



# SDHDA Bond Financing Application Form



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[www.sdhda.org](http://www.sdhda.org)

THIS INFORMATION IS PROVIDED AS A BRIEF OVERVIEW AND SHOULD NOT BE  
CONCEIVED AS THE TOTAL APPLICATION PACKAGE FOR FINANCING.

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PROPOSALS ACCEPTED AT: South Dakota Housing Development Authority  
221 South Central  
PO Box 1237  
Pierre, SD 57501-1237

CONTACT: Housing Development Officer  
(605) 773-3181

Alternate formats of this document are available upon request. Please write or call SDHDA at the address or phone number found on the front cover.



SOUTH DAKOTA HOUSING DEVELOPMENT AUTHORITY (SDHDA)  
BOND FINANCING APPLICATION

I. Introduction

The South Dakota Housing Development Authority (SDHDA) was created in 1973 by the South Dakota Legislature as a body politic and corporate and an independent public instrumentality. Its purpose is to encourage the investment of private capital and to stimulate the construction and rehabilitation of residential housing to meet the needs of persons and families of low and very low income.

This is accomplished through the sale of tax-exempt revenue bonds at reduced rates of interest, thus enabling SDHDA to provide permanent financing to eligible borrowers at below-market interest rates.

SDHDA is governed by a bi-partisan Board of Commissioners, which is appointed by the Governor. The Board is responsible for establishing policies for SDHDA and approving loans for rental housing developments. SDHDA's staff is responsible for carrying out Board policy and for the administration of SDHDA programs.

II. Rental Housing Development Program

Permanent and construction financing is provided through the sale of tax-exempt or taxable revenue bonds, which are amortized over the lifetime of the mortgage loan through mortgage payments. The bonds sold by SDHDA to make its program operational represent obligations of SDHDA and not of the State of South Dakota.

The purpose of SDHDA's Rental Housing Development Program is to encourage and provide for development of quality housing for low and very low-income South Dakota families. SDHDA accomplishes this by providing sponsors of selected developments with up to 40-year mortgage loans. Sponsors obtain a commitment from SDHDA in a three-step process: Application, proposal, and commitment.

1. The Application is an outline of the basic ideas of the proposed development, i.e., identification of the sponsor and development team, the identification of the site, etc.
2. The Proposal gives the specifics of the proposed development, including a detailed analysis of the financial feasibility of the development.
3. The Commitment is the final step in the process. Once the sponsor submits final documentation as required by SDHDA, the Board of Commissioners may authorize a loan commitment by resolution.

III. Bond Requirements, Underwriting and Counsel

All developments for which bond financing is requested must comply with SDCL 11-11. We draw particular attention to the SDCL 11-11-146 and 11-11-146.1, which pertain to the basic criteria necessary to comply with the requirement for a needs assessment and local governmental certification. Requests must also comply with the appropriate Internal Revenue Code Sections.

## BOND APPLICATION

Bond financing MAY ONLY be used with one or more credit enhancements, i.e. FHA, FNMA, GNMA, and others. Developments using any or a combination of the above types of financing should contact SDHDA early in the development process in order to ascertain the fullest possible consideration of programs suitable and eligible for use.

All developments, for which Housing Tax Credits have been requested, in addition to tax exempt financing, are required by Federal Law to comply with the SDHDA Housing Tax Credit Qualified Allocation Plan. All sponsor/owners who wish to utilize Housing Tax Credits must complete the SDHDA HOME and Housing Tax Credit application and submit the required documentation. The Qualified Allocation Plan and HOME and Housing Tax Credit application can be found at SDHDA's website [www.sdhda.org](http://www.sdhda.org).

Bond transactions will be underwritten by SDHDA's underwriting team. SDHDA's Bond counsel is Kutak Rock LLP, Omaha, Nebraska, and the Trustee is Wells Fargo Bank Minnesota, N.A., Minneapolis, Minnesota.

### IV. Underwriting

Major underwriting criteria and submission of appropriate documentation, some of which is listed below, will be required.

1. Development Cost Analysis
2. Equity Requirements
3. Mortgage Amounts
4. Development Cost Escrow
5. Reserves
6. Dividends or Return on equity
7. Working Capital Escrow
8. Cost certifications
9. Architectural Submissions
10. Financial Statements

### V. Mortgages will be limited to the following amounts:

1. 100% for a nonprofit sponsor/owner
2. 90% maximum for all limited and for profit developers. This amount, at SDHDA's discretion, may be reduced depending on other funding sources and fund availability.

### FEE SCHEDULE

Each of the following fees are non-refundable.

#### **Straight Bond Deal (no tax credits)**

Application Fee (due w/application)	1/8% of total bond amount
Issuance Fee (due at bond closing)	7/8% of total bond amount
Volume Cap Fee (due at closing)	1/8% of total bond amount
Total Fees	1 1/8%

**Plus all direct expenses, including bond underwriting, legal fees, closing costs, etc.**

BOND APPLICATION

**Bond Deal w/Tax Credits**

Application Fee (due w/application)	1/4% of total bond amount
Issuance Fee (due at bond closing)	1% of total bond amount
Volume Cap Fee (due at closing)	1/8% of total bond amount
Total Fees	1 3/8%

**Plus all direct expenses, including bond underwriting, legal fees, closing costs, etc.**

**FHA\* Risk Share Deals**

Application Fee (due w/application)	¼% of total bond amount
Issuance Fee <b>w/NO</b> Tax Credits (due at closing)	7/8% total bond amount
OR	
Issuance Fee <b>w/Tax</b> Credits (due at closing)	1% of total bond amount
Volume Cap Fee (due at closing)	1/8% of total bond amount
Loan Origination Fee	1% of total bond amount
Total Fees	Approx. 2 1/4 – 2 3/8%

