currently vacant, but was previously tenant-occupied, a determination will need to be made as to whether the tenants were removed in order to sell a "vacant" unit to the developer participating in the HOME program. If so, the tenants may be eligible for relocation benefits.

Affordable Housing Trust Fund (AHTF)

- Eligible activities under the AHTF Program include acquisition, rehabilitation and/or new construction of very low-income rental developments.
- The AHTF can also be used to fund services to residents, including budgeting and life skills development, homeownership counseling, tenant education and self-sufficiency development.
- Ongoing support services to keep clients in housing are not eligible activities.
- For-profit developers are not eligible for the AHTF program.

- AHTF rental developments can serve households with incomes at or below 60 percent the area median income.
- Preference will be given to projects that serve households below 30 percent of the area median income.
- AHTF requests can be in the form of a loan or grant. No less than one-third of the total statewide AHTF allocation will be made available as a loan.
- Interest rates are flexible and start at 1 percent for loans over two years.
- Loan terms shall not exceed 30 years.

Risk Sharing Program

- KHC participates in the Housing Finance Agency Risk-Sharing Program under Section 542(c) of the Housing and Community Development Act of 1992. Risk-Sharing is a mortgage insurance program in which the insurance risk is shared between KHC and the U.S. Department of Housing and Urban Development (HUD).
- KHC can provide both construction and permanent loan financing. Financing subsidies may be offered, when appropriate, to make rents affordable to the target populations at individual developments.
- Eligible development types are family, independent elderly and elderly with services. Both new construction and substantial rehabilitation developments are eligible; however, any applicant proposing substantial rehabilitation must submit a Property Needs Analysis. (See the Financial Description-Guidelines section for further information)
- Federal Davis-Bacon Act wage rate requirements apply to developments of 12 units or more under this program that utilize KHC's construction financing. The Davis-Bacon Act requires that workers receive no less than the prevailing wages being paid for similar work in the locality. Prevailing wages are computed by the Department of Labor and are issued in the form of a Federal Wage Determination. The Wage Determination lists each classification of workers who will work on the project and the rates that must be paid to each classification.
- Each ownership structure must be a single-asset entity and each principal (25% ownership or more) is subject to Previous Participation Certificate (2530) clearance.

- All multifamily developments must qualify as affordable housing and must constitute a qualified residential rental development. To be considered as such, the development must meet the following requirements:

A project in which 20 percent or more of the units are both rent-restricted and occupied by persons whose income is 50 percent or less of the area median as determined by HUD, with adjustments for household size; or

A project in which 40 percent or more of the units are both rent-restricted and occupied by persons whose income is 60 percent or less of the area median income as determined by HUD, with adjustments for household size.

- The affordability period shall be equal to the term of the original first mortgage loan and shall survive any prepayment of the loan.
- The loan term may be up to 40 years.
- Developments cannot be less than 5 units.
- Developments shall not be part of a larger KHC-financed development.
- If applicant receives preliminary approval, a more detailed financial review will be conducted, requiring updated information during technical submission. This review will include the following;
 - a. Certificate of Entity. i.e., limited partnership, corporation, etc.
 - b. Applicant(s) financial interest in the development.
 - c. Credit reports of the principals (this report will be conducted by KHC staff).
 - d. Dunn and Bradstreet Rating Report for all entities (this report will be conducted by KHC staff).
- The maximum loan amount requested cannot exceed 90 percent loan to value or the amount that will support at least a 1.15 debt coverage ration. Value will be determined by the appraisal during technical submission.
- A Phase I Environmental will be required during technical submission if development receives preliminary approval.
- A Subsurface Soils Report will be required during technical submission.
- An environmental review is required and shall be carried out pursuant to the National Environmental Policy Act of 1969 and related laws and authorities in accordance with 24 Code of Federal Regulations (CFR) Part 58. (This review will be conducted by KHC staff).

Housing Credit

- An application fee of \$500 for exclusively nonprofit projects or \$750 for all other projects is due at the time applications are submitted.
- Eligible properties include:
 - ◆ One or more rent-restricted dwelling units available for long-term continuous rental use.
 - ◆ Newly constructed buildings.
 - ◆ Substantial building rehabilitation of at least \$3,000 per low-income unit or 10 percent of adjusted basis, whichever is greater.
 - ◆ Projects may consist of buildings on scattered sites within the same county.
- For projects requesting Housing Credit – If services are a requirement to live in the housing units, generally these service fees must be included in gross rent. (See the attached revenue ruling in the Housing Credit Section)
- At least 20 percent of the units in a project must be rented to tenants earning 50 percent or less of area median income; (*All tax credit units must be at or below 50 percent of area median income.*)
- Rents charged to low-income tenants cannot exceed 30 percent of the income limit applicable to the unit size less an allowance for tenant-paid utilities, if applicable. (Section 8 subsidy payments are not included in the tenant rent computation.)

Predevelopment Loan Program

- Eligible applicants are non profit housing developers only.
- Predevelopment loans may be used to pay for direct costs such as architectural or engineering services, appraisals, permits and related fees and land-holding costs.
- Collateral for the loan can be a bank letter of credit, a mortgage recorded on the subject property or other collateral acceptable to KHC.
- The maximum loan amount cannot exceed \$100,000.
- The interest rate is set at 3 percent to be paid at the time of loan closing.
- The predevelopment loan, including interest, shall be repaid in one year from the date of the Housing Development Fund (HDF) loan closing or no later than the day of the construction closing, whichever comes first.

Renaissance Kentucky Funds

- Only **Gold and Silver** level communities are eligible to apply for the Renaissance Kentucky Funds.
- Tenants must be qualified at move in at KHC homeownership income limits, yearly recertification is not required.
- There are no rent restrictions; however, rents must be comparable to local market rents.
- Must be an amortized loan at an interest rate no lower than 3.5 percent.
- Project must be located in the local Renaissance Area.
- Project must have **written endorsement** of the local Renaissance committee.
- Design will be subject to review by the Kentucky Heritage Council to make sure it fits in the historic integrity of the area.
- Project is subject to all KHC underwriting, construction, draw, inspections, procedures etc.

Housing Development Fund

- Loans are available for single-family construction, rehabilitation, land development, single and multifamily rental housing construction and rehabilitation, purchase guaranty, land banking, bridge and gap financing, predevelopment loans and participation projects.
- The interest rate is 3 percent for non-profit borrowers and 5 percent for for-profit borrowers.
- Approval of loans/grants will depend upon the availability of funds, satisfactory evaluation of the borrower's and all other parties credit history and will be based upon the project's need for HDF funds.
- The following will be considered variables for establishment of the maturity of a loan and a minimum repayment schedule, where appropriate:
 - ◆ Size of project
 - ◆ Nature of project
 - ◆ Track record of the borrower(s)
 - ◆ Market in community
 - ◆ Time of year

- ◆ Nature of site
 - ◆ Firm written commitment of permanent financing
 - ◆ Security for the loan
 - ◆ Proximity of schools, public access, shopping, grocery, etc.
 - ◆ Environmental Conditions
 - ◆ Floodplains
 - ◆ Planning and Zoning
 - ◆ Housing Market Conditions
 - ◆ Housing Needs
 - ◆ Site Acceptability and Accessibility
- Required loan documents include, at a minimum, a loan agreement, mortgage note, a lender's policy of title insurance, recorded real estate mortgage, a personal guaranty (if applicable) and any other applicable loan documents.
 - The environmental risk management policy of KHC shall require that all land development loans in excess of \$200,000 (KHC's participation and not the total project cost) and all other housing related loans, including multifamily loans in excess of \$500,000 be subject to a Phase I environmental assessment prepared by a qualified environmental firm. This policy shall not apply to single family residential loans (unless the appraisal indicated actual or evidence of possible environmental liability) or to loans made available solely from funds provided under federal, state or local programs which do not specifically require an environmental assessment.
 - The loan amount for new construction may not exceed 80 percent of the lesser of the appraised value or the projected sales price of the unit.
 - The loan amount for the rehabilitation of property to be placed back into the market as a rental unit may not exceed 80 percent of the after improved value, or not more than 100 percent of the actual cost of the acquisition and rehabilitation. Which ever is lesser.
 - Loans will not be considered from borrowers who are out of compliance with other KHC program requirements and other imposed program regulations or who have had past-unresolved or ongoing program issues with KHC.

Project-Based Rental Assistance

- Rental assistance is available for new construction or substantial rehabilitation.
- To be an eligible rehabilitation development, the property must require rehabilitation with a minimum expenditure of \$5,000 per assisted unit (including the units' prorated share of work to be accomplished on common areas or systems).

- All unit rents must be within the Section 8 existing housing fair market rents published in the Federal Register annually by the U.S. Department of Housing and Urban Development (HUD); refer to *reference materials* in the application for fair market rents.
- Persons excluded from participation in the program include public officials or members of a governing body or state or local legislature who exercise functions or responsibilities with respect to the program. Additionally, current members or delegates to the U.S. Congress are not eligible property owners.
- Developments with 9 or more units receiving Project-Based assistance are required to meet the Federal Davis-Bacon Act wage requirement.
- KHC will only accept applications in the following counties in which KHC administers Section 8 certificates and vouchers:

Allen	Elliott	Lincoln	Owen
Anderson	Estill	Livingston	Owsley
Ballard	Fleming	Logan	Perry
Barren	Gallatin	Lyon	Powell
Bath	Garrard	Magoffin	Pulaski
Bourbon	Grant	Marion	Robertson
Bracken	Grayson	Marshall	Rockcastle
Breathitt	Hancock	Mason	Rowan
Bullitt	Hardin	Martin	Russell
Butler	Hart	McCreary	Shelby
Caldwell	Henry	McLean	Simpson
Calloway	Hickman	Meade	Spencer
Carlisle	Hopkins	Menifee	Todd
Carroll	Jackson	Metcalfe	Trigg
Carter	Jessamine	Monroe	Trimble
Christian	Knott	Montgomery	Union
Clark	Larue	Lawrence	Morgan
Clay	Lee	Muhlenberg	Warren
Crittenden	Leslie	Nicholas	Wayne
Daviess	Letcher	Ohio	Webster
Edmonson	Lewis	Oldham	Wolfe
			Woodford

- Ineligible developments include the following:
 - Any unit which has been rehabilitated within the last five years or will be rehabilitated with other assistance provided under the U.S. Housing Act of 1937; housing which has a mortgage owned or held by HUD; housing owned by HUD; housing for which construction or rehabilitation required to qualify

for assistance is started prior to the execution of an Agreement to enter into a Housing Assistance Payments (AHAP) Contract.

- A project that has received funding through KHC's Risk-Sharing Program.
- Shared housing, nursing homes and facilities providing continual psychiatric, medical or nursing services or board and care or intermediate care.
- Units within the grounds of penal, reformatory, medical and similar public or private institutions.
- Units for families with children located in high-rise elevator buildings unless approved by HUD.
- Owner-occupied housing, housing located in the Coastal Barrier Resource Act; and housing located in an area identified by FEMA as having special flood hazards.
- A project which results in the permanent displacement of tenants. Temporary relocation will be allowed only after receipt of written approval by KHC. The applicant must reimburse residents for reasonable out-of-pocket expenses incurred with the temporary relocation, including moving costs to and from temporary housing and increases in monthly costs. If using HOME and relocation is involved, the applicant must adhere to the Relocation Act.
- Any application for rehabilitation of occupied units indicating an insufficient supply of suitably sized units after rehabilitation to accommodate current tenants will be rejected.
- Overcrowded units will be determined by applying KHC's Section 8 occupancy standards.

Application and Exhibit Checklist

The following items are additional documents that need to be submitted with the application. Check to ensure that a complete application is submitted. Put N/A where not applicable. Incomplete applications will be scored as is if items are omitted.

General

- _____ A-95 Clearance letter from the State Clearinghouse or copy of the Housing Assistance Form to the State Clearinghouse that has been submitted (Exhibit A)
- _____ Certification Form-KHC 205 (Exhibit B)
- _____ Certification of Financial Management (Exhibit C)
- _____ Tenant Displacement Procedure (if applicable)

Project Design/Plans and Specifications

- _____ Evidence of proper zoning
- _____ Evidence of site control
- _____ Location map and site photos
- _____ Preliminary architectural plans
- _____ Outline specifications
- _____ Detailed list of repairs (rehabilitation only)
- _____ Letters addressing availability of utilities to the site
- _____ Floodplain map
- _____ Construction cost breakdown (Schedule of Values) (Exhibit D)

Project Need Information

- _____ Map of competing properties

Capacity of Development Team

- _____ Resumes of development team
- _____ Corporation/Partnership documents (if applicable at this time)
- _____ Articles of Incorporation
- _____ Bylaws
- _____ If nonprofit, IRA Letter of Determination
- _____ Proof of 501(c) if first-time nonprofit
- _____ Audited Financial Statement

Financial Description

- _____ Utility chart or Utility Company Historical Usage Data
- _____ Pro forma

For projects utilizing HOME funds, Risk Sharing or Project-Based Rental Assistance, the following document is needed:

- _____ Lead-Based Paint Form (Exhibit E)

Programmatic Attachments:

- _____ HOME Attachment – Additional Programmatic Questions
- _____ HOME Assurances
- _____ AHTF Assurances
- _____ Housing Credit Attachment – Additional Programmatic Questions

Risk-Sharing –Applicants requesting Risk Sharing funds must provide the following information:

- _____ Request for Availability of Funds (Turndown letter from bank)
- _____ Construction Cost Breakdown (HUD Form 2328)
- _____ Financial statements for most recent year, including balance sheet and income statement on developers, general partners and principals of general partnership and developer entity.
- _____ Personal net worth statement signed and dated.
- _____ Personal and business tax returns for most recent 2 years, signed and dated.

