



Austin Housing Finance Corporation

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MULTI-FAMILY RESIDENTIAL DEVELOPMENT RULES AND REGULATIONS

INTRODUCTION

The Austin Housing Finance Corporation (AHFC) was created in 1979 as a non-profit corporation and instrumentality of the City of Austin to carry out the purposes of the Texas Housing Finance Corporation Act, Chapter 394, Texas Local Government Code (the “Act”).

The Act authorizes AHFC to issue revenue notes and bonds for the public purpose of providing a means of financing decent, safe and sanitary housing intended to be occupied substantially by persons of low- and moderate-income.

The AHFC Board of Directors is the Austin Mayor and City Council Members. The Board of Directors has sole discretion to approve applications for financing of multi-family residential developments that further the public purpose of the Act and which conform to these Rules and Regulations.

These Rules and Regulations relate solely to the requirements and procedures of the AHFC Board in its capacity to issue obligations to obtain funds that will carry out programs that provide financing for multi-family residential developments.

MULTI-FAMILY RESIDENTIAL DEVELOPMENT RULES AND REGULATIONS

I. Purpose and Scope

- A. The Austin Housing Finance Corporation (AHFC) was created as a public, non-profit corporation under the provisions of the Act. The Act authorizes AHFC to issue its revenue notes and bonds for the purpose, among others, of obtaining funds to provide financing for multi-family residential developments intended to be occupied substantially – at least 90 percent – by persons of low- and moderate-income. AHFC has adopted these Rules to set forth general requirements and procedures applicable to the issuance of obligations by AHFC to provide financing for such multi-family residential developments.
- B. These Rules are intended to apply to obligations issued to provide financing for a single multi-family residential development. The Rules apply to new construction and acquisitions, as well as refinancing of previously financed multi-family residential developments. These Rules do not apply to any obligations issued by AHFC for the purpose of making or acquiring home mortgages (as defined in the Act).
- C. Specific provisions of these Rules may be waived by a majority vote of the AHFC Board of Directors where good cause is shown and is supported by adequate documentation in accordance with Article VIII.B of these Rules. Any 501(c)(3) Financing must follow these Rules, including the special provisions in Article V.
- D. In the event of modifications to the Code or to federal laws or regulations governing these Rules, AHFC reserves, in its sole option, the right to amend these Rules.

II. Definitions.

The following words and terms, when used in these Rules, shall have the following meanings, unless the context clearly indicates otherwise.

- A. **501(c)(3) Financing** - A bond financing for an Applicant that the Internal

Revenue Service has issued a Section 501(c)(3) determination letter evidencing that the entity is a non-profit organization which is exempt from federal income taxation as of the closing date.

B. **Accessibility** - The requirement that any multi-family residential development comply with the Americans with Disabilities Act of 1990, as amended, and the applicable regulations therein. Further, any newly-constructed multi-family residential development must be adaptable for occupancy by disabled tenants according to the following criteria:

1. At least five percent (5%) of units within multi-family residential developments that contain 3 to 50 units.
2. At least ten percent (10%) of units within multi-family residential developments that contain 51 to 150 units.
3. At least fifteen percent (15%) of units within multi-family residential developments that contain 151 or more units.

In addition to requirements for accessibility in dwelling units as specified within the 1994 Edition of the Uniform Building Code, with local amendments, and as further amended, the following standards must be met:

4. All ground level apartment units shall have at least one no-step entrance.
5. All interior doors shall have a minimum width of 32 inches.
6. The maximum height of thresholds shall be one-half ($\frac{1}{2}$) inch. Thresholds shall be beveled.
7. If floor surface on one side of an interior door is higher than the other, then the maximum height difference shall be no more than one-half ($\frac{1}{2}$) inch, and the edge shall be beveled.
8. Electrical switches, outlets, thermostats, breaker boxes, and other environmental controls are in accessible locations for mobility impaired persons.
9. Lateral 2" x 6" wood blocking or greater shall be installed flush with stud edges within walls at the back and side of toilet stools. The blocking shall

serve the purpose of providing anchorage for screws for the attachment of grab bars. Grab bars themselves are not to be installed at the time of construction; they will be installed by the Applicant at the time of occupancy for the convenience of disabled individuals who request them. The centerline of the blocking shall be 30 inches from the parallel to the floor. Blocking on the side shall be a minimum length of 48 inches and shall extend 24 inches beyond the front of water closet stools. Blocking at the back shall be a minimum length of 36 inches. The ends of lateral blocking shall be attached to studs.

