



2015 Tax-exempt Debt with Subsidy Financing Walk-in Program for New Senior Housing

MaineHousing is making the following resources available under the Rental Loan Program to finance eligible new affordable rental housing for seniors:

- Proceeds of tax-exempt facility bonds issued pursuant to Section 142(d) of the Internal Revenue Code of 1986, as amended (the “Code”)
- 4% “automatic” Low Income Housing Tax Credit
- Subsidy resources, which may include:
 - Bond-related subsidy subject to MaineHousing’s Mortgage Purchase Program Bond Resolution and Section 142(d) of the Code

Any funding offered to a project will include the proceeds of tax-exempt facility bonds issued pursuant to Section 142(d) of the Code, the low-income housing tax credits generated by the tax-exempt bond proceeds and any subsidy that MaineHousing determines is necessary for the project to be feasible, considering other resources available for the project.

Funding under this program is available for eligible projects on a walk-in basis until such time as the resources allocated to this program are exhausted or are insufficient to fund an eligible project. Projects that have a Notice to Proceed from another MaineHousing program are not eligible to apply.

Applicants must comply with the requirements of MaineHousing’s Rental Loan Program Guide dated August 2014 (the “RLP Guide”) and the applicable requirements of MaineHousing’s 2015-2016 Qualified Allocation Plan (the “QAP”) not specifically addressed in this document. The Rental Loan Program Guide dated August 2014 and the 2015-2016 Qualified Allocation Plan can be found at MaineHousing’s website, www.mainehousing.org.

MaineHousing reserves the right to suspend or terminate this program at any time and to cease processing any applications prior to issuing a financing commitment. MaineHousing is under no obligation to finance any project until a financing commitment has been issued by MaineHousing and accepted by the applicant in accordance with its terms.

Eligible Projects

To be eligible, projects must meet the following requirements.

1. The project must create new affordable rental housing units for seniors through new construction or the adaptive re-use of an existing building. Seniors are persons who are

elderly as defined under federal and State of Maine fair housing laws or a federal program designated for persons who are elderly, such as Rural Development's Section 515 Program.

2. The project must have a commitment of financing or an award letter for below market capital from the Federal Home Loan Bank or the U.S. Department of Agriculture – Rural Development for the creation of new affordable housing units or have Part I approval from the National Park Service and be eligible for Federal and State Historic Tax Credits.
3. For a period of 45 years, at least 60% of the units in the project must be available for rent by persons who earn no more than 50% of the area median income and all of the units in the project must be rent-restricted in accordance with Section 42 of the Code. The project owner, and any fee interest owner if the project or land on which the project is located is leased, must execute a restrictive covenant on the project that obligates compliance with these affordability requirements and any additional affordability pledged by the applicant, and the restrictive covenant must be recorded in the appropriate registry of deeds.
4. Telemedicine Resource Room – the project must include a designated room to be specifically used by qualified medical professionals to provide health services, including counseling, physical therapy, home health services, and diagnostic and monitoring activities, to residents of the project. The room must be for the exclusive use of the residents and the professionals and be provided at no cost to the residents or the professionals.

Tax-exempt Debt and Tax Credits

The source of funding for all debt available under this program will be proceeds from the issuance of qualified tax-exempt facility bonds pursuant to Section 142(d) of the Code.

MaineHousing will provide construction-period financing for projects. MaineHousing will utilize a financial institution, selected by the Applicant and acceptable to MaineHousing, to serve as MaineHousing's escrow agent for disbursing the proceeds of the construction financing. The financial institution must enter into an escrow agreement on terms and conditions acceptable to MaineHousing.

All projects must be eligible for and utilize the "4% automatic" federal low income housing tax credit ("LIHTC") as described in Section 42 of the Code generated by the tax-exempt funding provided to the project.

Projects must comply with the QAP, Section 142 of the Code and associated regulations regarding the use of tax-exempt bond proceeds, and Section 42 of Code and associated regulations regarding the LIHTC.

Subsidy

MaineHousing is making subsidy in the amount of \$5,000,000 available for eligible projects. The amount of any subsidy awarded to a project will be limited to the lesser of (i) \$40,000 per LIHTC-eligible unit for a project that is eligible for federal and state historic rehabilitation tax credits or \$85,000 per LIHTC-eligible unit for all other projects, (ii) \$2,500,000 per project, and (iii) the amount necessary for the project to achieve feasibility.

Any subsidy awarded to a project will be in an amount that MaineHousing determines, in its sole discretion, is necessary for the feasibility and long-term viability of the project, considering other resources that are available for the project, and maximizes the use and efficiency of the subsidy available under this program. The following guidelines will apply.

