

**SOUTH CAROLINA STATE HOUSING FINANCE AND  
DEVELOPMENT AUTHORITY**

**MULTIFAMILY TAX-EXEMPT BOND FINANCE  
PROGRAM**

**PROCEDURES FOR THE ISSUANCE OF  
MULTIFAMILY TAX-EXEMPT REVENUE BONDS**

**Revised 8/3/05**

## **Procedures for the Issuance of Multifamily Tax-Exempt Revenue Bonds**

**The South Carolina State Housing Finance and Development Authority** (the “Authority”), through its Multifamily Tax-Exempt Bond Finance Program, provides financing for the development of multifamily rental property through the sale of its tax-exempt revenue bonds. Such financing is available to either for-profit or non-profit Housing Sponsors. A for-profit Housing Sponsor may be a general or limited partnership, corporation, or limited liability corporation. The development team must have sufficient experience in the development of multifamily rental housing designed for use by low-to-moderate-income tenants to assure the successful completion and operation of the development.

The procedures and requirements described herein are applicable to proposals for new money bond issues submitted by for-profit Housing Sponsors. Provisions applicable only to Refunding Requests, 501(c)(3) bonds, or bonds with non-competitive Low Income Housing Tax Credits are identified in separate sections at the end of this Procedures Manual.

Housing Sponsors may contact the Authority’s Legal Division for further information related to submission of applications and availability of bond cap.

### **Program Guidelines**

**Submission Period:** Multifamily Tax-Exempt Bond applications that are seeking an allocation of Bond Volume Cap must submit an application to the Authority during any submission period as may be approved by the Authority’s Board of Commissioners. Information regarding such submission period is posted on the Authority’s website ([www.schousing.com](http://www.schousing.com)). Regardless of any submission period requirements, the Authority may, in its discretion, accept applications at such other times as it deems appropriate.

**Eligibility:** Tax-exempt bond financing may be used by for-profit Housing Sponsors for new construction, acquisition with rehabilitation, and rehabilitation. New construction is the creation of housing on vacant land, and may include the acquisition and demolition of existing property on the site. Acquisition with rehabilitation is the purchase of an existing property and the subsequent substantial improvement of the structures or property. Rehabilitation is the substantial improvement made to existing structures or property. All rehabilitation must meet existing Building Code requirements. Additionally, a unit-by-unit physical needs assessment prepared by an independent third party licensed engineer or architect is required to justify the work to be performed. Projects that do not utilize non-competitive Low Income Housing Tax Credits must meet the minimum rehabilitation requirements contained in Section 147(d) of the Internal Revenue Code of 1986, as amended. Projects seeking to utilize non-competitive Low Income Housing Tax Credits must meet the minimum rehabilitation requirements contained in the State’s Qualified Allocation Plan. The Authority reserves the right to inspect the development periodically, or to have it inspected by a designee, to verify the project is as proposed and is proceeding in a timely manner. Tax-exempt revenue bond financing may be used for acquisition without rehabilitation to existing developments only if they are owned and operated by qualified 501(c)(3) Housing Sponsors.

Applicable provisions of the Internal Revenue Code and other applicable federal laws must be complied with in the financing, construction, rent-up and operation of the development.

**Targeting Requirements For New Money Bond Issues:** All developments financed by the issuance of new tax-exempt revenue bonds must meet the following tenant income occupancy requirements:

Type “A” Tenants: The owner must make an irrevocable election to set aside either (i) twenty percent (20%) or more of the residential units in such development for occupancy by households whose combined gross income is fifty percent (50%) or less of the U.S. Department of Housing and Urban Development’s (“HUD”) area median gross income adjusted for family size, or (ii) forty percent (40%) or more of the residential units in such development for occupancy by households whose combined gross income is sixty percent (60%) or less of HUD’s area median gross income adjusted for family size.