10. Bathroom layouts wherein toilet stools have no side walls (such that floor mounted or other railings must be installed) shall be submitted for approval by the City's Building Inspection Department.

- C. **Act** - The Texas Housing Finance Corporations Act, Texas Civil Statutes, Local Government Code, Chapter 394, as may be amended from time to time.
- D. **Affordable Rent** - Rent paid by a tenant of a residential unit in a multi-family residential development such that the adjusted gross monthly rent of the residential unit does not exceed 30% of the gross monthly income of the tenant occupying such residential unit. This determination shall be made in accordance with procedures established by AHFC:
 - 1. at the time of initial occupancy of the residential unit; and
 - 2. at the time of each increase of the gross monthly rent with respect to such residential unit.
- E. **Annual Monitoring Fee** - The fee charged each property owner or any subsequent owner for which AHFC has issued bonds to finance the multi-family residential development. The fee shall be paid each year during the Deed Restricted Qualified Project Period by the owner of the multi-family residential development. However, Bonds redeemed within forty-eight (48) months of the date of issuance by AHFC will not be subject the Annual Monitoring Fee in the calendar year after which the bonds are redeemed.

The Annual Monitoring fee is equal to an amount that is the greater of:

1. an amount equal to .0003 times the amount of the Bonds outstanding on January 1 of each year;
 2. an amount equal to \$12 times the total number of units in the multi-family residential development; or
 3. A flat rate of \$1,200.00.
- F. **Applicant** - The person or entity filing the Application for Multi-family Housing Bond Financing.
- G. **Application Fee** - The **non-refundable** fee charged each Applicant submitting an Application for Multi-family Housing Bond Financing. The fee shall be submitted to AHFC, along with the Application for Multi-family Housing Bond Financing and is:
1. in the amount of \$5,000.00; or
 2. in the amount of \$2,000.00 for an assumption or transfer to a new Applicant.
- These fees are not credited against the Closing Fee or the Assumption and Transfer Fee, even if Bonds are issued.
- H. **Application for Multi-family Housing Bond Financing** - The application each Applicant shall file with AHFC substantially in the form of **Attachment A** attached to these Rules, and by this reference, incorporated in them in connection with an assumption, transfer, financing or refinancing of a multi-family residential development. The Application Fee and Residential Project Financing Questionnaire must be included with the application.
- I. **Assumption and Transfer Fee** - The fee charged each subsequent owner applicant concurrently with the closing of any transfer of the multi-family residential development during the deed restricted Qualified Project Period. The fee is an amount not less than the greater of (a) .0025 times the amount of the Bonds outstanding immediately preceding the transfer, or (b) \$10,000.
- J. **Board** - The Board of Directors of AHFC.
- K. **Bond Counsel** - McCall, Parkhurst & Horton L.L.P., Austin and Dallas, Texas, or such nationally recognized bond counsel firm, which AHFC from time to time has retained under contract. Documents required to be sent to Bond Counsel shall be mailed or delivered to:

McCall, Parkhurst & Horton L.L.P.
c/o Austin HFC Multi-family Financings
717 North Harwood - Ninth Floor
Dallas, Texas 75201-6587

