



Oregon Housing and Community Services

GENERAL POLICY AND GUIDELINE MANUAL

Effective as of July 1, 2016

(Updated June 27, 2016)



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OVERVIEW

Oregon Housing and Community Services (OHCS) is responsible for the evaluation of affordable multi-family housing projects (Projects) proposed for funding by OHCS through the allocation of OHCS resources from one or more federal or state multi-family housing programs (Programs), such as Low Income Housing Tax Credits (LIHTC) and the Home Investment Partnership Program (HOME). To coordinate this process, OHCS provides this General Policy and Guideline Manual (GPGM or Manual) to establish relevant uniform policies and guidelines with respect to the allocation of Program resources. First, this Manual sets forth the general policies (Policy) applicable to the funding of any Project; and second, it provides the common underwriting guidelines (Guidelines) for any such Project.

A. PURPOSE OF THE POLICIES

When requesting OHCS resources for a Project from any Program, the Applicant must satisfy the requirements of this Manual, the requirements of any Program from which funding is requested, and any other applicable funding requirements, whether in statute, administrative rule, regulation, or otherwise (collectively, the Project Requirements).

B. APPROVAL AND EFFECTIVE DATE OF THE GENERAL POLICY AND GUIDELINE MANUAL

The effective date of this Manual is July 1, 2016. This version of the Manual will remain effective until it is amended, revoked, or superseded by action of OHCS. The GPGM applies to all Project funding Requests submitted to OHCS on or after the effective date.

C. ADMINISTRATION AND INTERPRETATION OF THE GPGM

OHCS staff is authorized to interpret and administer the GPGM. In addition, staff has the authority to interpret and administer any specific Program regulation, policy, related administrative rule, or other Project Requirement subject to the limitations of law.

Applicants should stay informed of the actions of OHCS that may amend, revoke or supersede this GPGM. An Applicant may ask OHCS staff for specific information or assistance.

OHCS maintains a list of interested parties to whom certain notices and other information are distributed, including Multi-Family technical advisories issued by OHCS. To be included on this list, click “sign up for Email updates” on OHCS’s website at:

<https://www.oregon.gov/ohcs/Pages/multifamily-housing-announcements.aspx>.

D. DEFINITIONS OF TERMS

Capitalized terms have the meanings given to them throughout the GPGM or in the General Glossary of Terms.

E. PUBLIC RECORDS

Materials and information submitted to OHCS are subject to public disclosure unless otherwise exempt from disclosure under the Oregon Public Records Law, particularly ORS 192.502(24).

As of the date of this Manual, ORS 192.502(24) exempts OHCS from releasing to the public the following records, communications, and information submitted to OHCS by Applicants and recipients of loans, grants, LIHTCs, or other financial assistance:

1. Personal and corporate financial statements and information, including tax returns;
2. Credit reports,
3. Project appraisals, excluding appraisals obtained in the course of transactions involving an interest in real estate that is acquired, leased, rented, exchanged, transferred or otherwise disposed of as part of the project, but only after the transactions have closed and are concluded,
4. Market studies and analyses,
5. Articles of incorporation, partnership agreements and operating agreements;
6. Commitment letters,
7. Project Pro Forma and Project operating statements,
8. Project cost certifications and cost data,
9. Audits,
10. Project tenant correspondence (unless confidentiality is waived),
11. Personal information about a tenant; and
12. Housing assistance payments.

The purpose of ORS 192.502(24) is to promote the development of affordable housing by protecting from public disclosure the detailed personal and business information that Applicants and businesses must submit to the state as a condition of participating in subsidized housing programs.

OHCS provides no assurance that any materials provided to it can be protected from public review and copying.

F. WAIVERS

If OHCS acts contrary to or fails to take action in accordance with the GPGM or any other Project Requirement, such act or omission does not constitute a waiver by OHCS of a Project, person, or other entity's obligation to comply with the provisions of the GPGM, other Project Requirements, or establish a precedent for any other Project, person or entity. In any event, no waiver, modification, or change of the GPGM, any OHCS Program Manual, or any other Project Requirement will be binding upon OHCS unless it is in writing, signed by an authorized agent of OHCS, and consistent with law.

I. GENERAL REQUIREMENTS

OHCS has established the following general requirements with respect to its selection of Projects for resource reservation and subsequent funding. These general requirements (in addition to the other requirements described in this GPGM) terms and conditions of other applicable Program Requirements (including, but not limited to, the execution, recording, and compliance with associated legal documents required by OHCS with respect to a Project), and other applicable

Project Requirements must be satisfied in order to obtain a Reservation of resources or the subsequent Disbursement of resources by OHCS.