Assisted Living developments must provide the following items information:

- _____ Description of planned services and itemized list of proposed fees
- _____ Copies of contracts or agreements with service providers
- _____ Resident Assessment Instrument and policy of notification that resident is no longer in an appropriate environment
- _____ Plans and policies for response to emergencies

Applicant Signature

Date

KENTUCKY HOUSING CORPORATION CONSOLIDATED FUNDING CYCLE

Rental Application

GENERAL INFORMATION

In the table below, indicate the amount and sources of **all funds**, including in-kind contributions, match sources and leveraged funds for this project. Include all requested KHC financing and non-KHC financing. **Attach all supporting documentation**, such as **commitment letters**, **loan commitments** and **grant agreements**.

Project Cost Summary

Source	Anticipated Amount & Type / Value	Anticipated Terms	Status
Sample: HOME Funds	\$200,000 Permanent Financing	1% interest for 20 years	Pending
Sample: First Home Bank	\$200,000 Construction Loan	6% interest for 24 months	Firm Commitment
Sample: Donated Land	\$40,0000	N/A – donation	Commitment – Deed Transferred

Applicant Information:

Applicant's Legal Name: _____

Applicant's Mailing Address: _____

Contact Person: _____ Title _____

Applicant's Contact Numbers:

Office: () _____ Fax: () _____ E-Mail: _____

Applicant's Federal SSN/TIN: _____

Indicate the applicant's fiscal year? Start date _____ End date _____

Application Preparer- Name/Address: _____

Application Preparer - Contact Numbers:

Office: () _____ Fax: () _____ E-Mail: _____

Applicant Role:

- | | | |
|---|---|--|
| <input type="checkbox"/> Owner | <input type="checkbox"/> Consultant | <input type="checkbox"/> Developer |
| <input type="checkbox"/> General Partner | <input type="checkbox"/> Sponsor | <input type="checkbox"/> Mgmt. Company |
| <input type="checkbox"/> Service Provider | <input type="checkbox"/> Housing Provider | <input type="checkbox"/> Limited Partner |

Applicant Type:

- | | |
|--|--|
| <input type="checkbox"/> Limited Liability Corporation | <input type="checkbox"/> Government Entity |
| <input type="checkbox"/> Public Housing Authority | <input type="checkbox"/> Limited Partnership |
| <input type="checkbox"/> Individual | <input type="checkbox"/> Corporation |
| <input type="checkbox"/> CHDO | <input type="checkbox"/> Nonprofit |
| <input type="checkbox"/> Other _____ | |

Project Information:

Project Name: _____

Project Address (street address, city, zip code, county – if service area – list all counties involved):

St. address: _____ City: _____ Zip Code: _____

County(s): _____

Census Tract(s) _____ ADD District _____ Congressional District _____

Project Type: Site Specific Scattered Site – Project(s) located at various sites

Project Information:

Total Number of Units _____

Target Population – Indicate the number of households at each income range to be assisted:

_____ 0% - 30% Area Median Income _____ 31% - 50% Area Median Income

_____ 51% - 60% Area Median Income _____ 61% - 80% Area Median Income

_____ Other _____

Households to be assisted (check ALL that apply):

- | | | | |
|---|---|--|--|
| <input type="checkbox"/> Elderly (100% is 62 and older) | <input type="checkbox"/> Families with Children | <input type="checkbox"/> Single Parent | <input type="checkbox"/> Mentally Disabled |
| <input type="checkbox"/> Elderly (at least 80% is 55 and older) | <input type="checkbox"/> Physically Disabled | <input type="checkbox"/> Low-Income Households | |
| <input type="checkbox"/> Other Special Needs | <input type="checkbox"/> Homeless | <input type="checkbox"/> Domestic Violence Victims | |

Activity Type: (check all that apply)

- | | | |
|--------------------|---|---|
| Rental Production: | <input type="checkbox"/> New Construction | <input type="checkbox"/> Rehabilitation |
| | <input type="checkbox"/> Site Development | <input type="checkbox"/> Acquisition |
| | <input type="checkbox"/> Project-Based Assistance | <input type="checkbox"/> Transitional Housing |
| | <input type="checkbox"/> SRO | <input type="checkbox"/> Group Home |

Is this project requesting HOME funds from the HOME CHDO set-aside?

_____ Yes _____ No

Is this project located within a designated Renaissance Kentucky area?

_____ Yes _____ No

If Yes, please indicate the designation level:

- | | | | |
|-------------------------------------|---------------------------------------|---------------------------------------|---|
| <input type="checkbox"/> Gold Level | <input type="checkbox"/> Silver Level | <input type="checkbox"/> Bronze Level | <input type="checkbox"/> Not Yet Designated |
|-------------------------------------|---------------------------------------|---------------------------------------|---|

Please Note: Only Gold and Silver Level communities are eligible for Renaissance Kentucky Funds.

6) Are all utilities presently available to the site? ____ Yes ____ No

If Yes, do the existing utilities have the capacity to support the proposed development? _____

If No, which utilities need to be brought to the site: _____

Project Description

1) Provide the following information on the **proposed structure only**.

Total number of buildings: _____

If there is more than one building, are the buildings contiguous? ____ Yes ____ No

If No, what is the distance between buildings? _____

Number of stories (per building) _____

Number of elevators (per building) _____

Total gross square footage _____

Total net rentable square footage _____

Total commercial square footage _____

Total number of residential units _____

Total number of low-income units _____

Total number of market-rate units _____

Manager's unit – total square feet _____

Number of uncovered parking spaces _____

Number of covered (carport) parking spaces _____

Number of enclosed (garage) parking spaces _____

2) **If the development is using HOME funds or Project-Based Section 8 Assistance and has four or more units**, then five (5) percent of the total dwelling units or one (1) units, which ever is greater, must be accessible to persons with mobility impairments and two (2) percent of the units, or one (1) unit, which ever is greater, must be accessible to persons with visual or hearing impairments. Indicate the total amounts of units for the following:

	Accessible	Adaptable
Mobility impaired units	_____	_____
Visual/hearing impaired units	_____	_____

2) In the table below, indicated the unit type (SRO, one bedroom, ...) the total number of each unit type, number of units designated as HOME, Housing Credits, Risk Sharing, Affordable Housing Trust Fund, SMAL, Project-Based and Market Rate units, square footage of units and total square footage for each unit type. The number of assisted units may exceed the total number of units, depending on if the development has market rate units. When determining the unit square footage, use the inside wall measurement, which is from center of wall to center of wall.

Residential										
Bedroom Size	Total No. of Units	Number of unit type designated as							Actual Sq. Ft. of Units	Total Sq. Ft.
		<u>HOME</u>	<u>HC</u>	<u>Risk S.</u>	<u>AHTF</u>	<u>SMAL</u>	<u>PB</u>	<u>Market</u>		
SRO / Efficiencies										
One Bedroom										
Two Bedroom										
Three Bedroom										
Four Bedroom										
Group Home										
Other _____										
TOTAL										

If there will be common or commercial space in the structure, indicate the following:

Total square footage of common space _____
Total square footage of commercial space _____

3) In the table below, indicate the location of the proposed project in relationship to the proximity of:

	Type	Distance From Project	Other information
<i>Example:</i> <i>Commercial Services</i>	<u>Bank</u> <i>Grocery Store</i>	<i>3.1 miles</i> <i>1.0 miles</i>	<i>Convenience store with gas station - .5 miles</i>
Commercial Services			
Employment Centers			
Schools			
Parks and Recreation			
Social Services			
Emergency Services			
Others			

What public and/or private transportation services are or will be available to the tenants of the proposed project and will there be any fees associated with these services?

3) Describe the physical characteristics of the proposed site, include the topography, vegetation, railroad tracks, abandoned structures, surrounding neighborhood, unique physical characteristics, etc... (Attach photographs of site, also include photographs of any structure that is to be demolished or rehabilitated.)

4) Describe the site's present and past uses. Be sure to include any soil disturbance activities that may have occurred (bulldozing, etc.)

5) Is the property located in a floodplain? Yes No

If yes, is the property in a 100 year **OR** 500 year floodplain

Attach copy of floodplain map

PROJECT DESIGN – (Part II)

Plans and Specification Submission Requirements

KHC will have available pre-approved construction plans and specifications. There is no charge for this product. There are currently 18 different designs consisting of various floor plans all utilizing universal design concepts. KHC plans will be reviewed only in regard to their adaptation to a specific site.

Applicants will be responsible for having the plans adapted to the proposed site. These adaptations maybe performed by a professional chosen by the applicant. All final work must be approved by KHC Technical Services staff.

Developers may also choose the architectural/design firm of their choice. Preliminary architectural plans and specifications must be submitted at time of application and will be reviewed, scored and approved prior to consideration of approval of funding.

- The architects documents shall be prepared in accordance with the HUD Minimum Property Standards (MPS), Uniform Federal Accessibility Standards (UFAS), the Kentucky Building Code (KBC) and applicable state and federal Fair Housing laws and meet all Housing Quality Standards (HQS). For assisted living developments, they must also meet Section 504 of the Rehabilitation Act of 1973 and be in accordance with the Kentucky Assisted Living State Law (see reference materials).
- When designing layout and configuration of plans there are certain requirements that must be meet due to accessibility requirements. Accessibility means that the kitchen and bathroom facilities will be ADA compliant. At least 5% of the total units will be fully adaptable for potential residents needing complete accessibility. At least 2% of the total units are constructed to be accessibly adaptable.
- Preliminary plans must be at 1/4 scale and must include the following:
 - 1) Site development plan
 - 2) floor plans
 - 3) typical unit plans
 - 4) exterior and interior elevations
 - 5) door and window schedules
 - 6) typical wall sections
- Outline specifications must include the following:
 - 1) Site development
 - 2) mechanical and electrical
 - 3) architectural

Note: Format of the outline specifications is to be in accordance with the uniform system published by the “ Construction Specifications Institute”.

- If rehabilitation development include a detailed list of repairs.

Please include the following as attachments for the technical review process. All items must be submitted, those that are omitted will be scored accordingly. These items are listed on the checklist;

- Location map and photos of site
- Zoning letter
- Letters from local officials or utility companies addressing the adequacy of existing public facilities and the availability of these utilities
- Floodplain map
- Detailed list of repairs (rehab only)
- Architectural plans
- Outline specifications
- Evidence of site control
- Construction cost breakdown (Schedule of Values) (Exhibit D)

If application receives preliminary approval, KHC will notify the applicant when a more detailed set of plans will be needed. The final plans will need to be completed in accordance with the highest architectural professional standards. All final plans submitted are to be dated and sealed with the architect's stamp and signature.

PROJECT NEED

Total Points 200

I. Documentation of Need for Proposed Project

(Use additional sheets if necessary)

Please provide a narrative of the proposed project that discusses the need for this type of development. Include the following information:

1. Identify the project location.
2. Describe the current housing conditions within the community you are proposing this project.
3. Describe how this project will meet a community need(s) not adequately being served.
4. Identify the targeted population for this project and address their needs for this type of housing.
 - Discuss any existing affordable rental housing waiting list(s) that support this need.
 - Document that the proposed rents are affordable to the target population.
5. Indicate community support for the proposed project. Include efforts made to inform public and/or obtain input from the surrounding community that will be impacted by this project. Attach support documentation.

3. Discuss the impact of the availability of Section 8 vouchers on the proposed project?

4. If Project-Based Section 8 is being requested for the proposed project, please provide justification for the number of units in the development that will receive subsidy.

In the table below, provide the requested information for comparable rental properties within the designated target market area.

Note: Special need projects may use comparables located outside of the target market area if no similar comparables exist in the market area.