Type “B” Tenants: The remaining units must be set aside for households whose combined gross income does not exceed 150% of the State’s median income, as determined by the State Office of Research and Statistics, adjusted by the addition of an amount equal to the personal exemption for federal income tax purposes for each household member.

Type “C” Tenants: Non-qualified tenants (Type “C”) may be admitted in the event that sufficient qualified Type “B” tenants cannot be found after a reasonable marketing effort. The lease to a Type “C” tenant may not exceed one year and may not be renewed if a qualified Type “B” tenant is on the waiting list. The Authority’s Non-Qualified Tenant Certification must be completed prior to admission of any non-qualified tenant.

Units reserved for low-income tenants must at all times be occupied by or held vacant for low-income tenants during such period. Units designated as low-income units must be representative of the type bedroom mix in such development and may not be restricted to any specific unit type. Low-income units must be designated by apartment number. The units may not be restricted to one building or the same floor in multi-story buildings.

**Public Offering or Private Placement:** State law requires that bonds used to finance a development that are offered for sale to members of the general public must have either (i) an external credit enhancement that ensures the timely payment of principal and interest to the bondholders or (ii) an insured mortgage securing the Authority’s financing. The bonds must also be rated by one of the nationally recognized bond rating agencies. The minimum rating requirement for publicly offered bonds is “A” without regard to subcategories. Bonds that are privately placed with an institutional investor or sold for investment purposes to a limited number of sophisticated investors do not require either the rating or the external credit enhancement.

**Credit Enhancement/Underwriting:** As stated above, bonds offered for sale to members of the general public must be credit enhanced and rated. The Authority requires that applications for all such bonds must be reviewed and approved by a Delegated Underwriter/Servicer (“DUS Lender”) of the entity that provides the credit enhancement. If a “lower floater” bond structure is to be used, the application must be reviewed and approved by the entity that will provide the letter of credit (“LOC Provider”) that supports the bonds. Collectively, the DUS Lender, LOC Provider, and other credit enhancer or bond placement agent are referred to hereafter as the “Credit Enhancer.” Unless bonds are to be privately placed (in which case no credit enhancement is required), a conditional commitment for credit enhancement or LOC must be submitted to the Authority as part of the application package. A copy of the firm commitment

from the Credit Enhancer must be provided to the Authority before it will adopt a final resolution authorizing the issuance of bonds.

Prior to submitting its application to the Authority, the Applicant should submit a preliminary application to the Credit Enhancer it selects to assist in the financing of its project. Application may not be made to the Authority until the Applicant has received a conditional commitment from the Credit Enhancer selected. Subject to the approval of the Authority, the Credit Enhancer selected by the Applicant will be used in the issuance of the Authority's bonds. Once these selections have been made and approved, they may not be changed without the prior written consent of the Authority.

At the time the application is submitted to the Authority, the Applicant will also indicate its preference for an Investment Banker to assist in the structuring and sale of the bonds, if one is required, and its preference for Bond Counsel. See "Bond Counsel" below. If the Investment Banker requested has not worked with the Authority in the past three years, the Banker will be asked to provide information as to its experience, financial capability, and regulatory history. The Authority reserves the right to approve the Investment Banker.

**Bond Counsel:** Bond Counsel shall be selected for each issuance of Tax-Exempt Revenue Bonds in the manner prescribed by the State Budget and Control Board (the "State Board"). The Housing Sponsor's Bond Counsel selection is subject to approval by the Authority.

**Bond Forms:** In an effort to speed the processing of applications, the Authority has created a set of standardized bond forms and/or standardized provisions that are intended to be used with all of its financings.