- MaineHousing will consider all other resources available for the project, including without limitation, equity generated from the LIHTC and any other tax credits and interest-bearing debt structured and underwritten in accordance with this program and the RLP Guide, in determining the need for subsidy. Applicants must maximize all other resources available for the project.
- The amount of subsidy awarded to a project may be less than the amount requested by the applicant if MaineHousing determines that the project can support more debt financing based on its review of the project's operating budget during underwriting.
- MaineHousing will use the maximum LIHTC rent for LIHTC-eligible units to determine the need for subsidy unless the comparable market rent for the project is less than the maximum LIHTC rent as supported by an independent market study acceptable to MaineHousing.
- Applicants that propose affordability targeting that is deeper than the minimum required under this program must demonstrate additional subsidy resources from a non-MaineHousing source to support the greater affordability.
- If a project is underwritten at rents that are less than the maximum LIHTC rent, the project will be obligated to maintain the lower rents during the term of the MaineHousing funding.

Applicants awarded subsidy under this program must comply with all requirements of MaineHousing's Mortgage Purchase Program Bond Resolution and the requirements of Section 142 of the Code and associated regulations.

MaineHousing reserves the right to award all, a portion or none of the available subsidy during any offering, depending on the quality and merits of the applications received.

Underwriting Criteria

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| Construction Financing Terms: | <ul style="list-style-type: none">• 2.5% interest rate per year plus a 2-point origination fee, subject to change based on market conditions at the time the tax-exempt facility bonds are issued.• Secured by a first-lien mortgage and security interest in the project and related personal property. |
| Debt Financing Terms: | <ul style="list-style-type: none">• 5.5% interest rate per year, subject to change based on market conditions at the time the tax-exempt facility bonds are issued. |

- At the applicant's option, (a) amortization of principal and interest over 30 years, (b) amortization of principal and interest over 40 years with a balloon payment due at the end of 30 years, (c) interest only payments for 30 years with a final balloon payment of all amounts owed due at the end of 30 years, (d) interest only payments for 15 years with a 30-year amortization beginning in year 16 and a final balloon payment of all amounts owed due at the end of 30 years, (e) interest only payments for 15 years with a 40-year amortization beginning in year 16 and a final balloon payment of all amounts owed due at the end of 30 years.
- Secured by a first lien mortgage and security interest in the project and related personal property.

Subsidy Financing Terms:

- 0% interest deferred payment loan with payment due on the earliest of (a) 30 years, (b) a sale, transfer, or assignment of the project, (c) the discontinuation of the intended public purpose, or (d) a default of the MaineHousing loan(s).
- Secured by a first lien mortgage and security interest in the project and related personal property.
- Subsidy may be made available during the construction of the project to the extent possible, as determined by MaineHousing in its sole discretion, considering any limitations of the sources and the requirement that the project satisfy the requirements of Section 42(h)(4)(B) of the Code (the so-called 50% test) for LIHTC eligibility.

Construction Cost Increases:

- If the construction costs of a project increase after the date of the application due to market conditions or other reasons beyond the control of the applicant, as determined by MaineHousing in its sole discretion, and the project has been awarded the maximum LIHTC allowed under the QAP, MaineHousing may, at its sole discretion, award additional subsidy resources to the project, provided that the additional subsidy (a) when combined with the equity generated by any additional LIHTC awarded under the QAP, will not exceed an amount equal to 5% of the total construction cost for the project, as determined under the QAP and estimated at the time construction bids on the project are requested, and (b) does not exceed the subsidy limits set forth above.

The following rules and guidelines apply: The RLP Guide (to the extent not in conflict with this program), Chapter 16 of MaineHousing's Rules, *Low-Income Housing Tax Credit Rule* (the 2015-2016 Qualified Allocation Plan), and Chapter 29 of MaineHousing's Rules, *Multifamily Development and Supportive Housing Loans and Grants*.

Submission Requirements

The Application must be in the form prescribed by MaineHousing for this program. The Application must be completed and submitted, together with all supporting documentation, electronically to MaineHousing's ShareFile **no later than 5:00 PM on June 30, 2015**.

MaineHousing will review all applications for completeness, eligibility and feasibility. Applications that are not complete or eligible or are not feasible will be rejected, and the applicant will be notified of the deficiency(ies).

Please call Bill Glover, Manager of Lending of the Development Division, at (207) 626-4600 if you have any questions or need information on how to access MaineHousing's ShareFile or any other information.

MaineHousing's Nondiscrimination Policy

MaineHousing does not discriminate on the basis of race, color, religion, sex, sexual orientation, national origin, ancestry, physical or mental disability, age, familial status or receipt of public assistance in the admission or access to or treatment in its programs and activities. In employment, MaineHousing does not discriminate on the basis of race, color, religion, sex, sexual orientation, national origin, ancestry, age, physical or mental disability or genetic information. MaineHousing will provide appropriate communication auxiliary aids and services upon sufficient notice. MaineHousing will also provide this document in alternative formats upon sufficient notice. MaineHousing has designated the following person responsible for coordinating compliance with applicable federal and state nondiscrimination requirements and addressing grievances: Louise Patenaude, Maine State Housing Authority, 353 Water Street, Augusta, Maine 04330-4633, Telephone Number 1-800-452-4668 (voice in state only), (207) 626-4600 (voice) or Maine Relay 711.