	Sample		Comparable 1		Comparable 2		Comparable 3	
Property Name	Valley View Apartments							
Contact Person/ Phone Number	June Smith (606) 555-5555							
Property Location	12 High Street Frankfort, KY							
Total Number of Units	10-unit complex							
Age of Structure	20 yrs. old							
Current number of Vacancies	None							
Current Waiting List Size.	4 families on list							
Composition of Units	5 – 2 bedrooms 5 – 3 bedrooms							
Number of Assisted Units (type of assist.)	10 units – tax credits							
Number of Market Rate Units	0 units							
Who Pays Utilities?	Tenants							
Residency Restrictions	None							
	Average Rent	Square Footage	Average Rent	Square Footage	Average Rent	Square Footage	Average Rent	Square Footage
SRO								
1-Bdrm								
2-Bdrm	\$300	750						
3-Bdrm	\$350	875						
4-Bdrm								
Group Home								

Supportive Services Plan

Note: For projects requesting Housing Credit – If services are a requirement to live in the housing units, generally these service fees must be included in gross rent. (See the attached revenue ruling in the Housing Credit Attachment)

1. Does your project involve the delivery of services to the target population?
Yes _____ (**If Yes**, answer the following questions, 2- 6 of this section)
No _____ (**If No**, provide justification as to why services are not needed with the proposed project and move on to next section of the application.)

2. Describe the services that will be needed (e.g. professional/treatment services and/or community support services), how they will be delivered (e.g. on-site vs. off-site, in-home vs. office based), and by whom (i.e. by the project sponsor or external community agencies).

3. Describe the process to be used to identify individual needs and appropriate services for the target population (e.g. individualized service plan, functional assessment, etc.).

4. Please list the referral sources for your project.

5. If services will be provided by the project sponsor, please provide a detailed service budget to include:
- Number of full time employee staff
 - Title and qualifications of each staff person
 - Detailed line item budget information
6. Describe any fees attached to the services provided for the tenants. How will these services be paid (e.g. resident contribution, Medicaid, insurance, grant funds, etc.)?

Note: Provide a commitment letter for each service provider identified in the narrative above. Commitment letters should be written on agency letterhead and identify the services to be provided, over what time period, the dollar value of the services and the nature of the relationship with the project sponsor (e.g. Memorandum of Agreement, service agreement, subcontract, etc.)

Financial Description Guidelines

The financial section of the application is broken into several components that are necessary to determine the overall financial feasibility of the proposed development.

NOTE: Review these guidelines and procedures before completing the required financial section to ensure all program requirements are properly met in determining the financial feasibility of the development.

Financial Underwriting Definitions and Procedures

Following each definition is a bulleted item or items explaining how the term applies to the Consolidated Funding Cycle application.

Affordability period: The required period of time the development must continue to serve the target population.

- The affordability period is indicated under individual program descriptions in this section. Each program has its own affordability period restrictions.

Construction contingency: Percentage of total project cost that is retained to assure completion of the development.

- KHC requires that the construction contingency shall not exceed 10 percent of total development costs.

Cost Containment guidelines: Cost guidelines limiting the amount of KHC dollars allowed in the development.

- Cost limits are shown by bedroom size, and property type. Refer to the chart in the Reference Material Section of this application.

**Example: 11-unit project that serves special needs: located in Frankfort
5 - (1)BR, 6 - (2)BR
Requests \$900,000 in KHC funding**

Cost Containment Test:

1BR = \$86,515

2BR = \$105,201

Therefore: 5 X \$ 86,515 = \$432,475

6 X \$105,201 = \$631,206

Total funds allowed to be funded by KHC: \$1,063,681

Debt Coverage Ratio (DCR): Net operating income divided by debt service (loan payment).

- The required DCR will be 1.15 minimum and must remain positive (1:1) through year 10. For elderly developments with services, the required DCR will be 1.20 and must remain positive (1:1) through year 10.

Debt service: The payment of principal and interest to repay the loan.

- **ALL** loans except HOME and AHTF shall have monthly debt service payments. HOME and AHTF loans shall have debt service payments calculated monthly but shall be paid annually.

Deed restriction: Language contained in the deed that restricts the affordability period and use of the project.

- The borrower shall execute a deed restriction at the time of loan closing that sets forth restrictions relating to affordability and tenant incomes.

Developer's fee: Fee received by the developer for coordinating and developing the project, **including any fees paid for consulting services.**

- **Developer's fees:**
Total project cost of \$0 - \$750,000: Fee up to 15%
Total project cost of \$750,000 and up: Fee up to 10%

Developer's Fee calculation:

Developer's Fee divided by (total development costs minus developer fee)

Loan to value ratio: The percentage of value that is allowed to be borrowed in the form of a loan.

- Maximum of 90 percent loan to value ratio will be used in the applicable situations where a value is required by the program.

Maximum allowable fees: Based on total development cost of:

\$0 - \$250,000:		\$250,000 - \$750,000:	
General requirements	up to 3%	General requirements	up to 5%
Overhead	up to 7%	Overhead	up to 6%
Profit	up to 12%	Profit	up to 8%
\$750,000 - \$1,500,000:		\$1,500,000 and greater:	
General requirements	up to 4%	General requirements	up to 3%
Overhead	up to 4%	Overhead	up to 3%
Profit	up to 6%	Profit	up to 5%

Calculation of above fees:

General requirements equals:

(General requirements minus construction contingency) divided by total hard costs.

Builder's overhead equals:

Builder's overhead divided by (total hard cost minus construction contingency.)

Builder's profit equals:

Builder's profit divided by (total hard cost minus construction contingency.)

Note: See page 28 for examples of items included in categories listed above.

Maximum funding amount: The maximum amount of funding based on pre-determined per unit limits. This applies to the HOME and Housing Credit Programs.

- Refer to the appropriate program sections for examples of the calculation of these limits.

Maximum mortgage amount: The maximum principal amount to be loaned under the applicable programs.

- The maximum mortgage amount shall be the lesser of 90 percent loan to value or the mortgage amount which supports a debt coverage ratio of 1.15 or higher
- HOME Program does not require a value to be determined.

Maximum subsidy/allocation: The maximum amount of funding allowed on a per-unit basis.

- See each program for a description of these limits..

Mortgage Insurance Premium: The insurance required to be paid annually for developments utilizing HUD insurance through the Risk-Sharing program.

- Calculated at the rate of 0.5 percent times the mortgage amount.

Operating deficit reserve account: The amount of money set aside in a reserve to pay for the operation of the project until it reaches sustaining occupancy.

- This amount will be calculated by completing the operating deficit reserve schedule. After 100 percent disbursement of the reserve account, the developer must submit to KHC a complete itemization of how the reserve dollars were spent.

Operating expenses: Both fixed and variable costs required to pay for the day-to-day operation of the project.

- Expenses must be supported by itemized data and generally should not exceed 60 percent of effective gross income. Operating expenses should reflect ongoing compliance costs, as well as fees paid to other entities that have monitoring responsibilities.
- Management fees generally should not exceed 8.5 percent of effective gross income.

Other funding sources: Any funding source, not provided by KHC, being used to fund the project.

- All restrictions/requirements of the additional funding must be disclosed as soon as possible.

Proforma: A spreadsheet that projects the income and expenses (including reserve for replacement) of the development as well as the debt service, debt coverage ratio and cash flow for each year.

- Rents should be trended at 3 percent per year.
- Expenses should be trended at 4 percent per year.
- Reserve for replacement should be trended at 3 percent per year.

Reserve for replacement: The amount of money set aside in a reserve account to be used to replace short-lived items during the life of the project.

- Calculation for the pro forma is the **greater** of:
 - a) The amount of building construction cost multiplied by 0.006 or;
 - b) \$200 per unit for new construction or \$250 per unit for rehabilitation developments, as applicable.
- The reserve for replacement annual deposit shall increase \$25 per unit at 5 year increments, but may be increased gradually at the discretion of management.

Soft costs: Service costs and fees that are incurred when developing a project.

- Soft costs must be reflected in the uses section of the Use of Funding form.

Subsidy Layering: A review that is required when a development combines Housing Credits with other governmental assistance.

- Developer's Fee will be limited to 10 percent, general requirements limited to 6 percent, builder's profit limited to 6 percent and builder's overhead limited to 2 percent.

Sustaining occupancy: The point in time when the gross income is sufficient to cover the operating expenses. Cash flow is \$0 or greater.

Term of loan: The period of time allowed to repay the loan amount and any accruing interest.

- This term can vary depending on the funding program.

Total Hard Construction Costs: Cost to construct the building.

- The general contractor's contract amount to complete all construction as shown on the plans and specifications should include general requirements, contractor's overhead, contractor's profit, bond premium and builder's risk insurance. The contingency amount for each project shall be added to the contract for construction to establish the total hard cost.

Vacancy Rate: The annual percentage of total units that are not occupied.

- Seven percent of gross income less any tenant-paid utilities for developments of 11 units or less.
- Five percent of gross income less any tenant paid utilities for developments of 12 units or more.

Instructions: If utilizing more than one source of financing within the same unit, the most restrictive program guidelines for both rent and income will apply.

Program Financial Requirements

HOME Program

If utilizing HOME funds, the following guidelines will need to be considered when preparing the pro forma.

- A development that uses KHC-administered HOME financing must designate a proportionate amount of units as HOME units based on the percent of HOME funds in the development as compared to total development cost. Twenty percent of these HOME units (if five or more units) must be at the 50 percent rent/income limit or less. The remainder of the designated HOME units cannot exceed the lesser of Fair Market Rents (FMR) or 65 percent rent/income limit. If the FMR is less than both the 50 percent and 65 percent rent limit, then the FMR must be used for all HOME designated units. **Please see attached rent and income limits under reference materials.**

<i>Example:</i>	HOME amount requested:	\$300,000
	Total project cost:	/ \$2,000,000
	HOME percentage:	<u>0.15</u>
	HOME percentage:	0.15
	Total rental units:	<u>X 30</u>
	HOME units:	4.5 (always round up)

If less than five units, then all units may remain at the high rent level. If five or more, then 20 percent of that amount must be rented at the Low HOME rent.

Total HOME units	5
	<u>X 20%</u>
Total HOME low units:	1.00

(any fraction of one unit must be rounded to one unit)

In this instance, the development will need to have at least one unit rented at the HOME low rent level.

The high and low HOME rental units must be proportionately spread out by unit type. Using the example above of four units at high HOME rent and 1 at low HOME rent, the distribution is as follows:

24 total units
10 – 1 BR units
14 – 3 BR units

The HOME percentage as shown above is 15 percent. This percentage is applied to each bedroom type.

10 X .15 = 1.5, therefore 2 (1BR) units
14 X .15 = 2.1, therefore 3 (3BR) units

- The amount of HOME funds may not exceed the number of designated HOME units multiplied by the applicable 221(d)(3) cost limits.

Example: 221(d)(3) HOME subsidy limit: 1BR \$68,173 2BR \$82,898
 Located in Frankfort
 2 (1BR) units X \$68,173 = \$136,346
 3 (3BR) units X \$82,898 = \$248,694
 Total allowable subsidy \$385,040

The requested \$300,000 HOME subsidy does not exceed the allowable limit.

- HOME funds may not be used to fund operating reserve accounts, reserve for replacement accounts or for administration costs.
- HOME funds shall be used for soft costs and/or construction costs only. Refer to 24 CFR Part 92 for definition. The developer fee is an eligible cost of HOME funds for a development utilizing HOME funds only.
- Projects to be financed utilizing HOME funds must adhere to the lease provisions as stated in 24 CFR 92.253.
- The affordability term for new construction is 20 years; the term for rehabilitation using over \$40,000 per unit of HOME dollars is 15 years. Refer to the chart in the **HOME Attachment** for other HOME affordability periods.
- All HOME monitoring/reporting requirements apply throughout the affordability period. Any development utilizing HOME gap financing must comply with 24 CFR Part 92.
- The Federal Davis-Bacon Act wage rate requirements apply to developments of 12 units or more constructed with HOME funds.

Small Multifamily Affordable Loan (SMAL) Program

If utilizing funds through the SMAL Program, the following guidelines must be considered when completing the pro forma. **Please see attached rent and income limits under Reference Materials.**

- Developments must serve persons whose incomes do not exceed 80 percent of the area median income for the community in which the development is located.
- Rents should be projected at the 30 percent of the income level of the targeted population and may not exceed the rent limits as published for this program.
- The affordability period shall be equal to the term of the original first mortgage loan and shall survive any prepayment of the loan. The loan term may be up to 30 years.
- Interest rates are below market rates, which shall be set at the highest rate the project can support, but will not be less than 3.5 percent.

- All applicants will be charged a 1 percent origination fee that is paid at the time of closing.
- Income and expenses from supportive services cannot be used to pay debt service. These services must be kept separate from the housing component.

Affordable Housing Trust Fund Program (AHTF)

If utilizing funds through the AHTF, the following guidelines must be considered when completing the pro forma.

- Administration is capped at 5 percent (including all developer/consulting fees) for nonprofits. Local governments cannot use AHTF dollars for administration.
- Eligible activities for funding include matching funds for federal housing dollars requiring a state or local match; acquisition, rehabilitation and/or new construction of very low-income housing units; matching funds for technical assistance, including land use and planning costs, design and engineering service, finance services, loan packaging, program development and construction consultation.
- AHTF-assisted units must serve persons whose incomes do not exceed 60 percent of the area median income.
- Borrowers shall enter into a loan agreement prior to the initial disbursement of funds.