Telephone: 214 / 754-9200
E-mail: mmalveaux@mphlegal.com

- L. **Bonds** - Any type of interest-bearing obligations, including, without limitation, bonds, notes, bond anticipation notes, or the evidence of indebtedness, issued by AHFC to finance a multi-family residential development, provided the maximum term of any such obligation shall not extend past the economic life of the multi-family residential development.
- M. **City** - The City of Austin, a Texas home-rule city and municipal corporation.
- N. **Closing Fee** - The fee charged each Applicant submitting an Application for Multi-family Housing Bond Financing for which AHFC issues bonds to finance the Applicant's multi-family residential development. The fee shall be paid concurrently with the closing of the financing pursuant to an approved Application for Multi-family Housing Bond Financing, or at such other time as AHFC may approve. The closing fee is a negotiable amount as set forth in the Inducement Resolution which takes into account the size and the complexity of the proposed Bond issuance and is not less than an amount equal to 0.005 times the amount of the Bonds issued by AHFC. This fee is in addition to the Application Fee and the Cost of Issuance Expenses.
- O. **Code** - The Internal Revenue Code of 1986, as it may be amended from time to time, and the applicable regulations therein.
- P. **Cost of Issuance Expenses** - The expenses charged each Applicant submitting an Application for Multi-family Housing Bond Financing for which AHFC issues bonds to finance the Applicant's multi-family residential development. The expenses shall be paid concurrently with the Closing Fee or at such other time as AHFC may approve. The cost of issuance expenses are equal to the actual expenses accrued by AHFC in issuing the bonds and include, without limitation, the professional fees and costs defined in Article VII.F of these Rules.

- Q. **Deed Restricted Qualified Project Period** - A period ending on the last to occur of:
1. twenty (20) years after the date on which 90% of the units in the multi-family residential development are occupied as defined by the Code, or
 2. one-half of the life of the Bonds.
- R. **Financial Advisor** - Public Financial Management, Inc., Austin, Texas, or such nationally recognized financial advisor firm that AHFC, from time to time, has retained under contract. Documents required to be sent to Financial Advisor shall be mailed or delivered to:
- Public Financial Management, Inc.
c/o Austin HFC Multi-family Financings
700 Lavaca, Suite 1500
Austin, Texas 78701
- Telephone: 512 / 472-7194
E-mail: waleyd@pfm.com
- S. **Green Building Program** - The City's program created in 1990 to encourage sustainable design and construction practices for homes and buildings, including energy and water conservation features, use of non-toxic materials, and recycled designed to reduce both construction costs and the ongoing housing costs to consumers. Homes and buildings are rated with star-ratings (One-star, Two-star, Three-star, etc.), based on the quantity and quality of sustainable features. **For more information, please refer to the Austin Energy Green Building web site, currently located at: <https://my.austinenergy.com/wps/portal/aegb/>**
- T. **AHFC Corporate Counsel** - City of Austin, Law Department. Documents required to be sent to AHFC Corporate Counsel shall be mailed or delivered to:
- City of Austin
Law Department
c/o AHFC Multi-Family Bond Financings
301 West 2nd Street- Fourth Floor
Austin, Texas 78701
P.O. Box 1088 (78767-1088)