**Market Study:** **THE MARKET STUDY IS SUBMITTED WITH THE KNOWLEDGE THAT IT WILL BE RELIED UPON BY THE AUTHORITY IN THE ISSUANCE OF ITS BONDS. MISREPRESENTATIONS CONTAINED IN THE MARKET STUDY, WHETHER NEGLIGENT OR INTENTIONAL, COULD RESULT IN LIABILITY ON THE PART OF THE APPLICANT AND THE THIRD-PARTY ANALYST.**

Each applicant must provide a Market Study report. If the project is to be financed by bonds offered for sale to the public, the Market Study must be ordered by the DUS Lender and prepared by an independent third-party Analyst. If the project is to be financed by bonds that are privately placed or sold as a limited offering to sophisticated investors, the applicant will notify the Authority and the Authority will either order the Market Study at the applicant's expense or require the bond purchaser to order a Market Study prepared by an independent third-party Analyst. The Market Study must be included with the application at the time it is submitted to the Authority. The Authority reserves the right to reject a Market Study if in its sole discretion it determines that it was not prepared by an independent third-party Analyst or if it determines the Market Study is flawed. If the Authority rejects the Market Study due to the above described reasons, the Authority may order a Market Study at the applicant's expense.

The Market Study must begin with a concise statement signed by the Market Analyst that attests to the needs of the market area, the ability of the market to support the proposed project, and a measurable rent advantage in relation to comparable properties in the market area. The statement must include the estimated stable year vacancy rate and the estimated time needed to fully lease-up the proposed project. A detailed explanation must be included if the estimated stable year vacancy rate exceeds seven percent (7%) and/or the estimated lease-up time exceeds one year. Additionally, a written acknowledgement from the developer(s) of the proposed

development enabling the Authority to contact the Market Analyst who conducted and prepared the Market Study is required. Finally, the Market Analyst must authorize the Authority to rely upon the Market Study in connection with the issuance of the bonds and must authorize the use of the Market Study as part of the Official Statement or other offering materials pursuant to which the bonds are sold. These statements must be located in the front of the report and signed by the Market Analyst.

The results of formal or informal interviews with property managers, town planning officials or anyone with relevant information relating to the overall demand for the proposed development should be summarized in a separate section and include telephone numbers.

A final recommendation statement must be provided at the beginning of the report and should summarize the competitiveness and viability of the proposed development in the market area. The statement must include any concerns with the proposed development and the Analyst's determination of whether or not the development should proceed. If the Analyst does not believe that the development, as proposed, is feasible, the Analyst must indicate what modifications would be needed to make it feasible. All statements and recommendations must be supported by the facts presented in the Market Study.

**Authority Preliminary Review:** Following submission of an application, the Authority's staff will review the Market Study submitted with the application to determine whether a market exists for the proposed project. Staff may also visit to determine the suitability of the site proposed for the project. In the event that the Authority has received and is considering applications for financing that would require more Private Activity Bond Ceiling than the amount of Carryforward Bond Ceiling Allocation (see "Ceiling Allocation" below) available to the Authority, staff will score the application using the score sheet in Appendix A. A project's score will be one of the factors taken into consideration in determining those projects that will be closed using Carryforward Bond Cap and those whose Cap will be requested from the State Board. The public hearing required by federal law will be held to provide members of the public with an opportunity to comment on the proposed project and the Authority's provision of bond financing under this Program.

**Preliminary Bond Resolution:** If the preliminary review is favorable, the staff will recommend to the Bond Committee of the Authority's Board of Commissioners that it adopt a Preliminary Bond Resolution and, to the extent that it has Carryforward Bond Ceiling available to it, make a conditional allocation of said Ceiling to the financing of the project. Such conditional allocation shall be valid for a period of ninety (90) days from the date of adoption of the Preliminary Bond Resolution by the Authority's Board of Commissioners, with the possibility of one extension of sixty (60) days, at the discretion of the Executive Director. If timing issues arise related to the State Board's meetings, the Authority's Board of Commissioners meetings, or Authority staff conflicts, the Executive Director has the discretion to allow extensions beyond the extension period. At the end of the extension period an Applicant may submit a written request for a new conditional allocation, which request may be granted in the sole discretion of the Bond Committee of the Board of Commissioners. Upon adoption of the Preliminary Bond Resolution, the Authority will forward the application and all supporting information and attachments to the Credit Enhancer specified in the application. The Credit Enhancer will finalize its financial and market feasibility analysis of the proposed project. Unless it receives a firm commitment for a credit enhancement, the Authority will not proceed with the financing. With respect to public offerings, upon receipt of the firm commitment, the investment banker will submit the proposed financing to Moodys Investors Services, Standard and Poors, or Fitch Ratings (the "rating

agencies”) for a rating. As noted above, the Authority’s minimum rating requirement for publicly offered bonds is “A” without regard to subcategories.