Predevelopment Loan Program

This program provides temporary funding to nonprofits only to assist with the costs associated in preparing to develop affordable rental housing financed by KHC.

Predevelopment loans may be used to pay for direct costs such as architectural or engineering services, appraisals, permits and related fees and land-holding costs. Collateral for the loan can be a bank letter of credit, a mortgage recorded on the subject property or other collateral acceptable to KHC.

The maximum loan amount cannot exceed \$100,000. The interest rate is set at 3 percent and must be paid at the time of loan closing. The predevelopment loan, including interest, shall be repaid in one year from the date of the signed commitment letter or no later than the day of construction closing.

Risk Sharing Program

- All multifamily developments must qualify as affordable housing and must constitute a qualified residential rental development. To be considered as such, the development must meet the following requirements:
 - A project in which 20 percent or more of the units are both rent-restricted and occupied by persons whose income is 50 percent or less of the area median as determined by HUD, with adjustments for household size; or
 - A project in which 40 percent or more of the units are both rent-restricted and occupied by persons whose income is 60 percent or less of the area median income as determined by HUD, with adjustments for household size.
- A market study will be completed by KHC staff and/or consultants, if the development receives preliminary approval. If the market analysis is unfavorable, KHC reserves the right to recapture all funds.
- Under federal requirements, a subsidy layering review will be performed by KHC for any projects combining Housing Credits with other governmental assistance, which includes mortgage insurance under the Risk-Sharing Program.
- The federal Davis-Bacon Act wage rate requirements apply to developments constructed under this program and which utilize KHC for construction financing and are 12 units or more.
- This program requires HUD to perform a cursory review which should take approximately 30-45 days.
- An initial closing will be held prior to the start of construction. The following fees will be payable at the time of the initial closing:
 - The Mortgage Insurance Premium (MIP) of 0.5 percent of the mortgage amount. MIP for the first year only will be collected at this time.
 - The loan origination fee of 3 percent of the loan amount. This fee includes assistance and guidance through the application and approval process.
 - The technical processing fee of 0.3 percent of the loan amount.
 - The inspection fee of 0.5 percent of the loan amount.
 - Legal and attorney fees.
 - Loan placement fees, if any.
- Upon completion of the development and receipt of the Certificate of Occupancy, the developer should begin preparation of the closing documents for a final closing.

Housing Credit Program

- Eligible properties include:
 - One or more rent-restricted dwelling units available for long-term, continuous rental use.
 - Newly constructed buildings.
 - Substantial building rehabilitation of at least \$3,000 per low-income unit or 10 percent of adjusted basis, whichever is greater.
 - Projects that include substantial rehabilitation and acquisition of existing buildings that were last placed in service or underwent a substantial rehabilitation (25 percent of basis) no less than ten years prior to acquisition (certain exceptions apply).
 - Projects may consist of buildings on scattered sites.
- At least 20 percent of the units in a project must be rented to residents earning 50 percent or less of area median income (*All housing credit units must be at or below 50 percent of area median income.*)
- At least 40 percent of the units must be rented to residents earning 60 percent or less of median income (*All housing credit units must be at or below 60 percent of area median income.*)
- Rents charged to low-income residents cannot exceed 30 percent of the income limit applicable to the unit size less an allowance for tenant-paid utilities, if applicable. (Section 8 subsidy payments are not included in the tenant rent computation.)
- The low-income occupancy and rent restrictions apply for a minimum of 15 years plus 3-year vacancy de-control period. Noncompliance with the requirements can lead to credit recapture and substantial penalties from the Internal Revenue Service.
- The Housing Credit subsidy allocated will be limited to a qualified basis not exceeding HUD 221(d)3 multifamily limits or 203(b) single-family, depending on the number of units in each building, in effect at the time of application submission. This provision is not applicable to KHC-financed Assisted Living or Hope VI projects, which will be subject to cost analysis and limitation on a case-by-case basis.

Example:	221(d)(3) subsidy limit:	1BR	\$65,159
	Frankfort (non-elevator)	2BR	\$78,582
	203(b) limit	4 family	\$284,850

24 total units in 4 buildings

2 buildings with 4 units containing all 1BR units

2 buildings with 8 units containing 1BR and 2BR units

The buildings that contain 4 units will use the four family 203(b) limit for the entire building and the buildings that contain 8 units will use the 221(d)(3) limits on a per-unit, per-bedroom type basis.

2 buildings X \$284,850 =	\$569,700
8 (1BR) units X \$65,159 =	\$521,272
8 (2BR) units X \$78,582 =	<u>\$628,656</u>
Total allowable credits	\$1,719,628

The maximum housing credit allocation could not exceed this amount.

- Fees: (nonrefundable)
\$500 - Exclusively nonprofit applicants (Where the nonprofit is developer, general partner and manager).
\$750 - All other applicants

A credit reservation fee of 5 percent of the amount of the annual tax credit reserved. Payment of the 5 percent fee is due at the technical submission phase.

Other Funding Sources

- If other sources other than KHC are included in the development of the project, the most restrictive requirements will apply.
- All restrictions of other funding sources must be disclosed.

FINANCIAL DESCRIPTION

CONSTRUCTION RELATED TERMS

The following list represents the typical items included for calculating construction costs under each category but is not meant to be an all-inclusive list. This is the method used to calculate the percentage of KHC's recommended allowable fees for construction costs associated with the sources and uses of funds.

HARD COST:

GENERAL REQUIREMENTS:

Superintendent
Assistant Superintendent
Field Engineering
Construction Layout
Zoning and Miscellaneous Fees
General Purpose Labor
General Purpose Carpenter
Soil Compaction Test
Concrete Testing
Temporary Electric
Temporary Telephone / Fax Machine
Temporary Dumpster
Temporary Sanitary Facilities
Temporary Heat
First Aide Supplies
Temporary Job Fence
Temporary Roads
Traffic Control
Construction Sign
Office Trailer
Storage Trailer
Pumps
Forklifts
Travel and Expenses
Room and Board
Close-out Documents
Daily and Final Clean- Up
As Built Drawings
Plumbing Testing
Water and sewer tap fees
Electrical Inspections
Electric, Telephone and T.V. Cable Fees
Builders Risk Insurance
Performance Bond or Letter of Credit
Construction Contingency

LAND DEVELOPMENT COST:

Earthwork
Site utilities
Site Concrete
Site Paving
Fencing
Miscellaneous Site Improvements
Landscaping and Irrigation
Site Demolition, if applicable

BUILDING CONSTRUCTION COST:

Building Demolition, if applicable
Concrete
Masonry
Metal Fabrications
Carpentry
Thermal and Moisture Protection
Doors and Windows
Finishes
Specialties
Equipment
Furnishings
Special Construction
Movable Equipment
Mechanical
Electrical

OVERHEAD:

Office Personnel Salaries
Office Phone / Fax
Printing, General Office Supplies, and Equipment
Office Rent
Office Utilities and Operating Expenses.

PROFIT:

A fee for providing construction services.

PROJECT SOFT COST:

Developer Fee
Attorney Fees
Architectural Fees
Engineering Fees
Liability Insurance

Construction Interest
Origination Points
Title and Recording Fees
Appraisal
Market Study
Surveys
Soil Boring Reports
Tax Credit Fees
Cost Certification
Consultant Fees
Initial Operating Expense
Reserves
Relocation Fees
Property Tax
Administration Fee
Bridge Loan Fees
Environmental Study
Permanent Financing Fees

BUILDING ACQUISITION:

Cost of Building
Cost of Options
Cost of Easements and/or Right-of-Ways

LAND ACQUISITION

Cost of Land
Cost of Options
Cost of Easements and/or Right-of-Ways

FINANCIAL DESCRIPTION

Total Points 250

Sources of Funding Include all funding sources to be utilized through construction completion.

Sources:	Amount	Committed, Conditional or Tentative
<u>Debt sources:</u>		
Risk-Sharing	\$ _____	_____
SMAL	\$ _____	_____
HOME	\$ _____	_____
AHTF	\$ _____	_____
Other loans _____	\$ _____	_____
Total Debt Sources	\$ _____	
<u>Equity sources:</u>		
AHTF Grant: _____	\$ _____	_____
Grants: _____	\$ _____	_____
Grants: _____	\$ _____	_____
Other equity contribution: _____	\$ _____	_____
5% match requirement	\$ _____	_____
Developer capital contribution	\$ _____	_____
Anticipated Net Syndication Proceeds	\$ _____	_____
TOTAL Equity Sources	\$ _____	
TOTAL FUNDING SOURCES		\$ _____

NOTE: Funding sources must match "Total Development Cost."

Uses of Funding – Show the uses of the funding sources from the previous page.

	Cost	Source
Building Acquisition	\$ _____	_____
Land Acquisition	\$ _____	_____
Total Acquisition	\$ _____	_____

Hard Cost

Building Construction Cost	\$ _____	_____
Land Development Cost	\$ _____	_____
Builder's Overhead	\$ _____	_____
General Requirements	\$ _____	_____
Builder's Profit	\$ _____	_____
Bond Premium	\$ _____	_____
Construction Contingency	\$ _____	_____
Builder's Risk Insurance	\$ _____	_____
Construction Manager's Fee	\$ _____	_____
Other: _____	\$ _____	_____
Total Hard Cost	\$ _____	

Soft Cost

Architect Fees	\$ _____	_____
Engineering Fees	\$ _____	_____
Construction Interest	\$ _____	_____
Property Taxes	\$ _____	_____
Appraisal	\$ _____	_____
Market Study	\$ _____	_____
Developer Fee	\$ _____	_____
Consulting Fee	\$ _____	_____
AHTF Administration Fee	\$ _____	_____
Survey	\$ _____	_____
Legal/Accounting	\$ _____	_____
Title and Recording	\$ _____	_____
Cost Certification	\$ _____	_____
Operating Deficit Reserve	\$ _____	_____
Permanent Financing Fees	\$ _____	_____
Construction Financing Fees	\$ _____	_____
Tax Credit Fees	\$ _____	_____
Syndication Expenses	\$ _____	_____
Bridge Loan Fees	\$ _____	_____
Environmental Study	\$ _____	_____
Marketing	\$ _____	_____
Building Permits/Fees	\$ _____	_____
Other: _____	\$ _____	_____
Total Soft Cost	\$ _____	

TOTAL DEVELOPMENT COST **\$ _____**

Please See the Proforma

Annual Expense Information - Provide at least two (2) comparables to justify the projected expenses for this property; indicate property name.

Comparable 1

Comparable 2

	This Project	Project	Project
<i>Administrative</i>			
Advertising			
Office Salaries			
Office Supplies			
Management Fee			
Manager(s) Salaries			
Legal/Auditing			
Accounting Services			
Telephone			
Compliance Fees			
Other: _____			
Total Administrative			
<i>Operating/Maintenance</i>			
Janitorial Services			
Exterminating Contract			
Waste Collection			
Security Payroll/Contract			
Ground Expense			
Repairs/Maintenance			
Elevator Maint./Contract			
Other			
Total Operating/ Maintenance			
<i>Utilities</i>			
Electricity			
Gas			
Water			
Sewer			
Total Utilities			
<i>Taxes/Insurance</i>			
Real Estate Taxes			
Payroll Taxes			
Insurance			
Workmen's Comp			
Other Employee Benefits			
Total Taxes/Insurance			
Total Operating Expenses: \$ _____			

Total operating expenses per unit: \$ _____

KHC requires an estimate of 4% annual increase in expenses to be used for proforma purposes.

Utilities - Indicate the type of system the unit has or will have:

Heating Fuel: ___ Natural gas: ___ Oil : ___ Electric: ___ Other: _____

Heating System: ___ Forced air: ___ Hot water: ___ Other: _____

Equipment Included: ___ Oven/Range: ___ Refrigerator: ___ Garbage disposal
 ___ Washer/Dryer ___ Washer/Dryer hook-ups
 ___ Dishwasher: ___ Other

Utility Allowance Justification

Monthly Utility Allowance Calculation:								
	Type of Utility (gas, oil, etc.)	Utilities Paid: (Check one)		Enter Utility Allowance by Bedroom Size to be <u>Paid by Tenant Only.</u>				
		Owner	Tenant	0-Bdr	1-Bdr	2-Bdr	3-Bdr	4-Bdr
Cooking				\$	\$	\$	\$	\$
Lighting				\$	\$	\$	\$	\$
Hot Water				\$	\$	\$	\$	\$
Water				\$	\$	\$	\$	\$
Heating				\$	\$	\$	\$	\$
Air Conditioning				\$	\$	\$	\$	\$
Sewer				\$	\$	\$	\$	\$
Garbage Removal				\$	\$	\$	\$	\$
Total Utility Allowance				\$	\$	\$	\$	\$

Indicate the source of utility allowance used: (Attach documentation and include date of most current chart.)