- U. **HUD** - The United States Department of Housing and Urban Development.
- V. **Inducement Resolution** - The Board resolution declaring AHFC's intent to issue obligations to provide financing for a multi-family residential development in such form as may be recommended by Bond Counsel.
- W. **Lower-income Tenants** - Households of low or moderate income as determined in accordance with the Code, §167(k)(3)(B), whose incomes are less than or equal to sixty percent (60%) of the median income limit of the Austin-Round Rock-San Marcos, TX Metropolitan Statistical Area, adjusted for household size, and published annually by the Texas Department of Housing and Community Affairs (TDHCA).
- X. **Multi-family residential development** - A multi-family residential development financed or to be financed by AHFC pursuant to the provisions of the Act and within the meaning of the Act, §394.003(13).
- Y. **Qualifying Tenants** - Tenants whose adjusted household income does not exceed the income limitations of AHFC. The income limitations established by the Board are equal to **eighty percent (80%)** of the Median Family Income of the Austin-Round Rock-San Marcos, TX Metropolitan Statistical Area, adjusted for household size, and published annually by the TDHCA.
- Z. **Residential Project Financing Questionnaire** - The questionnaire each Applicant shall file with the Application for Multi-family Housing Bond Financing in such form as required by AHFC.
- AA. **Restrictive Covenant** - The restrictive covenant running with the land that restricts the use of each multi-family residential development during the Deed Restricted Qualified Project Period.
- BB. **Rules** - These Austin Housing Finance Corporation Multi-Family Residential Development Rules And Regulations
- CC. **S.M.A.R.T. Housing™ Certification** - The City of Austin has adopted the S.M.A.R.T. Housing Ordinance to serve as a developer incentive to create affordable housing. S.M.A.R.T. stands for **Safe, Mixed-income, Accessible, Reasonably-priced, and Transit-oriented**. Multi-family projects housing can be certified as eligible to receive waivers of certain city development fees. See the S.M.A.R.T. Housing Resource Guide (which includes the application for certification) can be found at:

http://www.austintexas.gov/sites/default/files/files/Housing/Application_Center/SMART_Housing/smart_guide_0708.pdf

NOTE: S.M.A.R.T. Housing certification is only required of new construction, and is not applicable for rehabilitation projects.

IMPORTANT: An application for S.M.A.R.T. Housing certification should be submitted and certification obtained for the project prior to submitting an Application for Multi-family Housing Bond Financing and the non-refundable application fee.

- DD. **TEFRA Public Hearing** - The public hearing required by the federal Tax Equity and Fiscal Responsibility Act of 1982 prior to approval of the Bonds. Notice of such hearing must be published at least 14 days in advance of the hearing, in accordance with federal regulations, and at the Applicant's expense.
- EE. **Very Low-income Tenants** - Households of low or moderate income as determined in accordance with the Code, §167(k)(3)(B), whose incomes are less than or equal to **fifty percent (50%)** of the median income limit of the Austin-Round Rock-San Marcos, TX Metropolitan Statistical Area, adjusted for family size, as published annually by TDHCA.

III. **General Requirements**

AHFC shall not issue obligations to provide financing for any multi-family residential development unless the Applicant has satisfied the general requirements set forth in this Article III. AHFC reserves the right to impose additional specific requirements with respect to any multi-family residential development.

- A. **Location.** AHFC shall not issue obligations to provide financing for any multi-family residential development unless such multi-family residential development is located entirely within the corporate limits of the City of Austin.
- B. **Public Purpose.** AHFC shall not issue obligations to provide financing for any multi-family residential development unless the Board has made a finding that such financing of such multi-family residential development will promote the public purposes set forth in Section 3 of the Act.

- C. **Statement of Policy.** In addition to the general purpose stated by the Act and described in Article I.A of these Rules, AHFC has adopted as a goal to increase the availability of affordable, quality rental housing stock in the City and achieve certain other goals of AHFC. To this end, AHFC will not issue bonds for the financing new construction of multifamily projects that are not S.M.A.R.T. Housing™ certified. In this regard each owner of a multi-family residential development must execute a Restrictive Covenant.
- D. **Issuance of Bonds.** As a general rule, bonds issued by AHFC for multi-family housing developments must be rated no lower than the "A" category by at least one nationally recognized rating agency. It is the responsibility of Applicant at its expense to secure a credit enhancement or plan of finance that accomplishes this rating. Series of bonds rated lower than the "A" category may be issued by AHFC when:
1. investment letters, generally in the form attached to these Rules as **Appendix "B"**, and in satisfactory form and content to AHFC and its advisors, are obtained from all initial investors, each of whom must be an accredited investor, and
 2. the Bond denominations are no smaller than \$100,000 for both initial and subsequent offerings. Applicants may nominate the Bond Underwriter and Underwriter's Counsel, subject to the approval of AHFC. Bond Counsel and Financial Advisor are retained by AHFC.