Upon receipt of the firm commitment from the Credit Enhancer, the staff of the Authority will present the project for approval of the Bond Resolution by the Authority’s Board of Commissioners and to the State Board for its approval. The State Board will review and select those projects that will be financed through the issuance of bonds. The bond pricing and subsequent closing can be scheduled any time after these approvals have been obtained. The closing can take place any time after the rating has been received from the rating agency. The bonds will be closed using the forms or provisions for the Bond Indenture, Loan Agreement, and Agreement As To Restrictive Covenants as specified by the Authority for the type of financing being utilized with respect to each particular project.

The diagram in Appendix C illustrates the application and approval procedures described above and provides an estimated timeline for completing each step in the process. Not every bond-financed project will follow the procedures or timeline as outlined; Appendix C is included for informational purposes only. A Housing Sponsor with specific questions regarding procedures and timelines is encouraged to contact the Authority or proposed Bond Counsel.

**Ceiling Allocation:** In those instances when the Authority does not have Carryforward Bond Ceiling available, an allocation must be obtained from the State Board. The State Board, in its discretion, may grant a conditional allocation of Bond Ceiling to a particular bond issue. Conditional allocations of Bond Ceiling are valid for a period of ninety (90) days with the possibility that the State Board may grant one extension of thirty-one (31) days. All bond transactions must close prior to the expiration of the Bond Ceiling Allocation. Applications for Bond Ceiling lapse at the end of the calendar year in which they are submitted to the State Board. Developments that do not receive the State Board’s approval for bond financing prior to the end of the year in which the State Board receives such requests must re-apply to the State Board and must be re-reviewed by the Authority.

**Application Fee:** The Housing Sponsor agrees to pay to the South Carolina State Housing Finance and Development Authority a non-refundable Application Fee of \$1,000.00 or \$20.00 per unit, whichever is greater, in the form of a cashier's check or money order, which is to be submitted with the completed application. This fee will be considered earned when the application has been submitted to the Authority for processing. Applications submitted without the required Application Fee will not be processed. The Application Fee is separate from the Financing Fee discussed below.

**Financing Fee:** For new bond issues (those which do not refund bonds that have been previously issued), the Financing Fee is three quarters of one percent (.75%) of the principal amount of the bond issue. Payment of the Financing Fee is due at closing by wire transfer to the Authority's account.

**Compliance Monitoring Period and Administrative Fee:** As required by Section 142(d)(2)(A) of the IRS Code, the operation and management of each development financed through the issuance of tax-exempt bonds must be monitored throughout the Qualified Project Period to ensure compliance with the applicable provisions of State and federal law and with the Agreement As To Restrictive Covenants. For and during the Qualified Project Period, and as a condition upon which the Authority issued its bonds, the project will pay to the Authority an annual Administrative Fee equal to Fifty Dollars (\$50.00) per unit. The Authority's annual Administrative Fee is to be paid beginning on the date the project is placed in service.

**Other Fees:** In its sole discretion, the Authority may engage the services of outside Issuer's Counsel. If the Authority engages such outside counsel, the Housing Sponsor will be responsible for the fees and expenses of such outside counsel. If the Authority utilizes in-house counsel as Issuer's Counsel, the Housing Sponsor will not be responsible for any costs associated with their work on the project except as otherwise provided herein.