___ PHA Utility Allowance Schedule

___ Utility Company Historical Usage Data

Rent Distribution and Utility Allowance: Provide the proposed rent for each unit, the percent of area median income and the number of each unit type. If the tenants will pay their own utilities, please indicate the utility allowance.

Unit Type/ Bedroom Size	Rent as % of Area Median Income	Proposed Gross Rent	(-)	Tenant Paid Utility Allowance	Net Monthly Rent	If using HOME funds, Housing Credits (HC) or Project-Based Section 8, check which rent schedule is being used.				
						High HOME	Low HOME	FMR	HC - 50%	HC - 60%
Sample: 1-bdrm	50 %	\$245	(-)	\$ 45	= \$200		✓			
1-bdrm	60 %	\$275	(-)	\$ 45	= \$230	✓				
		\$	(-)	\$	= \$					
		\$	(-)	\$	= \$					
		\$	(-)	\$	= \$					
		\$	(-)	\$	= \$					
		\$	(-)	\$	= \$					
		\$	(-)	\$	= \$					
		\$	(-)	\$	= \$					
		\$	(-)	\$	= \$					
		\$	(-)	\$	= \$					
		\$	(-)	\$	= \$					
		\$	(-)	\$	= \$					

Operating Deficit Reserve Schedule
(all numbers should be monthly)

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6
Total Gross Income (as if 100% occupied)						
X Percentage of Occupied Units						
Effective Gross Income						
(-) Operating Expenses						
Advertising						
Office Salaries						
Office Supplies						
Management Fee						
Manager Salary						
Legal/Auditing						
Accounting Services						
Telephone						
Compliance Fees						
Other Administrative						
Janitorial Services						
Exterminating Contract						
Waste Collection						
Security Payroll/Contract						
Ground Expense						
Repairs/Maintenance						
Elevator Maint./Contract						
Other Operating/Maintenance						
Electricity						
Gas						
Water						
Sewer						
Real Estate Taxes						
Payroll Taxes						
Insurance						
Workmen's Comp						
Other Employee Benefits						
(-) Debt Service (First mortgage)						
(-) Debt Service (Second mortgage)						
(-) Debt Service (All other mortgages)						
Project Cash Flow + or (-)						

Operating Deficit Reserve Schedule

(Continued from previous page)

	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Total Gross Income (as if 100% occupied)						
X Percentage of Occupied Units						
Effective Gross Income						
(-) Operating Expenses						
Advertising						
Office Salaries						
Office Supplies						
Management Fee						
Manager Salary						
Legal/Auditing						
Accounting Services						
Telephone						
Compliance Fees						
Other Administrative						
Janitorial Services						
Exterminating Contract						
Waste Collection						
Security Payroll/Contract						
Ground Expense						
Repairs/Maintenance						
Elevator Maint./Contract						
Other Operating/Maintenance						
Electricity						
Gas						
Water						
Sewer						
Real Estate Taxes						
Payroll Taxes						
Insurance						
Workmen's Comp						
Other Employee Benefits						
(-) Debt Service (First mortgage)						
(-) Debt Service (Second mortgage)						
(-) Debt Service (All other mortgages)						
Project Cash Flow + or (-)						

Total of all monthly cash flows through point in which sustaining occupancy is achieved: (refer to definition of sustaining occupancy)

\$ _____

Financial Information

1.) What efforts have been made to ensure the project will be able to attract eligible tenants and lease-up in a reasonable period of time and sustain projected occupancy? Provide information used to determine the lease-up period as shown in the operating deficit reserve schedule.

2.) Are operating expenses in excess of 60% of effective gross income. (This situation can cause net operating income and debt coverage ratio to decrease below an acceptable level.)

_____Yes _____No

If yes, please explain the reason for the expenses being such a large percentage of income.

3.) Are the KHC funds per unit cost within the cost containment guidelines as shown on page ?

_____Yes _____No

If no, please explain the additional expense.

4.) List all financial requirements of any non-KHC funding for this development. (Attach any commitments already received.)

6.) Proposed Project Schedule

Complete the attached project schedule for the proposed development. Indicate the proposed date for all line items that are applicable.

Project Name: _____

ACTIVITY	PROPOSED DATE (month/year)	REVISED DATE (month/date)	COMPLETED DATE (month/year)
Site Option			
Purchase of Site			
Zoning Approval			
Final Site Plans and Specs			
Appraisal (if required)			
Phase I Environmental (if applicable)			
Building Permits and Fees			
Final Bids			
Contractor Selection			
Syndication Agreement (if applicable)			
Infrastructure to site			
Construction Start			
Construction Completion			
Certificate of Occupancy			
Lease Up			

Date: _____

CAPACITY OF DEVELOPMENT TEAM

Total Points 200

Please note that KHC will review prior KHC-funded projects with regard to adherence to commitment, expenditure, and completion deadlines: the original program plan; monitoring/compliance issues, if any; and KHC's receipt of the required annual performance reports.

- Please note that nonprofits and units of local government will need to comply with procurement standards as prescribed in 24 CFR Part 84 and Part 85.
- Per 24 CFR Part 84, to ensure free and open competition, the entity preparing cost estimates and work write-ups for non profit organizations are not eligible to bid on the construction.

Development Team Information:

(Please include **resumes** for the **applicant**, **developer**, **consultant**, **architect** and **contractor**)

Applicant:	_____	Phone: (____) _____
Developer:	_____	Phone: (____) _____
Contractor:	_____	Phone: (____) _____
Architect:	_____	Phone: (____) _____
Engineer:	_____	Phone: (____) _____
Attorney:	_____	Phone: (____) _____
Property Manager:	_____	Phone: (____) _____
Syndicator:	_____	Phone: (____) _____
Accountant:	_____	Phone: (____) _____
Other:	_____	Phone: (____) _____

3.) Have KHC funds ever been recaptured from **any** member of the development team?

____ Yes ____ No

If Yes, explain.

4.) Have **any** members(s) of the development team every had any monitoring/compliance issues with past or current KHC funded developments?

____ Yes ____ No

If Yes, explain and address how these issues were resolved.

5.) If **any** member of the development team have other KHC financed developments, are they current on all existing reserve for replacement accounts and debt payments?

____ Yes ____ No

If No, explain and address how these issues were resolved

****Include a copy of your agency's most recent Audited Financial Statement**

One (1) To Four (4) Units Or Minor Repair

Projects consisting of four (4) or less units, requesting funding for new construction and/or rehabilitation or minor repair projects with a total project cost or \$50,000 or less are not required to fill out the entire core application. Below is a list of the question in each section of the application that the applicant must answer. Submit this checklist with the application checklist.

All appropriate **attachments and exhibits** must be completed and submitted with the application. Applications that do not submit the required exhibits will not be eligible for funding.

Please indicate that the following questions were completed, by placing a checkmark next to the referenced question:

Project Design

_____ Complete Entire Section (pages 5-11)

Project Need

_____ Documentation of Need Question 1-5 (Page 12)

_____ Market Assessment Question 1 (Page 13)

_____ Support Service Plan – All Questions (Pages 16-17)

Financial Description Guidelines - Please review the entire section

Financial Description

_____ Sources of Funding (pages 31)

_____ Uses of Funding (page 32)

_____ Proforma (page 33)

_____ Annual Expense Information (page 34 -35)

_____ Utilities Question (page 35)

_____ Utility Allowance Chart (page 35)

_____ Rent Distribution Chart (page 36)

_____ Financial Information Questions 2,3, & 4 (page 39)

Ready To Proceed

_____ Complete Entire Section (40-41)

Capacity of Development Team

_____ Applicable Development Team Contact Information (page 42)

_____ Question 1 & 3 (page 43)

_____ Project Administration – Questions 1,3,4 & 5 (pages 44-45)

HOME PROGRAMMATIC ATTACHMENT – (Part I)

This section of the application **MUST** be filled out for **ALL** applications requesting the use of HOME funds.

I. Compliance with the Consolidated Plan

A project proposal must comply with one or more of the goals below or it is ineligible for funding through the HOME Program.

Each applicant must determine that the project is in compliance with the Consolidated Plan. Please check all that apply. This project will:

	Expand the supply of safe, decent, sanitary and affordable housing for very low- and/or low-income families through new construction and/or acquisition with rehabilitation.
	Assist in the prevention of homelessness by preserving the existing housing stock through rehabilitation and repair.
	Provide financial and technical assistance to private and public entities to develop strategies to address the housing needs of local communities.
	Maximize the number of units produced with HOME funds by encouraging partnerships with private lending institutions and other funding sources.

II. HOME – Fixed or Floating Unit Designation

Unit Type/ Bedroom Size	Proposed Rent	Rent as % of Area Median Income	* Indicate if unit is fixed or floating (Indicate by check mark)		Indicate if unit is HOME or Non HOME (Indicate by check mark)	
			Fixed	Floating	HOME	Non- HOME

*Only applicable in mixed-income projects. Fixed units are specifically designated as HOME units from the outset of the project. These must remain occupied by HOME income-eligible tenants throughout the affordability period. A project with floating units is allowed more flexibility in that the HOME-assisted units may change throughout the affordability period as long as the substituted units are comparable in size, amenities and number of bedrooms.

III. Maximum Subsidy Calculation per Unit: Please provide the following:

Bedroom Subsidy Limit X	Number of HOME Assisted Units	Maximum Subsidy =
Sample: 2 Bedroom (\$79,444)	4	\$317,776
0 Bedroom (\$)		
1 Bedroom (\$)		
2 Bedroom (\$)		
3 Bedroom (\$)		
4 Bedroom (\$)		
Total Maximum HOME Subsidy		
Plus 5% Administration (if requested)		N/A
Total Eligible HOME Request *		

*** Total amount requested cannot exceed this amount.**

IV. Affordability Period

HOME regulations 92.252 requires that rental units remain affordable to low- and moderate-income persons for specified terms, depending on the HOME investment.

Check the appropriate period.

	Less than \$15,000 HOME funds in unit	5 Years
	\$15,000 to \$40,000 HOME funds in unit	10 Years
	Greater than \$40,001 HOME funds in unit	15 Years
	New Construction or acquisition of new constructed housing	20 Years
	Other	

HOME PROGRAMMATIC ATTACHMENT – (Part II)

The applicant (agency applying for HOME funds) hereby assures and certifies that they possess legal authority to apply for HOME funds and to execute the proposed program and the governing body has duly adopted or passed an official act of a resolution, motion or similar action authorizing the filing of the application, including all understandings and assurances contained therein, and directing and authorizing the applicant's chief executive officer to act in connection with the application and to provide such additional information as may be required.

The applicant further certifies that they will administer the program according to the following guidelines and requirements:

Basic HOME Requirements

1. The applicant will assist only structures that are eligible under the HOME Program regulations.
2. Property assisted with HOME funds will not be eligible for additional assistance during the affordability period.
3. Income and assets of tenants must be verified using the Section 8 method of calculating income and assets and all HOME-assisted units must be leased to households whose incomes are at or below 60 percent of the area median income. Furthermore, 20 percent of the HOME-assisted units must be leased to households whose incomes are at or below 50 percent of the area median income, adjusted for family size as defined by HOME income guidelines.
4. Income of the tenant includes all household income and actual or imputed income from assets of all household members.
5. The HOME regulations require a minimum subsidy of \$1,000 of HOME assistance per unit.
6. HOME funds must be used in a first or second position, unless otherwise approved, in writing, by KHC. Additional subordination must be approved, in writing, by KHC.
7. The HOME regulations require that applicants retain program records. All records pertaining to each fiscal year of HOME funds must be retained for the most recent five-year period, except as noted below:
 - Rental housing project's records may be retained for five years after the project completion date, but records of individual tenant income verifications, project rent and project inspections must be retained for the most recent five-year period until five years after the affordability period has terminated.

- Written agreements must be retained for five years after the agreement has terminated.
- Records covering displacements and acquisition must be retained for five years after the date by which all persons displaced from the property and all persons whose property is acquired for the project have received the final payment to which they are entitled in accordance with 24 CFR, part 92.353.
- If any litigation, claim, negotiation, audit, monitoring, inspection or other action has been started before the expiration of the required record retention period, records must be retained until completion of the action and resolution of all issues that arise from it or until the end of the required period, whichever is last.

Compliance with Federal Requirements

8. Applicants are responsible for ensuring that the required financial records are maintained for all HOME-assisted projects. Each applicant is responsible for compliance with the following document, as applicable:

Applicants	General Administrative	Costs	Audit
State and Local Government	24 CFR Part 85	OMB A-87	OMB A-133 24CFR Part 45
Nonprofit Institutions	24 CFR Part 84 OMB A-110	OMB A-122	OMB A-133 24CFR Part 44

9. All applicants are responsible for developing a financial management system/policy that should address, at the minimum, the following items:
- 1) Financial management system.
 - 2) Financial statement procedures.
 - 3) Inventory control procedures, including property/equipment tracking and disposition.
 - 4) Procedures for federally acquired items.
 - 5) Internal control procedures.
 - 6) Record keeping procedures (refer to 24 CFR 92.508).
 - 7) Cash receipts and disbursements procedures.
 - 8) Check writing and deposit procedures.
 - 9) Accounting system including journals, accounts receivable, accounts payable, etc.
 - 10) Program income and/or Community Housing Development Organizations (CHDO) proceeds tracking procedures, if applicable.
 - 11) All applicants must maintain a separate bank account for federal funds with pre-numbered checks or accounts with subidentifiers.