IV. **Program Guidelines - Financing**

In furtherance of the public purpose of the Act and AHFC's goal as described above, AHFC has adopted the following program guidelines for the financing of multi-family residential developments:

- A. **Conditions of Issuance.** AHFC will not issue bonds exempt from federal taxation unless, in the opinion of Bond Counsel, interest thereon is exempt from Federal income taxes, and the following requirements are met:
1. Substantially all -- not less than ninety percent (90%) -- of the net proceeds of the bonds must be used for the development of a multi-family residential development or related and subordinate facilities (such as parking or recreational facilities for residents).

- a. at least **forty percent (40%)** of the living units are occupied or reserved for occupancy by **Lower-Income Tenants (60% MFI)** who pay Affordable Rent, or
 - b. at least **twenty percent (20%)** of the living units are occupied or reserved for occupancy by **Very Low-income Tenants (50% MFI)** who pay Affordable Rent.
 2. The housing units in the multi-family residential development must be available for use by members of the general public. (For example: a building for use by employees of a particular corporation will not qualify). Units may be located anywhere in the City.
 3. The facilities of each living unit must be complete, including kitchen facilities, and must not be used on a transient basis (such as a hotel or dormitory).
 4. The multi-family residential development (or any part thereof) may not be converted to condominiums.
 5. The bonds must be issued in fully registered form and in accordance with Article III.D.
 6. The Bonds include a provision that allocates to AHFC, or to an affordable housing program designated by AHFC, a portion of any residual value remaining in the Indenture when the Indenture has been discharged or when any excess distribution is made to the Applicant or any related or affiliated party.
 7. The limitations required by these Rules must be applicable for the Deed Restricted Qualified Project Period.
- B. Household Income Requirements.** For the purposes of these Rules, occupancy requirements pertaining to household income will be governed by the following:
1. Household income will be determined by the landlord prior to initial occupancy of a unit. Recertification of household income will not be required until and unless:
 - a. the number of persons constituting the household changes; or

2. The Applicant must provide a Zoning Verification Letter from the City of Austin confirming the property is zoned appropriately for its intended use.
 3. Proposed site locations shall conform to the requirements of the S.M.A.R.T. Housing™ Ordinance for accessibility to public transportation routes.
 4. New construction multi-family residential developments shall conform to the requirements of the S.M.A.R.T. Housing™ Ordinance with respect to meeting the minimum standard of a One-Star Green Building rating.
 5. For rehabilitation projects, **temporary displacement and relocation** of tenants may be required while rehabilitation work is being performed in the residence. The developer should attempt to minimize temporary displacement. However, if temporary displacement of tenants is required, the Developer's written plan to address and reduce the effects of temporary displacement and relocation must be included in the Application for Multi-family Housing Bond Financing. **No tenant shall be permanently displaced as the result the use of bond financing through AHFC.**
 6. These Rules shall apply to all multi-family housing developments for which Inducement Resolutions are granted subsequent to the date of the acceptance of these Rules by the Board.
- E. **Filing and Procedural Requirements.** AHFC shall not issue obligations to provide financing for any multi-family residential development unless the Applicant has complied in full with the filing and procedural requirements set forth in Article VI of these Rules.
- F. **Payment of Fees and Costs.** AHFC shall not issue obligations to provide financing for any multi-family residential development unless the Applicant has paid, or entered into satisfactory contractual arrangements agreeing to pay, the fees and costs described in Article VII of these Rules.

V. **Special Rules for 501(c)(3) Financings**

For a 501(c)(3) Financing the following special rules will apply:

- A. At the closing the legal counsel to the Applicant or a Special Counsel retained by Applicant must provide a non-qualified 501(c)(3) opinion letter acceptable to AHFC and Bond Counsel.

- B. AHFC will not be required to obtain an allocation of authority under the state bond ceiling cap.