OHCS may exercise any remedy provided herein, in any Program, in any Project Requirement (including, but not limited to, any associated legal document), or otherwise available under law with respect to any violation of applicable Project Requirements. OHCS remedies may include, but are not limited to, rejection of a Request or termination of the processing of a Request.

A. FAIR HOUSING AND OTHER CIVIL RIGHTS COMPLIANCE

OHCS requires all Applicants and recipients of OHCS resources:

1. to comply with all applicable state and federal nondiscrimination laws,
2. to act affirmatively (including the use of appropriate outreach) to ensure those who may be, or are at risk of being, underserved with OHCS resources are provided appropriate accessibility;
3. to comply with Equal Opportunity Employment standards in hiring and retaining personnel, and
4. to satisfy any targeted population or services standards in Program Requirements.

Accordingly, development and use of any Project must be consistent with all applicable Project Requirements with respect to nondiscriminatory conduct including, but not limited to, applicable federal, state, and local nondiscrimination laws. Applicable law includes, *inter alia*, the Federal Fair Housing Act Amendments of 1988 - that provide specific guidelines for multi-family dwellings with respect to minimum accessibility, adaptability and prohibition of discrimination.

Applicant shall comply with all applicable Federal Civil Rights legislation inclusive of the Fair Housing Laws, Section 504 of the Rehabilitation Act of 1973, and the Americans with Disabilities Act, as well as any state and local Civil Rights laws or regulations. Applicant and any owner or manager of a Project shall comply with all applicable anti-discrimination laws and regulations relating to race, color, religion, sex, handicap, familial status, national origin and any other classifications protected by such laws and regulations. These laws and regulations include, but are not limited to, design requirements for construction and rehabilitation to accommodate persons with disabilities, Equal Opportunity in regard to marketing outreach and tenant selection, as well as other reasonable accommodation and modification for those persons covered under such laws and regulations.

B. MINORITY, WOMEN, AND/OR EMERGING SMALL BUSINESS (MWESB) ENGAGEMENT

Minority, Women, and / or Emerging Small Businesses (MWESB) contractors are those registered with the State. All Applicants will be required to identify ways and/or targets that they will contract with MWESB contractors/subcontractors in the construction and operation of the proposed Project. Awardees will be required to submit a report to OHCS demonstrating outcomes of efforts to contract with MWESB contractors/subcontractors, using state registry at the time of the Form 8609 issuance.

C. IDENTITY OF INTEREST

Applicants must disclose to OHCS whether financial, familial, business or similar relationships exist among the parties participating in the development or operation of the Project (i.e., whether an “Identity of Interest” exists). Such disclosures shall be made when Requests are filed and at such other times during the development and operation of Projects and processing of Requests as requested by OHCS.

D. MISREPRESENTATION AND FRAUD

OHCS may disqualify an Applicant, Project, or cancel a funding, if the Applicant, a Principal, or any representative of either makes a material misstatement, omission, or misrepresentation to OHCS, is under investigation, or has been convicted of or is currently indicted for fraud, theft, or other criminal activity involving the misappropriation of funds, false certifications, financial improprieties, or the like. OHCS also may exercise one (1) or more other remedies as it deems appropriate.

E. PROJECT CHANGES

An Applicant must notify OHCS in writing of, and obtain its written consent to, any material change in a Project. The Applicant must notify OHCS when a material change is first identified. OHCS will endeavor to respond within thirty (30) days after notice of a material change with respect to its requested consent. OHCS may give or withhold its consent, or condition same, subject to its reasonable discretion. A “material change” includes, but is not limited to, a change in:

1. the number of buildings or units,
2. the Project contact person,
3. the Identity of Interest disclosure,
4. the Development Team,
5. the Project’s Total Project Costs,
6. a financing source (whether debt or equity),
7. Operating revenue or expenses for the Project of more than ten percent (10%),
8. Anything that would result in a change in the standards OHCS uses to competitively rank Projects.

OHCS will determine whether or not a change in a Project is material. OHCS’s materiality determination is final.

The request for approval of a material change in a Project must be submitted in writing and include a narrative description and other supporting documentation, plus the applicable revised pages of the Request. If OHCS grants the request, including as modified or conditioned, it may adjust the amount of the funding allocation to assure the sources and uses of the Project remain in balance.

F. FEASIBILITY AND VIABILITY ANALYSIS

OHCS will only allocate such Program resources to a Project as it determines, in its sole discretion, are necessary for the financial feasibility and viability of the Project.

OHCS will evaluate each proposed Project taking into account relevant factors, including but not limited to the following items:

1. Project cost, including the reasonableness of cost per unit, developer fees and overhead, consultant fees, builder profit and overhead, and syndication costs.
2. Sources and uses of funds and the total financing planned for the Project, including the ability of the Project to service debt.
3. The proceeds or receipts expected to be generated by reason of tax benefits.
4. The use of federal funds and other assistance.
5. Other factors that may be relevant to the economic feasibility of the Project such as the area economy or the housing market.