**Qualified Project Period:** All units in bond-financed developments must be rented or available for rent for a period beginning on the date on which ten percent (10%) of the residential units in such development are occupied and ending on the latest of:

- (1) the date which is fifteen (15) years after the date on which fifty percent (50%) of the residential units in the development are occupied; or,
- (2) the first day on which no tax-exempt private activity bond issued with respect to such development is outstanding; or,
- (3) the date on which any assistance provided with respect to the development under Section 8 of the United States Housing Act of 1937 terminates.

## **Refunding Requests**

A Housing Sponsor may request the issuance of bonds to refund a previous issue of obligations by the Authority or another Issuer (a “Refunding Request”). Refunding Requests must be submitted in the form of a letter addressed to the Executive Director and must identify (i) the housing project that is the subject of the refunding, including its location, street address, number of rental units and income targeting, (ii) the amount of refunding bonds requested, and (iii) acceptable Bond Counsel. All Refunding Requests must be accompanied by a preliminary commitment for credit enhancement. The Housing Sponsor must advise the Authority whether a public hearing is required under federal law with respect to the bonds. If a hearing is required, a copy of a form of notice of public hearing must be submitted with the Refunding Request. The Authority reserves the right to require additional information or documents that it deems necessary to reach a decision with respect to any Refunding Request.

**Refunding Fee:** The Authority does not charge an Refunding or Application Fee for refunding requests.

**Financing Fee:** For bond issues that refund bonds previously issued or for the conversion to permanent financing of bonds, the proceeds of which have been held in escrow, the Financing Fee is one-half percent (.50%) of the principal amount of the bond issue. Payment of the Financing Fee is due at closing by wire transfer to the Authority’s account.

**Other Fees:** In its sole discretion, the Authority may engage the services of outside Issuer’s Counsel. If the Authority engages such outside counsel, the Housing Sponsor will be responsible for the fees and expenses of such outside counsel. If the Authority utilizes in-house counsel as Issuer’s Counsel, the Housing Sponsor will not be responsible for any costs associated with their work on the project except as otherwise provided herein.

## 501(c)(3) Bond Applications

Non-profit Housing Sponsors (developers) seeking tax-exempt bond financing must follow the other procedures and requirements of this Procedures Manual. Applications for 501(c)(3) bonds are subject to the following additional specific provisions.

**Submission Period:** 501(c)(3) bond applications may be submitted to the Authority at any time during the calendar year.

**Ceiling Allocation:** 501(c)(3) bond applications do not require allocations of Private Activity Bond Ceiling, but must still undergo Authority review and State approval.

**Property Acquisition:** Requests for the issuance of 501(c)(3) bonds may be for acquisition only and are not required by the Bond Program to include rehabilitation of the property.

**Targeting Requirements for New Money Bond Issues:** Developments owned and operated on behalf of charitable organizations recognized by the Internal Revenue Service under Section 501(c) of the Internal Revenue Code of 1986, as amended, must meet the occupancy targeting requirements imposed on other tax-exempt bond-financed projects and, additionally, the requirements contained in **Revenue Procedure 96-32**. The applicable tenant income occupancy requirements are as follows:

Type “A” Tenants: The owner must make an irrevocable election to set aside either (i) twenty percent (20%) or more of the residential units in such development for occupancy by households whose combined gross income is fifty percent (50%) or less of HUD’s area median gross income adjusted for family size, or (ii) forty percent (40%) or more of the residential units in such development for occupancy by households whose combined gross income is sixty percent (60%) or less of HUD’s area median gross income adjusted for family size.

Type “A1” Tenants (Required by **Revenue Procedure 96-32**): At least seventy-five percent (75%) of the **TOTAL** units must be set aside for households whose combined gross income does not exceed eighty percent (80%) of HUD’s area median gross income adjusted for family size.

Type “B” Tenants: The remaining twenty-five percent (25%) of the **TOTAL** units must be set aside for households whose combined gross income does not exceed one hundred fifty percent (150%) of the State’s median income, as determined by the State Office of Research and Statistics, adjusted by the addition of an amount equal to the personal exemption for federal income tax purposes for each household member.