\*FHA Mortgage Insurance Premium (due at closing) ½ of 1% of loan amount

**Plus all direct expenses, including bond underwriting, legal fees, closing costs, etc.**

**South Dakota Housing Development Authority  
Bond Financing Application**

1. Applicant (Individual or Sponsor): \_\_\_\_\_  
\_\_\_\_\_

Principals (If a partnership, name of partners; if a corporation, name officers and directors):

\_\_\_\_\_  
\_\_\_\_\_

2. Project to be Financed:  
Check those which are applicable:

- |   |   |
|---|---|
| <input type="checkbox"/> Taxable                        | <input type="checkbox"/> Tax Exempt       |
| <input type="checkbox"/> Acquisition and Rehabilitation | <input type="checkbox"/> New Construction |
| <input type="checkbox"/> Substantial Rehabilitation     |   |

3. Description of Project and Location (Address): \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Legal Description: \_\_\_\_\_  
\_\_\_\_\_

**For Multifamily Projects Only**

# of Units

Efficiencies _____	Rent _____	Sq. Ft. _____
1 Bedroom _____	Rent _____	Sq. Ft. _____
2 Bedroom _____	Rent _____	Sq. Ft. _____
3 Bedroom _____	Rent _____	Sq. Ft. _____
4 Bedroom _____	Rent _____	Sq. Ft. _____

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4. Evidence of Proper Zoning (Provide date of expected zoning approval): \_\_\_\_\_

\_\_\_\_\_

5. Number and Type of Temporary (i.e. construction) and Permanent jobs created: \_\_\_\_\_

\_\_\_\_\_

6. How is economic base of community and state assisted (i.e. How the low and moderate income person is assisted). Describe fully and in detail, include feasibility study: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

7. Proposed Effect on Taxes

Present Property Tax Base ..... \$ \_\_\_\_\_

Property Taxes After Completion ..... \$ \_\_\_\_\_

Property Tax Increase..... \$ \_\_\_\_\_

Estimated Sales Taxes During Construction ..... \$ \_\_\_\_\_

8. Expected Date to Close Financing \_\_\_\_\_

Expected Date to Start Project \_\_\_\_\_

Expected Date to Complete Project \_\_\_\_\_

BOND APPLICATION

9. Estimated Project Cost (Please indicate which costs, is any, have been incurred previously by Applicant):

Land Costs (Excluding any buildings) ..... \$ \_\_\_\_\_

Building Costs on Existing Land ..... \$ \_\_\_\_\_

Construction or Rehabilitation Costs (Specify components or more than \$5,000):

..... \$ \_\_\_\_\_

..... \$ \_\_\_\_\_

..... \$ \_\_\_\_\_

..... \$ \_\_\_\_\_

..... \$ \_\_\_\_\_

..... \$ \_\_\_\_\_

..... \$ \_\_\_\_\_

..... \$ \_\_\_\_\_

Design (architect, engineer) ..... \$ \_\_\_\_\_

Financing Costs ..... \$ \_\_\_\_\_

Legal Costs ..... \$ \_\_\_\_\_

Marketing Costs ..... \$ \_\_\_\_\_

Administrative Costs ..... \$ \_\_\_\_\_

Other Costs: \_\_\_\_\_ \$ \_\_\_\_\_

\_\_\_\_\_ \$ \_\_\_\_\_

\_\_\_\_\_ \$ \_\_\_\_\_

\_\_\_\_\_ \$ \_\_\_\_\_

\_\_\_\_\_ \$ \_\_\_\_\_

**TOTAL CONSTRUCTION AND ADMINISTRATIVE** ..... \$ \_\_\_\_\_

**TOTAL PROJECT COSTS** ..... \$ \_\_\_\_\_





BOND APPLICATION

14. Name and Address of Participating Professionals:

PROFESSIONALS SELECTED AT A LATER DATE MUST BE APPROVED BY SDHDA

BORROWER CONTACT PERSON

COMPANY COUNSEL

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Phone: \_\_\_\_\_

Phone: \_\_\_\_\_

FAX: \_\_\_\_\_

FAX: \_\_\_\_\_

Email: \_\_\_\_\_

Email: \_\_\_\_\_

The undersigned hereby certifies the following:

1. That it is understood that this is only a preliminary application and additional documentation will be required and that any additional requirements will be submitted as an amendment to the original application. Furthermore, the applicant agrees to provide all additional requirements in a timely manner, and that under penalties of perjury, all information provided is true and correct to the best of his/her knowledge;
2. That SDHDA and its employees will at all times be indemnified and held harmless against all losses, cost, damages, expenses, and liabilities of any nature directly or indirectly resulting from, arising out of or relating to SDHDA's acceptance, consideration, approval or disapproval of this request and the issuance or non-issuance of financing herewith; and
3. That any information provided which is knowingly incorrect will subject this application to immediate disqualification and forfeiture of all fees submitted.

I declare and affirm under the penalties of perjury that the claim (petition, application information) has been examined by me and to the best of my knowledge and belief is in all things true and correct.

\_\_\_\_\_  
DATE

\_\_\_\_\_  
Applicant Signature

Completed application should be forwarded to the attention of the:  
Executive Director  
South Dakota Housing Development Authority  
PO Box 1237  
Pierre, SD 57501-1237