Based on this evaluation, OHCS will estimate the amount of Program resources to be reserved for the Project. This determination is made solely at OHCS' discretion and is in no way a representation as to the actual feasibility of the Project.

G. APPRAISAL REQUIREMENTS

In order to allow OHCS to determine the eligible basis of either the existing or new construction "improvement/buildings" in a project, an appraisal prepared in conformance with Oregon Statutes, FIRREA standards and OHCS policy is required.

1. FIRREA standards require that appraisals must be ordered by the lender or other financial institution - which must define the purpose of the appraisal and provide guidance to the appraiser as to the bank or financial institution requirements - and the bank or financial institution must engage the appraiser, who cannot be related in any way to the seller or buyer.
2. For Projects that currently have restricted rents, the appraisal must include an "As is" Restricted Rent Value.
3. For Projects that currently receive or will receive at time of sale "project based" subsidy, the appraisal must include an "as is" restricted rent value taking into consideration the subsidy that is generally marked to market.
4. For Projects that do not currently have restricted rents, the appraisal must include an "as is" Market Rent Value.
5. In all appraisals an "as is" Market Value for land must be included that reflects all restrictions on the land.
6. OHCS must be named as an intended user and permission granted to it to discuss the report with its preparer.

To avoid delays or additional costs to the borrower, it is suggested that the Applicant obtain OHCS's approval of the scope of work in the letter of engagement before the appraiser is engaged.

Deadlines for delivery of appraisal to OHCS:

1. 9% LIHTC programs– Acceptable appraisal must be received within ninety (90) days of award.
2. 4% LIHTC program – Acceptable appraisal must be received as soon as available, but not later than thirty (30) days prior to construction close.

H. CONSTRUCTION CLOSING

For 9% LIHTC transactions, the Applicant must give OHCS at least thirty (30) days' written notice of the scheduled Construction Closing. At least ten (10) days prior to the Construction Closing, but after the general contractor bids have been received, the Applicant must submit to OHCS the Project's final development budget, final sources of funds, and documentation to substantiate the final budget. For 4% LIHTC transactions, the Applicant must give OHCS the Project's final development budget, final sources of funds, and documentation to substantiate the final budget items ten (10) days prior to submission to OHCS Finance Committee for approval.

I. PROGRAM AFFORDABILITY AGREEMENTS

Any Program funding is subject to the execution and, as appropriate, recording of legal documents satisfactory to OHCS. Certain such documents (Affordability Agreements) include long-term affordability requirements. Failure to execute, record or adhere to these Affordability Agreements and other legal documents, including but not limited to their restrictive covenants or resultant equitable servitudes may result, *inter alia*, in the termination of Request processing, loss of funding, and recoupment of disbursed funding.

J. MINIMUM AFFORDABILITY REQUIREMENTS

Each OHCS funding source will have income and/or rent restrictions. Program Requirements will specify the applicable restrictions. When multiple funding sources are used, the most restrictive income and/or rent requirement applicable to the Project units in question applies.

K. PROJECT DEVELOPMENT MANUAL; ARCHITECTURAL GUIDANCE AND STANDARDS

The Department has established a set of design and construction standards to aid project stakeholders in the process of developing quality affordable housing in keeping OHCS's mission and vision. These standards are presented in detail in OHCS's Project Development Manual (PDM) which can be found here: <https://www.oregon.gov/ohcs/Pages/multifamily-housing-funding-opportunities.aspx>. Principally, the standards encourage and direct project stakeholders in the use and integration of industry best practices in all aspects of the planning, design and construction process.

1. Visitability

Oregon policy, as enacted by ORS 456.510, "encourages the design and construction of dwellings that enable easy access by individuals with mobility impairments and allow continued use by aging occupants".

New construction Projects receiving funding from OHCS are subject to requirements for Visitability. Although OHCS strongly encourages Visitability for all Projects, the Visitability requirements resulting from ORS 456.510 do not apply to:

- a. **Rehabilitation Projects, subject to the limitation described below;**
- b. **Projects receiving funding only from OHCS bond financing and/or non-competitive tax credits; or**
- c. **Farmworker housing on a farm.**

Newly constructed units and newly constructed community spaces in rehabilitation projects are subject to the Visitability requirements.

"Visitable" means able to be approached, entered and used by individuals with mobility impairments including, but not limited to, individuals using wheelchairs.

Units in Projects that meet the "Accessibility" standards of the federal Fair Housing Act typically exceed this aspect of state Visitability requirements.

For a complete explanation of these requirements, see OHCS's Project Development Manual.