10. The applicant will not assist property which has or will receive funds from the following:
 - a) Title VI of NAHA – Prepayment of Mortgages Insured Under the Act
 - b) Public Housing Funds
 - c) Rental Rehabilitation Funds

11. The applicant will comply with or assist KHC in compliance with provisions as applicable to the project proposal in accordance with 24 CFR Subsections 92.350 through 92.357, 92.505, 92.506 and 92.508. Those subsection titles are as follows:

92.350	Equal Opportunity and Fair Housing
92.351	Affirmative Marketing
	Affirmative marketing steps consist of actions to provide information and attract eligible person in the area to the available housing without regard to race, color, national origin, sex religion, familial status or disability.
92.352	Environmental Review
92.353	Displacement, Relocation and Acquisition
92.354	Labor
92.355	Lead-Based Paint
92.356	Conflict of Interest
92.357	Executive Order 12372
92.505	Applicability of Uniform Administrative Requirements
92.506	Audit
92.508	Recordkeeping

12. All aspects of this program must comply with the HOME regulations as cited in 24 CFR Part 92, the Consolidated Plan, the Action Plan and other items as required by KHC.

13. KHC will conduct the environmental reviews for nonprofit agencies and private developers.

14. All projects must comply with 24 CFR Part 58 Environmental Regulations regarding activity within a floodplain.

15. The applicant will comply with 12 CFR Part 202 regarding Equal Credit Opportunity.

16. The nonprofit applicant certifies that it will comply with the applicable requirements of 24 CFR part 84, as applicable, regarding procurement of goods and services.

17. Applicant certifies that they will comply with Section 3 and will make every effort to hire low-income individuals from the community.

18. The applicant certifies that it will immediately report to KHC any real, potential or perceived conflict of interest as outlined in 24 CFR Part 35 and 24 CFR Part 84, as applicable, regarding the receipt of, assistance provided with, or expenditure of HOME funds. For instance, a potential conflict or perceived conflict of interest could exist when a relative (brother, cousin, nephew) of the developer makes application for housing assistance in the HOME property.
19. Under the HOME Program all acquisition and rehabilitation is subject to the requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA) (49 CFR Part 24 and 42 U.S.C. 4201-4655). For example, if a developer wishes to purchase a tenant-occupied piece of property that is for sale on the open-market, the existing tenants may be eligible for relocation benefits. If the property is currently vacant, but was previously tenant-occupied, a determination will need to be made as to whether the tenants were removed in order to sell a “vacant” unit to the developer participating in the HOME program. If so, the tenants may be eligible for relocation benefits.
20. HOME requires property standards compliance as follows:
 - a. All construction will comply with appropriate construction standards. All rehabilitation performed must meet the requirements of the latest edition of the Kentucky Building Code (KBC) as enforced by the Kentucky Department of Housing, Buildings and Construction, as well as any local building codes, zoning and land development regulations. One and two family dwellings and townhouses must meet the requirements of the International Energy Conservation Code and the Kentucky Residential Code referenced in the KBC. Furthermore, all rental housing must meet the requirements of Section 8 Housing Quality Standards (HQS) and the Kentucky Fair Housing Law including those sections requiring accessibility and adaptability.
 - b. All rehabilitation must comply with the HOME Regulations 92.251. Additionally, all units must meet the minimum requirements of the International Property Maintenance Code if the rehabilitation cost is less than \$30,000. Additionally, all units must meet Section 3 of the Kentucky Residential Code, regardless of the total cost of the rehabilitation.
 - c. All new construction plans must be approved by KHC.
 - e. Rehabilitation assistance may be used for rehabilitation work necessary to correct incipient as well as existing violations of the Kentucky Building Code. An incipient violation exists if, at the time of inspection, it is thought that the physical condition of an element in the structure will deteriorate into an actual violation during the term of the loan.

21. Recipients are encouraged to construct all units so they are readily adaptable to provide access for persons with disabilities.

Miscellaneous Requirements

22. Match and leverage must be expended before completion of the project. This includes submission of, the submission of the Project Completion Reports.
23. Applicants are responsible for retaining legal counsel on any legal matter pertaining to the administration of the project.
24. Only nonprofit organizations that have received CHDO designations from KHC, prior to the time of application, will be allowed to compete in the CHDO set-aside category.
25. KHC reserves the right to recapture funds for projects that it determines to be infeasible.
26. Applicants are responsible for ensuring that HOME units are properly insured during the construction/rehab process.

Tenant Eligibility

27. Each applicant must develop and utilize a standard application form. Each household must complete the standard application form. If necessary, the agency will provide assistance in preparing the form, especially to the elderly, handicapped and non-English speaking. Income and assets, including checking and savings account information, will be verified and imputed assets from these accounts will be determined using the current pass book savings rate as published by HUD.
28. After completing the application, the applicant shall determine and verify by a third-party source, the household's financial eligibility according to the income/assets limits as established by HUD.
29. Each year during the period of affordability, the project owner must re-examine/recertify each tenant's annual income in accordance with the Section 8 method. Third-party verification of income and assets is required every sixth year of the affordability period. Years two through five, the tenant's income and asset verification may be done through a statement by the family of the annual income and size, and certification that the information is complete and accurate. If during the re-examination/recertification process a family's income rises above 80 percent of the area median income, KHC requires that the family be charged the high HOME rent or the FMR or 30 percent of their adjusted gross income, whichever is greater. For mixed-income projects, at no time may the rent charged to a family whose income goes above 80%percent the market rate rents in the project. If this family vacates the unit during the affordability period, the unit rent rate must comply with applicable HOME guidelines.

30. In some instances, households residing in HOME rental units may be receiving Section 8 rental assistance. Please note that the applicable HOME rent limit may be less than the Section 8 FMR. At no time may Section 8 assistance exceed the applicable HOME rent limit.
31. If a project uses both the Low Income Housing Tax Credit (LIHTC) Program and HOME funding, at annual recertification, LIHTC does not allow rents to ever exceed the Housing Credit program limits, regardless of the household's income.
32. If the household is determined to be ineligible for the program, the household shall be notified in writing of such determination and the reasons for such determination. The household will also be notified of other potential resources for rental assistance for which the household may be eligible and means of applying for such assistance.

Program Specific Requirements

33. Leases must be in compliance with 24 CFR 92.253 of the HOME regulations, which outlines tenant and participant protections.
34. Tenant selection procedures and protections should be incorporated into all management plans. As the owner, developer or sponsor of the rental project, your tenant selection plan must at a minimum be consistent with the purpose of providing for very low-income and low-income families, be reasonable according to HOME Program eligibility, Section 8 and public housing, allow selection of tenants from a written waiting list in chronological order and give prompt written notification of rejection and the grounds for such rejection.
35. HOME funds shall be used for soft costs and/or construction costs only. Refer to 24 CFR Part 92 for definition. Developer Fee is an eligible cost of HOME funds for a development utilizing HOME funds only.
36. For projects that use AHTF and HOME, HOME funds may be used for developer fee and AHTF for administrative funds. Combined fees cannot exceed 10 percent of the total project.
37. Cost effectiveness must be considered.
38. HOME funds may not be used for:
 - Nonessential landscaping or nonstructural property improvements.
 - Rehabilitation damaging to the historical character or value of a Structure as determined by the State Historical Preservation Officer of the Kentucky Heritage Commission.
 - Excessive or luxury items.

Construction Management

39. The applicant must develop construction management procedures that should consist of the contract provisions for the contractor and the subcontractor. The procedures should outline payment request, forms to be completed, inspection procedures, and project completion procedures.
40. **Applicable to nonprofits only.** The agency will establish and, on the basis of its experience, maintain a current listing of qualified contractors (unless the agency utilizes only in-house crews) who are interested in doing new construction and/or rehabilitation work financed through the HOME program. Agencies should advertise a request for proposals and make every effort to ensure that the bidding is accurate and fair.
41. For projects involving rehabilitation, the applicant shall prepare specifications based on the final work write-up, and any necessary illustrative sketches, covering the specific rehabilitation work for the structure. Drawings shall be prepared, where necessary, to show the scope of the work involved so that a fair bid can be obtained and to avoid misunderstandings with the bidder. The specifications shall clearly establish the nature and location of the work to be done and the material and equipment to be installed. Master specifications will be prepared and given to each contractor prior to performing any work and will be included in all contracts by reference.
42. For projects involving new construction, the applicant shall prepare a cost estimate and specifications for all new construction that will include construction, labor and materials necessary to build the structure in compliance with the housing code. The cost estimate shall be reasonable and shall reflect actual costs prevailing in the locality for comparable work. The specifications shall clearly establish the nature and location of the work to be done and the material and equipment to be installed. Master specifications will be prepared and given to each contractor prior to performing any work and will be included in all contracts by reference.
43. All plans and specifications must be approved by KHC. All determinations of compliance will be made at the sole discretion of KHC construction specialists.
44. **Applicable to nonprofits only.** Applicants must maintain documentation of the bid opening, bid award and pre-construction conference. Documentation must be maintained in the files, according to the requirements of 24 CFR part 92.508.
45. All variances from code must be submitted, along with a full work write-up, to KHC prior to placing the project for bid. KHC will determine the feasibility of the variance and issue a written response to any variance request. No variances will be granted for health or safety issues as deemed by KHC.
46. After procuring the contractor, the construction shall be undertaken through a written contract between the contractor and the applicant. The contract should

reference and include the work write-up, specifications, drawings and appropriate code references.

47. Contractors must submit a request for payment that is signed by the applicant and architect (if applicable). The contractor must submit lien waivers and affidavits to the applicant with each draw. The applicant must inspect the property to determine that the work completed is valued at an amount equal to the progress payment requested. In the event that work completed is not in compliance, it shall be the duty of the agency staff to obtain appropriate corrective action from the contractor before requesting payment from KHC. The contractor shall be notified at the time of the inspection of any necessary corrective action to enable the agency to make a progress payment. Agency staff will document this notification in the case file.

I certify that as an applicant of HOME Investment Partnership Program funds, I understand that:

48. KHC reserves the right to extend the date of commitment if extenuating circumstances prevented the original commitment date from being achieved. KHC's goal is to avoid any federal recapture of funds and will take the necessary steps to ensure this does not occur.
49. KHC may recapture funds if an applicant has not committed all funds by the date referenced in the Funding Agreement.
50. KHC reserves the right to reduce the amount of an application request.
51. All proposed rental projects must be site-specific with site control and/or an option to buy.
52. Initial operating reserve funds will not be provided with HOME funds. The applicant is responsible for ensuring that sufficient funds are available to meet this requirement.
53. KHC reserves the right to recapture funds if evidentiary items are not submitted by the applicant by the date referenced in the award letter, if funds are not committed and/or expended and construction completed by the dates referenced in the funding agreement or if the project substantially changes after funding commitment.
54. If requested, KHC may provide 10 percent for contingency funds for new construction and rehabilitation projects. However, these funds are not automatically awarded to the project and will only be approved as a change order.

I hereby certify that, to the best of my knowledge and belief, information in this application is true, accurate and complete and the governing body of the applicant has duly authorized the document.

Failure to provide complete and accurate information during the application process and/or failure to comply with attributes pledged on the application or in any other KHC program may result in rejection of the application and applicant being barred from further participation in the HOME Investment Partnerships Program.

The undersigned hereby makes application to Kentucky Housing Corporation for HOME funds. The undersigned agrees that KHC and any of its directors, officers, employees or agents will be indemnified and held harmless against all losses, costs, damages, expenses and liabilities whatsoever in nature or type directly or indirectly resulting from, arising out of or related to acceptance, consideration and approval or disapproval of such application.

The undersigned understands that KHC, in order to effectively administer the HOME Program, may from time to time throughout the application, construction and affordability periods, require additional information. The undersigned agrees that, upon receipt of a reasonable request, such additional information will be promptly tendered to KHC. The undersigned further agrees that upon receipt of a reasonable request, representatives of KHC will be permitted to enter the project premises to conduct inspections.

The undersigned, under the penalties of perjury, hereby represents and certifies that the foregoing information is true, complete and accurate to the best of his or her knowledge and belief. The undersigned further certifies that he or she is duly authorized to execute this instrument.

Legal Name of Applicant

Signature	Title	Date
-----------	-------	------

Typed Name of Application Preparer

Signature	Title	Date
-----------	-------	------

Subscribed and sworn before me
by _____

This the _____ day of _____, 200__.

Notary: _____

My commission expires: _____.