VI. Filing and Procedural Requirements

- A. **Preliminary Application.** The Applicant shall complete and file with AHFC the Application for Multi-family Housing Bond Financing, a completed copy of the Residential Project Financing Questionnaire, and the non-refundable Application Fee.

- 1. **Two copies** of the Application for Multi-family Housing Bond Financing and a market feasibility study, if applicable, shall be submitted to AHFC by mailing or delivery to:

Austin Housing Finance Corporation
c/o Multi-family Bond Financing Program
Post Office Box 1088
Austin, Texas 78767-1088
(Physical Address: 1000 East 11th Street, 2nd Floor, Austin, TX 78702)

Telephone 512 / 974-3192
Fax: 512 / 974-3161
E-mail: david.potter@austintexas.gov

- 2. **With one copy each** delivered to Bond Counsel, AHFC Corporate Counsel and Financial Advisor, each of whose contact information is provided in Article II of these Rules.

- B. **Preliminary Approval.** Within approximately sixty (60) days after receipt by AHFC of the Application for Multi-family Housing Bond Financing, the Board shall convene a meeting to consider such Application for Multi-family Housing Bond Financing. The Board shall provide the Applicant with an opportunity to appear at such meeting for the purpose of making an oral presentation.

If the Board determines to grant preliminary approval of the Application for Multi-family Housing Bond Financing, the Board shall adopt an Inducement Resolution. AHFC reserves the right to include in such Inducement Resolution any specific requirements pertaining to such multi-family residential development deemed

necessary by the Board. An electronic copy of the Inducement Resolution, signed by the Board Secretary, will be provided to the Applicant.

If the Board determines not to grant preliminary approval of an Application for Multi-family Housing Bond Financing, AHFC shall so advise the Applicant in writing at the address shown on the Application for Multi-family Housing Bond Financing.

- C. **Submission of Additional Information.** Following the adoption by the Board of an Inducement Resolution with respect to the multi-family residential development, the Applicant shall submit such additional materials as AHFC, its Bond Counsel, and/or its Financial Advisor may reasonably request in writing.
- D. **Bond Counsel.** Bond Counsel shall have primary responsibility for the preparation of the legal instruments and documents to be utilized in connection with the financing of any multi-family residential development by AHFC. No bonds or other obligations will be sold and delivered unless the legality and validity thereof shall have been approved by Bond Counsel. The Applicant and its legal counsel shall cooperate fully with AHFC's agents, Financial Advisor, Corporate Counsel and Bond Counsel in the preparation of such materials.
- E. **Staff Contact.** The primary point of contact between Applicant and AHFC is:

David Potter, Neighborhood Development Program Manager
Telephone: 512 / 974-3192
Fax: 512 / 974-3161
E-mail: david.potter@austintexas.gov

Mailing Address:
The Austin Housing Finance Corporation
c/o Bond Program Manager
P.O. Box 1088
Austin, Texas 78767-1088

For legal issues, contact the AHFC Corporate Counsel office as stated in Article II.V.

- F. **Review Process.**

1. **Timing Consideration.** To ensure adequate time for review, public input, and discussion, the Applicant should expect that its Inducement Resolution will be considered by AHFC at its regular monthly meeting that may be no sooner than **six to eight weeks** from the date the Application for Multi-family Housing Bond Financing is received by AHFC in final form.
2. **Board Action.** The Applicant shall work with staff, AHFC Bond Counsel, and AHFC Corporate Counsel for scheduling requests for the Board to take four separate actions:
 - a. approve an inducement resolution;
 - b. set the date for a public hearing;
 - c. conduct the public hearing; and
 - d. approve issuing the bonds.
3. **Applicant Responsibility.** Applicants should be aware that its own legal counsel has certain responsibility to ensure that the public hearing is properly and legally posted in sufficient time to make public comment possible prior to consideration of the Inducement Resolution.
4. **Public Hearings.**
 - a. **501(c)(3) Bonds.** One TEFRA Public Hearing is required prior to inducement on 501(c)(3) bond transactions.
 - b. **Private Activity Bonds.** One TEFRA Public Hearing is required prior to approval to issue the bonds on Private Activity Volume cap transactions.
5. **Subsequent Filing.** The applicant may file with AHFC such additional documents or statements in support thereof as the Applicant considers relevant and appropriate or as requested by AHFC, including:
 - a. such additional information as shall be requested of the Applicant by AHFC and its legal and financial consultants;
 - b. such additional information, as may be necessary to demonstrate the Applicant's ability to comply with the preliminary approval requirements;