Type “C” Tenants: Non-qualified tenants (Type “C”) may be admitted in the event that sufficient qualified Type “B” tenants cannot be found after a reasonable marketing effort. The lease to a Type “C” tenant may not exceed one year and may not be renewed if a qualified Type “B” tenant is on the waiting list. The Authority’s Non-Qualified Tenant Certification must be completed prior to admission of any non-qualified tenant.

## **Utilizing Non-Competitive Tax Credits with Tax-Exempt Bond Financing**

Housing Sponsors of bond-financed properties that are also seeking Low Income Housing Tax Credits must meet the requirements imposed by Section 42 of the Internal Revenue Code of 1986, as amended, as well as all applicable threshold requirements of the State's Qualified Allocation Plan (including site and market criteria). These tax credits are non-competitive tax credit allocations and do not require an allocation from the State's Housing Tax Credit Ceiling.

**Application for Tax Credits:** When developments financed with Tax-Exempt Private Activity Bonds are placed in service, they may qualify to receive an allocation of Low Income Housing Tax Credits. A Placed-In-Service application requesting an allocation of Low Income Housing Tax Credits must be submitted. Bond financed developments must meet all Low Income Housing Tax Credit program requirements identified in the Qualified Allocation Plan for the year in which the project receives an allocation of Private Activity Bond Ceiling. There is no additional application fee for bond projects seeking a non-competitive tax credit allocation.

**Rent Restrictions:** If it is intended that a project will utilize non-competitive (four percent (4%")) Low Income Housing Tax Credits, the gross rent (rent and utilities) charged for a low-income unit may not exceed the gross rent permitted to be charged under the provisions of Section 42 of the Internal Revenue Code using the imputed income rent calculation method.

**Placing-In-Service:** At the time the tax credits are requested, the Housing Sponsor must provide a final Certified Public Accountant's Cost Certification with the placed-in-service tax credit application. This cost certification must follow the format and guidelines identified in the Authority's Qualified Allocation Plan. In addition, the CPA must attest that the fifty percent (50%) aggregate basis test has been met to qualify the project for tax credits. This requirement may be satisfied by a signed opinion from the CPA accompanied by the CPA's representation of the calculation (with explanation) used to arrive at the percentage of aggregate basis financed by the tax-exempt bonds.

**Monitoring Period and Fees:** After a development has been placed in service, it will be subject to monitoring in the same manner as any other development that has received an allocation of Low Income Housing Tax Credits. For and during the Qualified Project Period, and as a condition upon which the Authority issued its bonds, the project will pay to the Authority an annual Administrative Fee equal to Fifty Dollars (\$50.00) per unit. In the event the project has a Compliance Period for Tax Credit purposes that extends beyond the end of the Qualified Project Period (for the bonds), then, at the end of the Qualified Project Period, and throughout the remainder of the Compliance Period, the project will pay the compliance monitoring fee charged to projects under the Low Income Housing Tax Credit Program. Only one fee is payable at any given time. The Low Income Housing Tax Credit Monitoring Fee is payable annually by February 1<sup>st</sup>.

**Extended Use Period:** Section 42(h)(6) of the Code requires that a Low Income Housing Tax Credit development be subject to "an extended low-income housing commitment." The Authority complies with this by requiring all such developments to execute and have recorded "Restrictive Covenants" that stipulate the development will comply with income and rent requirements contained in the Code for a minimum of thirty (30) years.

## Maximum Income For State Beneficiary Class Tenants

150% OF STATE MEDIAN HOUSEHOLD INCOME  
(ADJUSTED FOR HOUSEHOLD SIZE)

2005

The latest statewide Median Household income as reported by the State Office of Research and Statistics is \$38,467. State law provides that the maximum Beneficiary Class income is 150% of median household income (currently \$57,700), plus an amount equal to the personal exemption allowed for federal income tax purposes (currently \$3,200). The table below shows the maximum qualifying gross incomes adjusted for household size.

