

APPENDIX N

Submittal Requirements for Developments with HUD, Rural Development, Public Housing Financing and/or Project-based Rental Subsidies

The following are threshold items applicant must submit with the Initial Application:

1. Evidence that the following items have been submitted to HUD or RD, at minimum, 30 days prior to the submittal of the tax credit application:
 - Proposed Ownership Entity and all principals.
 - Proposed Scope of Work in narrative form. Include cost estimates, current and assumed post transaction rents, operating expenses, change in number or type of units, consolidation of multiple properties, proposed operating budget for RD and HUD transactions, etc.
 - A Proposed Sources and Uses Statement showing all sources of funding, including financing terms, for the project including proposed lien position.
 - Executed Purchase Agreement, if available.
 - Both HUD and RD must receive this information if the subject is a RD property with a Section 8 rent contract overlay.
 - Additional requirements for Rural Development properties:
 - If principals currently own properties financed by RD, provide a certification the principals are in compliance with all regulatory documents, agreements, etc.
 - A rent comparability study is required for all projects in which a rent increase is being planned along with documentation as to how effected residents will be protected by the planned rent increase.
 - RD Form 3560-7 with a typical proposed budget will be required. The form can be found at <http://www.rurdev.usda.gov/regs/forms/3560-07.pdf>
 - Capital Needs Assessment (in an approved Rural Development format) showing the proposed rehabilitation along with the needs for the next twenty years is required.
2. Letter from HUD, RD or WHEDA Contract Administration showing actual or preliminary approval of contract rent increase if the financing structure in the application assumes a rent increase under any HUD or RD program*. Without written support of a rent increase from HUD, RD, or WHEDA contract administration, current contract rents will be used.
3. Letter from HUD or RD showing actual or preliminary approval of any special terms or restructuring if the financing structure in the application assumes any special terms or restructuring under any HUD or RD loan. Without written support from HUD or RD, WHEDA tax credit financing terms (or current financing terms if such exists) will be used in the application and feasibility test.
4. Copy of any applicable rental assistance (HAP or RAP) contracts and/or Public Housing operating subsidy agreements.

* ***Applicants are encouraged to use HUD, RD and WHEDA HUD Contract Administration staff as resources to determine rent increase and contract renewal options for HUD/RD properties.***

Please note these two important Submittal Requirements for developments with HUD or Rural Development financing and/or Project-based Rental Subsidies:

1. Required prior to Reservation of Credit: Copy of approvals of loan assumptions (“transfer of physical assets”), or copy of approval to prepay HUD, RD or WHEDA loans.
2. Required at Certification of 10% Expenditure: A copy of HUD/RD approval to transfer HAP or RAP contracts.