AHTF PROGRAMMATIC ATTACHMENT

The applicant hereby assures and certifies that:

1. They possess legal authority to apply for AHTF funds and execute the proposed program.
2. The work performed with AHTF funds will meet all state and local building code requirements.
3. Any property assisted with AHTF funds will be restricted to remain affordable to persons with incomes agreed to in the funding agreement for a minimum of 30 years. Properties assisted with over \$3,000 in AHTF funds must be restricted through a recorded deed restriction.
4. They will verify and maintain documentation that all households assisted with AHTF funds meet the income guidelines in the funding agreement.
5. They understand Kentucky Housing Corporation (“KHC”) reserves the right to recapture funds if evidentiary items are not submitted by the applicant by the date referenced in the award letter, if funds are not committed and/or expended and construction completed by the dates referenced in the funding agreement or if the project substantially changes after funding commitment.

Failure to provide complete and accurate information during the application process and/or failure to comply with attributes pledged on the application may result in rejection of the application and the applicant being barred from further KHC funding.

The undersigned hereby makes application to KHC for AHTF funds. The undersigned agrees that KHC and any of its directors, officers, employees or agents will be indemnified and held harmless against any and all losses, costs, damages, expenses and liabilities whatsoever in nature or type directly or indirectly resulting from, arising out of or related to acceptance, consideration and approval or disapproval of the application.

The undersigned understands that KHC, in order to effectively administer the AHTF Program, will throughout the application, construction and affordability periods, and require additional information. KHC will also inspect the AHTF assisted properties to monitor compliance with all state building codes. The undersigned agrees that, upon receipt of reasonable requests, additional information will be promptly sent to KHC. The undersigned further agrees that upon receipt of reasonable requests, representatives of KHC will be permitted to enter the project premises to conduct inspections.

The undersigned hereby represent and certify that the foregoing information is true, complete and accurate to the best of his or her knowledge and belief. The undersigned further certifies that he or she is duly authorized to execute this instrument on behalf of the recipient.

Legal Name of Applicant

Authorized Signature

Title

Date

Typed Name of Application Preparer

Signature

Title

Date

HOUSING CREDIT SET-ASIDE PROGRAMMATIC ATTACHMENT

I. Local Official Information

If the project is located within the city limits, provide the mayor information. If the project is located in the county jurisdiction, provide the county judge-executive information. For projects located within both jurisdictions, provide information for both local officials.

Name of Political Jurisdiction: City of _____ or _____ County

Title: Mayor County Judge-Executive

Name of Elected Official _____

Address _____

City _____ Zip Code _____

II. Elections

The owner irrevocably elects one of the minimum set-aside requirements (**Check one box only**):

At least 20 percent of the rental residential units in this development are rent-restricted and are to be occupied by individuals whose incomes are 50 percent or less of the area median gross. *(All tax credit units must be at or below 50 percent of area median income.)*

At least 40 percent of the rental residential units in this development are rent-restricted and are to be occupied by individuals whose incomes are 60 percent or less of the area median gross. *(All tax credit units must be at or below 60 percent of area median income.)*

Extended use:

Owner irrevocably agrees to waive option to end low-income use after compliance period:

Yes No If yes, number of years beyond year 18 _____

III. Nonprofit Information

Non profit's EIN _____ Name _____

_Mailing Address _____

_City _____ State _____ Zip Code _____

Nonprofit status: 501(c)(3) organization 501(c)(4) organization

Contact Person _____

Telephone No. _____ Fax No. _____

Capacity: Consultant Developer General Partner

Management Company Service Provider

IV. Building Information

Complete for each building in the project. This information is necessary to determine whether the 221(d)(3) multifamily mortgage limits or the 203(b) single family mortgage limits will be used to limit qualified basis.

Building Designation (Number or letter)	No. of units	No. of housing credit units	No. of market rate units	No. of bedrooms
Sample: A	10	6	4	2

V. Housing Credit Calculation

	30% Present Value Credit	70% Present Value Credit
Total project Cost	\$ _____	\$ _____
Less: Ineligible Costs		
Land Cost	\$ _____	\$ _____
Demolition	\$ _____	\$ _____
Off-site work	\$ _____	\$ _____
Architect fee – Land portion	\$ _____	\$ _____
Real estate attorney – Land portion	\$ _____	\$ _____
Engineer/Survey – Land portion	\$ _____	\$ _____
Title/Recording – Land portion	\$ _____	\$ _____
Taxes – Land	\$ _____	\$ _____
Permanent Financing fees	\$ _____	\$ _____
Market Study	\$ _____	\$ _____
Tax Credit fees	\$ _____	\$ _____
Cost Certification	\$ _____	\$ _____
Syndication (organization, bridge loan and legal fees)	\$ _____	\$ _____

Developer Fees – attributable to Land	\$ _____	\$ _____
Developer Fees – attributable to Syndication	\$ _____	\$ _____
Consultant Fees – attributable to Land	\$ _____	\$ _____
Consultant Fees – attributable to Syndication	\$ _____	\$ _____
Reserves (Rent-up, operating, replacement, and escrows)	\$ _____	\$ _____
Marketing	\$ _____	\$ _____
Less: Adjustments to Basis		
Grants	\$ _____	\$ _____
Federal Subsidies	\$ _____	\$ _____
Historic Rehab. Credits	\$ _____	\$ _____
Excess Cost Units	\$ _____	\$ _____
Eligible Basis	\$ _____	\$ _____
QCT/DDA adjustment <i>See QCT/DDA list for qualified census tracts and difficult to develop areas.</i>	Up to 130% <i>Only construction and rehabilitation costs, acquisition basis cannot be increased.</i>	Up to 130%
Adjusted Eligible Basis	\$ _____	\$ _____
Applicable Fraction (lower of unit fraction or floor space fraction)	_____ %	_____ %
Qualified Basis	\$ _____	\$ _____
Tax Credit Rate	4%	9%
Maximum Annual Housing Credits	\$ _____	\$ _____
Amount of Annual Housing Credits Requested	\$ _____	\$ _____

VI. Syndication Information

Estimated Gross Proceeds from Housing Credit syndication _____

Syndication Expenses _____ No. of Payments _____

Pay-in Number	Pay-in Date	Amount of Pay-in
1		
2		
3		
4		
5		

Anticipated Net Proceeds from Historic Tax Credit _____

Type of Housing Credit Offering: Private Public

Syndicator Name _____

Address _____

City _____ State _____ Zip Code _____

Contact Name _____ Telephone No. _____

DOCUMENTATION REQUIREMENTS CHECKLIST

I. These items must accompany the application:

- _____ Application fee of \$500 for exclusively nonprofit projects or \$750 for all other projects
- _____ Demonstration of site control (option, deed, purchase contract or other acceptable documentation).
- _____ Projects applying for acquisition credit must include documentation indicating eligibility.
- _____ All projects in an area subject to a plan for community or neighborhood revitalization must attach documentation showing that the project conforms with such plan.
- _____ All projects must have a letter of support from the chief executive officer (or the equivalent) of the local jurisdiction within which the project is located.
- _____ Internal Revenue Service waiver for a troubled project.
- _____ Documentation supporting minority development entity qualification.
- _____ Evidence that demonstrates energy-efficient design and construction practices will be used.
- _____ Evidence that the project involves construction or rehabilitation of rental units within a designated Renaissance Kentucky area (Gold or Silver). Must include documentation substantiating the location.

EXHIBITS

Housing Assistance Forms

- Home Funds
- Risk Sharing Funds
- Project-Based Section 8

Certification Form – HUD Form 205

- All funding source

Certification of Financial Management

- HOME Funds

Construction Cost Breakdown (Schedule of Values)

- Optional

Lead-Based Paint Form

- Home Funds
- Risk Sharing Funds
- Project-Based Section 8

EXHIBIT A
HOUSING ASSISTANCE FORM

KENTUCKY INTERGOVERNMENTAL REVIEW PROCESS
HOUSING ASSISTANCE FORM

1. Project Title:	State Application Identifier Number (SAI#)
2. Applicant:	(Previously Submitted SAI#)

3. Applicant's Address:

4. Name of the person to be contacted on matters involving this application.
 Name: _____
 Street: _____
 City & State: _____
 Telephone: _____

5. Impacted City (ies):

6. Impacted County (ies):

7. Project Description (Nature, Purpose, Location, including adjacent Street Names):

8. Type of Assistance:

Grant (Amount) \$ _____	Rent Subsidy	Mortgage Insurance
Loan (Amount) \$ _____	Loan Guarantee	Other (Specify) _____

9. Federal Program Name and Number (From Catalog of Federal Domestic Assistance (CFDA):

(a) Name: **HOME Investment Partnerships Program** (b) Number: **14.239**

10a. Project size, single-family subdivision: 10b. Project size, multi-family project:

Size of Subdivision: _____	Size of Parcel (in acres): _____	Total Units: _____
Number of planned lots: _____	No. of efficiency units: _____	No. of 3 BR units: _____
Typical lot size (in acres): _____	No. of 1 BR units: _____	No. of 4 BR units: _____
Size of Parcel (in acres): _____	No. of 2 BR units: _____	No. of 5 BR units: _____

11. Local Planning Commission? Yes _____ No _____

(If yes, give name.) _____

Action Taken: Reviewed Yes _____ No _____

EXHIBIT A
HOUSING ASSISTANCE FORM

Approved _____ Yes _____ No _____

14. **How and where will the project's waste water be disposed? Some communities have more than one wastewater server.**

If by a public wastewater treatment plant (publicly owned treatment work, POTW), give name of plant and of owning entity plus Kentucky Pollutant Discharge Elimination System (KPDES) permit number of treating plant.

If by non POTW (a package sewage treatment plant), is it ____ proposed or ____ existing? If existing, give LEGAL name of owner and KPDES number.

If by an onsite system, give local health department name and its permit number for the system.

NOTE: Most communities are covered by a wastewater treatment facility plan (WWTFP.201 Plan). For a community with a WWTFP, proposed wastewater treatment facilities must conform to the WWTFP.

15. What type of water facilities will be utilized?

Public: _____ Legal Name: _____

Individual: (wells) _____ Other: ____ (Explain) _____

16. If a privately-owned water or wastewater system is to be developed, what is the name and telephone number of the registered professional engineer in charge of the project?

17. Where will the project's solid waste be disposed? If county landfill is to be used, please provide name of landfill, permit number, and method of transportation to landfill. Please submit a copy of the contact.

18 Are recreational facilities proposed for the project? Yes _____ No _____

Are police and fire protection services available? Yes _____ No _____

Are health services available, i.e., doctors and ambulances? Yes _____ No _____

19 Have you obtained and attached all required attachments? Yes _____ No _____

If no, explain. _____

20. Signature of authorizing official: _____

Title: _____

Date: _____

Several attachments must be included with the Housing Assistance Form. These attachments have been held to a minimum and are essential for a thorough review of your project.

ATTACHMENTS:

(A) 7.5 minute U.S.G.S. topographical map showing site location with streams and roads clearly identified. (Note: A photo copy (8 1/2 x 11) of a 7.5 minute (at that scale 1:24,000 do not enlarge or reduce) U.S.G.S. topographical map.)

(B) Wastewater Information:

1) If utilizing a public system:

Please obtain and attach a statement from the public wastewater authority which:

- Shows acceptance of the developer's plans for wastewater disposal into the system.
- Identifies the major wastewater collection lines and the facility which will be used to treat the discharge. (Some communities have more than one wastewater treatment plant; please determine serving one.)
- Comments on the wastewater treatment system capability to handle the proposed flow from the project.

2) If utilizing a proposed package sewage treatment plant, attach information describing treatment and plant capacity. The plant and discharge site must be showed on the topographical map.

3) If utilizing an onsite system, attach the results of the percolation test per acre conducted by a Registered Professional Engineer or Registered Land Surveyor.

(C) Layout or plat of the proposed project.

(D) If the project is to be served by a public water supply, obtain and attach a statement from a public water authority indicating that it will supply the quantity of water needed.

IMPORTANT

The applicant must supply the State Clearinghouse with one original and fifteen (15) copies of the summary project description, project cost summary, signed Housing Assistance form, and each attachment listed above.

Kentucky State Clearinghouse
Department for Local Government
1024 Capital Center Drive, Suite 340
Frankfort, Kentucky 40601-8204
Telephone: 502-573-2382
TDD: 800-573-2510
FAX: 502-573-2512

EXHIBIT B
CERTIFICATIONS

The undersigned applicant certifies that:

1. Applicant is aware disclosure of certain financial information will be required by Kentucky Housing Corporation (KHC) in the course of processing an application.
2. Applicant has made a physical inspection of the property and is of the opinion the site plan to be submitted conveys a concept which can reasonably be followed in practice.
3. To the best of applicant's knowledge and belief, no information or data contained herein or in the exhibits or attachments submitted herewith are in any way false or incorrect, and they are truly descriptive of the project and property which is intended as security for the proposed mortgage loan.
4. Applicant gives permission for KHC to obtain a credit report. Adequate reserves and an acceptable credit rating must be evident to obtain a positive review for determining creditworthiness.