<i>Household Size</i>	<i>Maximum Gross Household Income from all Sources</i>
1 person	\$60,900
2 persons	\$64,100
3 persons	\$67,300
4 persons	\$70,500

For households containing more than four persons, add \$3,200 for each additional person.

**Appendix A**  
**MULTIFAMILY TAX-EXEMPT BOND PROGRAM**  
**DEVELOPMENT SCORE SHEET**

**APPLICANT:**  
**GENERAL PARTNER**  
**Or EQUIVALENT:**

Category	Points	Score	Comments
<b>Previous Experience: Development Bond Financed Affordable Housing Projects: (Max. 3 Points)</b>			
No Projects	0		
1-3 Projects	1		
4+ Projects	2		
Previous Projects in S.C.	1		
<b>Development Characteristics: (Max. 3 Points)</b>			
<b>Size: Number of Units (Max. 2 Points)</b>			
>150 and up to 200	1		
Up to 150	2		
<b>Exact % of Low-income Units in the Project: (Max. 1 Point)</b>			
20.0%	1		
40.0%	1		
<b>Location Characteristics: (Max. 7 Points)</b>			
General Site Suitability - Very Good	5		
- Good	3		
- Acceptable	0		
Within 2 miles of full service grocery or pharmacy by public paved road	1		
Within 2 miles of police station or fire station or hospital by public paved road	1		
<b>Financial Characteristics: (Max. 5 Points + TED/HSF Calculation)</b>			
<b>% Tax-Exempt Debt to Total Development Costs:</b>			
51%	5		
>51% up to 74%	3		
>74% up to 100%	1		
<b>TED/HSF Calculation:</b>			
Lowest amount of tax-exempt debt per heated square foot: point score equal to 1/10 <sup>th</sup> of tax-exempt debt per heated square footage, deducted from 100. All heated square footage included in calculation. Formula: $100 - ((\text{tax-exempt debt}/\text{heated square footage})/10)$			
<b>Readiness To Proceed: (Max. 10 Points)</b>			
Site Control	2		
Water & Sewer in Place *	3		
Compliance with Zoning and other Land Use policies	2		
Final Plans & Specifications	1		
Locked-in Permanent Financing	2		

\* Water and sewer points must be supported by letter of capacity from provider and lines must be in place to the property line.