- c. if any such material is to be so used, a pro-forma copy of the official statement, prospectus and any other offering memoranda, through the use of which the proposed obligations are to be offered, sold or placed with any lender, purchaser or investor, which offering, sales or placement material shall contain prominent disclosure substantially to the effect:
 - i that neither AHFC nor the City has undertaken to review or has assumed any responsibility for the matters contained therein except solely as to matters relating to them and the description of the obligations being offered thereby; and/or
 - ii that such obligations are payable solely from the funds and secured solely by funds or property furnished and to be furnished and provided by the Applicant and any guarantor and are not in any manner payable wholly or partially from any funds or properties otherwise belonging to AHFC or the City;
- d. a copy of any "investment letter" is required to be delivered by the original purchaser of the obligations to AHFC, in addition to such legal opinions or other documents as shall be required by the Board;
- e. proposed final legal documents, and documents authorizing and relating to the issuance of the proposed obligations and all loan agreements, purchase agreements or other documents related thereto; and
- f. when deemed necessary or advisable by the Board, a market study demonstrating the feasibility of the multi-family residential development.

NOTE: Substantive changes, as judged by HFC Corporate Counsel and Bond Counsel, submitted after final approval by AHFC shall be resubmitted to AHFC and a \$1,000 penalty fee shall be charged to the Applicant.

- B. **Final Approval and Closing.** If the Board determines to grant final approval of an Application for Multi-family Housing Bond Financing, the Board shall adopt a resolution, in such form as may be recommended by Bond Counsel, authorizing the issuance of obligations to provide financing for the multi-family residential development described in such Application for Multi-family Housing Bond Financing. Such final approval shall be granted only upon:

1. the satisfaction of the general requirements set forth in Article III of these Rules;
2. the recommendation of the financing by Bond Counsel and Financial Advisor; and
3. the satisfaction of any additional specific requirement imposed by AHFC with respect to such multi-family residential development.

Following such final Board and Texas Attorney General approval, AHFC, the Applicant, and other parties involved in the transaction shall proceed to close the financing at a time and place to be determined by AHFC.

VII. **Summary of Fees and Costs.** The following is a summary of fees described herein and were in effect October 1, 2011.

- A. **Application Fee.** The application fee is either \$5,000 or \$2,000, as applicable, as described in Article II.G.
- B. **Penalty Fee for Substantive Change.** After final approval by AHFC, any substantive change shall be resubmitted to AHFC and a \$1,000 penalty fee shall be charged to the Applicant.
- C. **Closing Fee.** The Closing Fee is not less than an amount equal to one-half of one percent (.005) times the amount of the Bonds issued by AHFC, as described in Article II.N.
- D. **Assumption and Transfer Fee.** Any assumption or transfer will require an Assumption and Transfer Fee to be paid in lieu of a Closing Fee. As Described in Article II.I., the fee is the greater of:
 1. One-fourth of one percent (.0025) times the amount of the Bonds outstanding immediately preceding the transfer; or
 2. A flat rate of \$10,000.
- E. **Issuer Fee.** The fee paid to the issuer is one-half of one percent (.005) times the amount of bonds issued.