Applicant assures and agrees that neither applicant nor anyone authorized to act on applicant's behalf will decline to rent or otherwise make available any of the property or housing in the subject project of a prospective tenant because of age, race, color, religion, gender, disability, familial status or national origin; and the entities identified below will comply with federal, state and local laws and ordinances prohibiting discrimination; and failure or refusal to comply with the requirements of either shall constitute sufficient basis for KHC to reject requests for future business with the identified entity or to take other action as appropriate.

Applicant's signature: _____

By: _____

Title: _____

Date: _____

EXHIBIT C

CERTIFICATION OF FINANCIAL MANAGEMENT SYSTEM COMPLIANCE WITH THE COMMON RULE, 24 CFR PART 84 AND 24 CFR PART 85 REQUIREMENTS

Recipient _____ Date _____
Contact Person _____ Phone _____
This certification is for funding year _____

This certification is required prior to release of funds pursuant to the Common Rule, 24 CFR Part 84 (for nonprofit organizations) and 24 CFR Part 85 (for units of local government). The Common Rule requires that recipients of federal funds have financial systems that meet the requirements set forth under the section entitled Standards for Financial Management Systems.

AUDITOR CERTIFICATION

Name, Address and Telephone Number of Auditor

1. Does the Recipient's financial system have separate account numbers for each project activity?
 Yes No
2. Do the separate accounts provide a way to break project costs out on a line item basis?
 Yes No
3. Are costs reviewed in terms of the Common Rule, 24 CFR Parts 84 and 85, prior to obligation or expenditure?
 Yes No
4. Does someone compare budgeted line item costs against incurred costs in order to identify spending variances on a line item basis so that adjustments can be made in a timely manner?
 Yes No
5. Is source documentation acquired, processed and filed prior to any disbursements?
 Yes No
6. Does the financial system produce regular financial status reports?
 Yes No

7. Are appropriate controls in place to assure accountability for all funds?

_____ Yes _____ No

8. Are appropriate controls in place to safeguard cash, property and other assets?

_____ Yes _____ No

9. Is the Finance Officer bonded?

_____ Yes _____ No

10. Has an independent auditor or agency audited the Recipient?

_____ Yes _____ No

If yes, do the last two audits express an unqualified opinion?

_____ Yes _____ No

If yes, does either of the last two audits indicate any audit exceptions or findings?

_____ Yes _____ No

If yes, please attach a copy of findings from the audited financial statements.

11. In your judgment, is this Recipient capable of undertaking the financial management of HOME funds?

_____ Yes _____ No

Signature of Auditor Date

Name of Auditor (Please type or print)

If a prior year audit has not been performed, the Certification should be signed by the Recipient's Chief Executive Officer.

Signature Date

Printed Name and Title

**Contractor's and/or Mortgagor's Cost Breakdown
(Schedule of Values)**

KHC – 6/00

EXHIBIT D

Date:			Name of Project:			
Sponsor:			Location:			
#	Trade Item	Cost	Trade Description			
1	Concrete					
2	Masonry					
3	Metals					
4	Rough Carpentry					
5	Finish Carpentry					
6	Waterproofing					
7	Insulation					
8	Roofing					
9	Sheet Metal					
10	Doors					
11	Windows					
12	Glass					
13	Lath & Plaster					
14	Drywall					
15	Tile Work					
16	Acoustical					
17	Wood Flooring					
18	Resilient Flooring					
19	Painting/Decorating					
20	Specialties					
21	Special Equipment					
22	Cabinets					
23	Appliances					
24	Blinds/Shades/Artwork					
25	Carpets					
26	Special Construction					
27	Elevators					
28	Plumbing/Hot Water					
29	Heat & Ventilation					
30	Air Conditioning					
31	Electrical					
32	Subtotal					
33	Accessory Structures					
34	(total lines 32 and 33)					
35	Earth Work					
36	Site Utilities					
37	Roads & Walks					
38	Site Improvements					
39	Lawns & Planting					
40	Unusual Site Conditions		Nonresidential and Special Exterior Land Improvements		Off site Costs (costs not in breakdown)	
41	Total Land Imprvt.					
42	Tot. Sturct. & Land Imprvt.		Description	Est. Cost	Description	Est. Cost
43	General Requirements					
44	Subtotal (lines 42 & 43)					
45	Builder's Overhead					
46	Builder's Profit		Total \$		Total \$	
47	Subtotal (lines 44 thru 46)		Other Fees		Demolition (costs not in breakdown)	
48						
49	Other Fees					
50	Bond Premium					
51	Total for all improvements					
52	Builders profit paid by means other than cash					
53	Total for all improvement less line 52		Total \$		Total \$	

Mortgagor : _____ **By,** _____ **Date** _____

Contractor: _____ **By,** _____ **Date** _____

KHC Inspector: _____ **By,** _____ **Date** _____

EXHIBIT E

LEAD-BASED PAINT

Projects receiving HUD funds, this includes HOME, Project Based assistance, and the Risk Sharing Program, will be subject to the new lead-based paint regulations of 24 CFR 35. Questions about this section should be directed to Michael Dant at (502) 564-7630, extension 394.

1. Will the project receive HUD funding?

Yes _____ No _____

If no, you may skip the remainder of this section.

If yes, please continue.

2. Several exemptions exist which may apply to rental funding. These exemptions are:

- Structures that were built on or after January 1, 1978.
- Facilities that are designated exclusively for the elderly or persons with disabilities, unless a child under the age of six is expected to reside there.
- Zero bedroom dwellings, including efficiency apartments, single-room occupancy housing, dormitories, or military barracks.
- Property that has been found to be free of lead-based paint by a certified inspector.
- Property where all lead-based paint has been removed, and clearance has been achieved.
- Unoccupied housing that will remain vacant until it is demolished.
- Non-residential property such as business or industrial property (common areas and exterior surfaces shared by residential and non-residential uses are considered residential).
- Rehabilitation projects that do not disturb a painted surface. (The new regulations still apply if the project involves project-based assistance or risk sharing. Also, the new regulations apply if the project uses HOME and involves acquisition or operations).
- Projects involving an application for multifamily mortgage insurance in connection with a refinancing transaction where an appraisal is not required under the applicable procedures established by HUD are exempted from the Multifamily Mortgage Insurance requirements of 24 CFR 35 Subpart G. If the project involves any other HUD funds, you are not exempt, you are still subject to the requirements of the other programs.

Is the project exempt under one of the above?

Yes _____ No _____

If no, go to question 3.

If yes, explain below, attach supporting documentation if appropriate, and skip the remainder of this section.

3. Does the project involve rehabilitation?

Yes _____ No _____

If no, go to question 4.

If yes, continue with question 3a.

3a. Does the project request assistance under the Risk Sharing Program?

Yes ___ No ___

If no, go to question 3b.

If yes, does the project involve nonresidential property that is to be converted to residential use, or residential property that is to undergo rehabilitation that is estimated to cost more than 50 percent of the estimated replacement cost after rehabilitation.

Yes ___ No ___

If no, go to question 3b.

If yes, the project will require paint inspection and abatement. Go to question 4.

3b. Please complete attachment 1

4. Attachment 2, 3, and 4 are overviews of the requirements for Project Based Rental Assistance, rehabilitation, acquisition leasing and support services (ALSSO), and multifamily mortgage insurance. If your project is subject to the requirements of more than one program, you must comply with the most stringent. Please explain the steps you have taken to understand the requirements pertaining to your project and further explain how you intend to comply with these regulations. Be sure to include a discussion on the certification/training requirements.

5. Please explain how lead-based paint related costs were estimated. Be sure to include discussions on hard costs and soft costs such as Risk assessments and clearance reports, if applicable.

ATTACHMENT 1

**Determination of Lead Treatment Category for Rental Rehabilitation
Projects Subject to the New Lead-Based Paint Regulations**

Name and Location of Project/Unit

IF ALL UNITS ARE FEDERALLY ASSISTED

1. Total Construction Hard Cost	
2. Construction Hard Costs to Reduce Lead-Based Paint Hazards (attach additional sheet listing each construction item separately)	
3. Line #1 minus line #2	
4. Total Number of Units	
5. Line #3 divided by Line #4	
6. Total Amount of Federal Funds in Project (all funds, not just construction related)	
7. Line #6 divided by Line #4	
8. Enter the lesser of the two numbers found in lines #5 and #7	

Line #8 determines the category of lead reduction necessary.
Please note that if #8 is equal to or below \$5,000 Subpart K of 24 CFR 35 must be followed.

IF SOME UNITS IN THE PROJECT ARE NOT FEDERALLY ASSISTED

1. Total Construction Hard Cost for Assisted units only(not including ext.&com. areas)	
2. Construction Hard Costs to Reduce Lead-Based Paint Hazards in assisted units only (attach additional sheet, list each construction item separately)	
3. Total Construction Hard Cost for common areas and exterior surfaces	
4. Construction Hard Costs to Reduce Lead-Based Paint Hazards in common areas and exterior surfaces (attach additional sheet, list each construction item separately).	
5. Line #1 minus Line #2	
6. Line #3 minus Line # 4	
7. Number of Federally assisted units in the project.	
8. Total number of dwelling units in the project.	
9. Line #5 divided by line #7	
10. Line #6 divided by Line #8.	
11. Line #9 plus line #10 (this is the average hard cost after deductions)	
12. Total federal assistance (all federal assistance, not just hard costs)	
13. Line #12 divided by line #7 (this is the average federal assistance)	
14. Enter the lesser of the two numbers found in lines #11 and #13	

Line #14 determines the category of lead reduction necessary.
Please note that if #14 is equal to or below \$5,000 and the project involved acquisition, Subpart K
of 24 CFR 35 must be followed.

**ATTACHMENT 2
PROJECT-BASED RENTAL ASSISTANCE**

	Multifamily >\$5,000/unit	Multifamily <\$5,000/unit And Single-Family Units
Notification	All 4 Types	All 4 Types
Lead Hazard Evaluation	Risk Assessment	
	Built Prior to 1960	Built 1960- 1977
	By 9/17/2001	By 9/15/2003
Lead Hazard Reduction	Interim Controls	Paint Stabilization
Safe Work Practices	Yes	Yes
Clearance	Yes	Yes
Ongoing Maintenance	Yes	Yes
EIBLL	Yes	Yes
Category Notes	Owner must perform ongoing lead-based paint maintenance until the risk assessment is complete.	

Most activities on this chart require specialized training and/or certification.

**ATTACHMENT 3 (ICF Chart Modified by KHC)
SUMMARY OF LEAD-BASED PAINT REQUIREMENTS**

	Rehabilitation (Subpart J)			TBRA (Subpart M)	A,L,SS,O (Subpart K)
	≤\$5,000	\$5,000-\$25,000	>\$25,000		Homebuyer
Approach to Lead Hazard Evaluation and Reduction	1. Do no harm	3. Identify and control lead hazards	4. Identify and abate lead hazards	2. Identify and stabilize deteriorated paint	2. Identify and stabilize deteriorated paint
Notification	All 4 types	All 4 types	All 4 types	All 4 types	All 4 types
Lead Hazard Evaluation	Paint Testing	Paint Testing and Risk Assessment	Paint Testing and Risk Assessment	Visual Assessment	Visual Assessment
Lead Hazard Reduction	Repair surfaces disturbed during rehabilitation	Interim Controls	Abatement (Interim controls on exterior surfaces not disturbed by rehabilitation)	Paint Stabilization	Paint Stabilization
	Safe work practices	Safe work practices	Safe work practices	Safe work practices	Safe work practices
Clearance	Clearance of work site	Clearance of unit	Clearance of unit	Clearance of unit	Clearance of unit
Ongoing Maintenance	If HOME Rental	If HOME Rental	If HOME Rental	Yes	Yes (if ongoing relationship)
EIBLL Requirements	No	No	No	Yes	No
Options	Presume lead-based paint, requires use of safe work practices on all surfaces.	Presume lead-based paint and/or hazards, requires use of standard treatments.	Presume lead-based paint and/or hazards, requires abatement of all applicable surfaces	Test deteriorated paint	Test deteriorated paint
<p>A,L,SS,O - Stands for Acquisition, Leasing, Support Services and Operations Most activities on this chart require specialized training and/or certification.</p>					

MULTIFAMILY MORTGAGE INSURANCE (v. 9/20/00)

	Constructed Before 1960	Constructed after 1959 and before 1978	Conversions and Major Rehabilitations
Notification	All 4 Types	All 4 Types	All 4 Types
Lead Hazard Evaluation	Risk Assessment	Ongoing Maintenance	Paint Inspection
Lead Hazard Reduction	Interim Controls	Ongoing Maintenance	Abatement
Safe Work Practices	Yes	Yes	Yes
Clearance	Yes	Yes	Yes
Ongoing Maintenance	Yes	Yes	Yes, if encapsulation or enclosure is used. Also if the historic properties clause is used (see note).

Most activities on this chart require specialized training and/or certification.