Appendix B

**TAX – EXEMPT BOND FINANCE PROGRAM  
NON-QUALIFIED TENANT CERTIFICATION**

Complex Name \_\_\_\_\_

Address \_\_\_\_\_

Apartment Number(s) \_\_\_\_\_

Name(s) of Non-Qualified Tenants \_\_\_\_\_

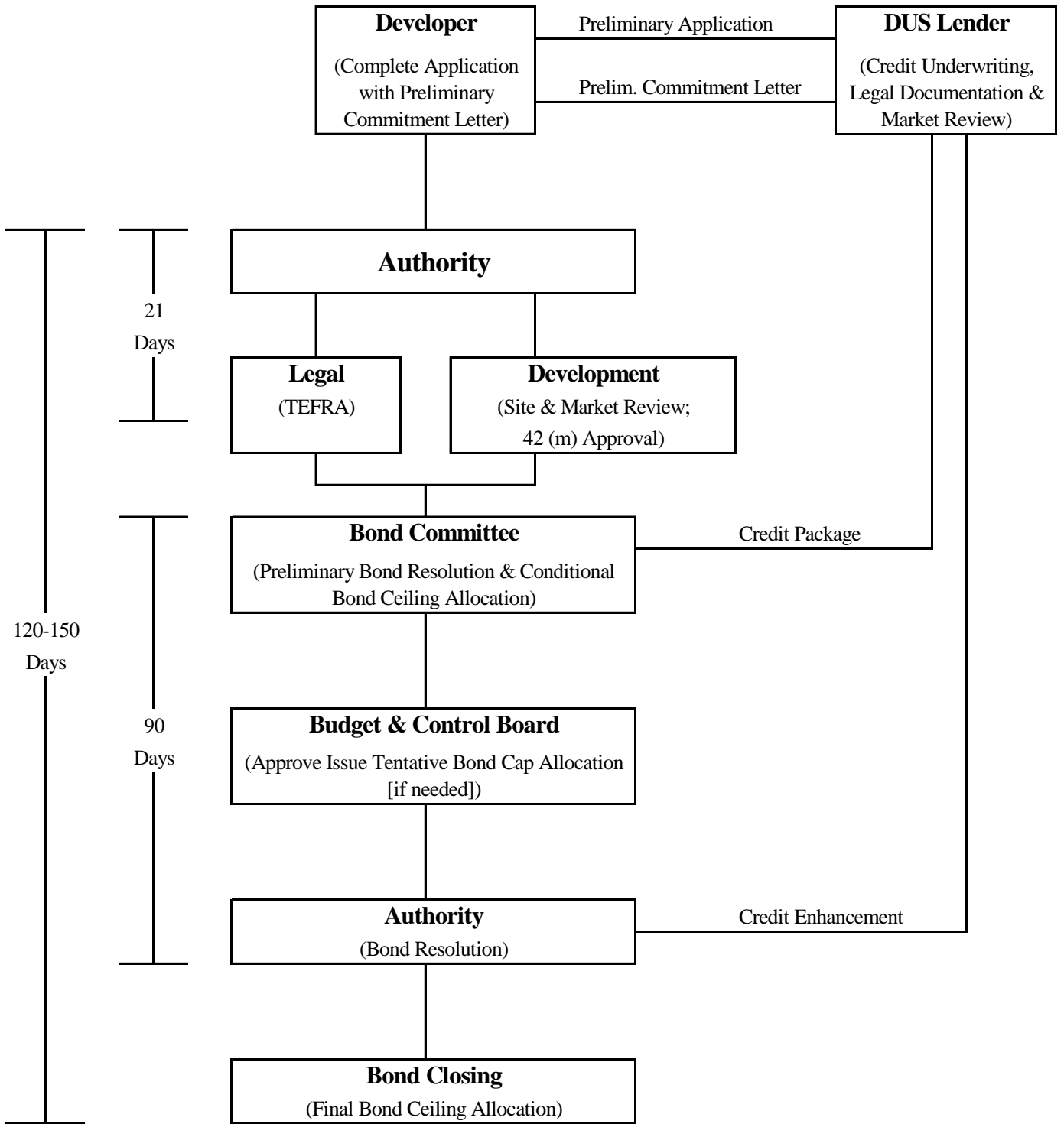
In compliance with provisions of the Agreement As To Restrictive Covenants related to “Rental to Non-Qualified (Type C) Residents,” we certify as follows:

- (1) During the past thirty (30) days no Qualified Resident has applied to lease said apartment.
- (2) There are no Qualified Residents on the Waiting List. We have continued reasonable marketing efforts including media advertisement to secure Qualified Residents to lease this apartment. We will continue this effort.
- (3) The term of the Lease to this Non-Qualified (Type C) Resident is for \_\_\_\_\_ months, which is the minimum term now being offered to other Residents. The named Non-Qualified Resident has agreed, and the lease so provides, to vacate the unit at the conclusion of said term if there are Qualified Residents who have applied to rent or lease a unit in the complex.
- (4) Records to verify the preceding declaration are on file at the complex office.
- (5) We have met our minimum set-aside requirements for our property.

Certified This \_\_\_\_\_ Day of \_\_\_\_\_ 20\_\_\_\_  
Owner/Agent \_\_\_\_\_

Signature \_\_\_\_\_  
Title \_\_\_\_\_

**Appendix C**  
**Credit Enhanced**



All time frames approximate.