F. **Other Costs Paid at Closing.** Concurrently with the closing of any financing or refinancing pursuant to an approved Application for Multi-family Housing Bond Financing or any assumption or transfer of the property, the Applicant, from the proceeds of the obligations, shall pay the Cost of Issuance Expenses, which shall include, but not be limited to, the following professional fees and other costs, to-wit:

1. the fees and expenses of Bond Counsel: currently one percent (.01) times the principal amount for the first \$10 million and one-half of one percent (.005) times the principal amount for amounts above \$10 million, plus expenses;
2. the fees and expenses of Financial Advisor: \$25,000 flat rate fee.
3. the fees and expenses of HFC Corporate Counsel, special legal counsel and feasibility consultant for services rendered to AHFC if and when deemed necessary by AHFC in connection with the multi-family residential development or the issuance of the obligations: fees to be determined based on hours billed plus expenses; and
4. the actual amount of any closing or acceptance fees of any trustee for the obligations, any fees and premiums for casualty and title insurance, any security filing costs, any fees for placing the obligations, any credit enhancement fees, any out-of-pocket expenses incurred by professionals acting on behalf of AHFC and any other costs and expenses, including issuance expenses, relating to the obligations, their security, and the multi-family residential development: fees to be determined.
5. The professional fees described above which are not under the control of AHFC are subject to change without notice.

G. **Annual Monitoring Fee.** The annual fee is equal to an amount not less than the greater of:

1. an amount equal to .0003 times the amount of the Bonds outstanding on January 1, or
2. \$12 times the number of units in the multi-family residential development, or
3. a flat \$1,200.00.

H. **Continuing Costs.** Each Applicant shall pay to AHFC, within thirty (30) days after receipt of a bill or statement, the following amounts:

1. any amount payable pursuant to any indemnity contract or agreement executed in connection with any financing hereunder; and
2. the amount allocable to each Applicant (whose financing has been completed) of costs and expenses incurred by AHFC in the administration of the agreement and the outstanding obligations, including an annual accounting and/or audit of the financing records and affairs of AHFC. The amount of costs or expenses paid or incurred by AHFC under this clause shall be divided and allocated equally among all Applicants whose financings have been completed.

I. **Changes in Fees.**

1. AHFC reserves the right at any time to change, increase or reduce the fees payable under these Rules.
2. AHFC reserves the right to make any change in fees effective with respect to any Application for Multi-family Housing Bond Financing filed after the date of such change.
3. All fees imposed subsequent to closing by AHFC under these Rules will be imposed in such amounts as will provide funds, as nearly as may be practical, equal to that amount necessary to pay the administrative costs of conducting the business and affairs of AHFC, plus reasonable reserves.

J. **Ongoing Administrative Fees.** Fees of this type may be imposed by the Board as to any multi-family residential development deemed to require

special post-closing monitoring or inspection. The Applicant will be notified of such fee after Board review of the multi-family residential development.

VIII. **Miscellaneous**

- A. **UNAUTHORIZED REPRESENTATIONS. NO APPLICANT SHALL REPRESENT, DIRECTLY OR INDIRECTLY, TO ANY LENDER, INTERIM OR OTHERWISE SUPPLIER, CONTRACTOR OR OTHER PERSON, FIRM OR ENTITY THAT AHFC HAS AGREED OR IS FIRMLY COMMITTED TO ISSUE ANY OBLIGATIONS IN RELATION TO ANY MULTI-FAMILY RESIDENTIAL DEVELOPMENT OR APPLICATION FOR MULTI-FAMILY HOUSING BOND FINANCING UNTIL THE BOARD HAS GRANTED FINAL APPROVAL WITH RESPECT TO SUCH MULTI-FAMILY RESIDENTIAL DEVELOPMENT AS PROVIDED IN ARTICLE IV OF THESE RULES.**

- B. **Amendments, Waivers.** AHFC reserves the right at any time to amend these Rules to apply to any Application for Multi-family Housing Bond Financing filed subsequent to the effective date of any such amendment to these Rules.

Attachments:

Attachment A - Application for Multi-family Housing Bond Financing

Change Log:

Rules Substantially Modified: November 5, 2001
Minor Changes and Edits: September 7, 2012
Delete Specific Name of AHFC Counsel: June 28, 2016