2. Green Building Standards

One of the following Green Building Standards of construction must be included in the development of any low-income housing funded by OHCS with the exception of Projects funded with tax-exempt bonds and/or 4% tax credits:

- a. **Enterprise Green Communities,**
- b. **Earth Advantage Homes,**
- c. **LEED for New Construction; or**
- d. **OHCS Green Building Program.**

Applicants must comply with all the requirements of their selected Standards. Upon completion of the Project, the Applicant will be required to provide a Certification and appropriate documentation that the Project was completed according to the applicable Green Building Standards. OHCS reserves the right to rescind funding, including LIHTC and OAHTC allocations or other funding Disbursements, if applicable Green Building Standards are not timely satisfied.

For a complete explanation of these standards, see OHCS's Project Development Manual.

L. DEPARTMENT OF STATE LANDS (DSL) WETLANDS POLICY AND REVIEW

DSL will review all Projects for which funding is reserved by OHCS to determine whether or not regulated wetlands exist on the Project site. OHCS and Applicant, if requested, will submit relevant documents to DSL. If DSL determines wetlands are present or likely to be present, Applicants must get a qualified wetland consultant's wetland compliance verification and boundary delineation for submission, review and approval by DSL. DSL may impose additional site or design requirements for the Project.

Applicants must provide tax lot numbers for the submission to DSL. OHCS has provided a space on the Environmental Review Checklist for this information. Include the tax lot number for every parcel of land in the Project. A failure to provide the tax lot number(s) will delay the DSL review process and may result, *inter alia*, in rescission of a Reservation or recoupment of any Disbursement.

M. BUREAU OF LABOR AND INDUSTRIES (BOLI) REQUIREMENTS

Funding recipients (Grantees) must comply with any applicable federal or state prevailing wage law. Applicants must contact BOLI for information on how prevailing wage laws may apply to the proposed Project. A BOLI determination letter must be submitted on every project submitted to OHCS.

Prevailing wage laws may apply if all or part of the Project is deemed to be a public works project. This determination may be made if the Grantee is a public agency, such as a housing authority, and the intent is to construct or contract for the construction of all or part of the Project with public funds.

The Project may be subject to state prevailing wages if the Applicant receives seven hundred fifty thousand dollars (\$750,000) or more in public funds and the Project, *inter alia*, meets any of the following criteria:

1. Less than sixty percent (60%) of the occupants have incomes less or equal to sixty percent (60%) of area median income;
2. A Project building is more than four (4) stories high (unless there is a local building code exemption); or
3. The overall Project includes portions, even if not constructed or contracted for construction by the Applicant, which may be deemed public works (i.e., a "mixed-use" project).

At any time during development, any change in the Project could cause the coverage determination to be void. Applicants should request updated determinations from BOLI as necessary.

This notice does not constitute legal advice. OHCS is not responsible for the determination of prevailing wages status on projects. OHCS encourages Applicants to have their attorney interpret BOLI rules as they apply to a specific Project. OHCS will not provide funding increases

to fill gaps resulting from the Applicant's failure to budget for prevailing wage requirements. OHCS specifically reserves the right to revise its reservation of funds to a Project, rescind such reservation, or recoup allocated resources if any BOLI-related funding gap should obtain.

N. HISTORIC PRESERVATION

OHCS encourages all Project sponsors working with properties fifty (50) years old or older to consult with the State Historic Preservation Office to determine the historic significance of related buildings. If Project buildings are determined to be of historical significance, OHCS encourages preservation of the historic elements in the most efficient and effective manner possible. The State Historic Preservation Office can be reached at:

**State Historic Preservation Office
725 Summer St. NE. Suite C
Salem, OR 97301**

O. CONSISTENCY WITH STATE CONSOLIDATED PLAN

OHCS is required to develop a comprehensive state plan for low-income Oregonians (OAR 456.572). OHCS has adopted the state and local Consolidated Plans as its comprehensive state plan. All Projects must be consistent with the state and local Consolidated Plans at the time the Request is submitted.

P. ENVIRONMENTAL ASSURANCE

OHCS expects any Project will be developed and operated in an environmentally safe and sound manner. Applicants and owners of Projects must comply with all applicable environmental laws, including obtaining appropriate environmental studies with respect to Project development and satisfactorily mitigating any negative conditions to OHCS's satisfaction. They also must design, develop, and operate the Project to ensure it affords safe, sanitary and otherwise habitable housing for tenants, adequately protects the value of any security interest of OHCS in the Project, and will function as intended for any applicable affordability period.

II. GENERAL UNDERWRITING

A. PROGRAM LIMITS:

OHCS has established the following program limits (Program Limits) for evaluating Projects. The Applicant should demonstrate in the Application compliance with all the Program Limits. In determining the amount of Program resources to allocate to a Project, OHCS may reduce the budget and funding amounts to reflect the Program Limits listed below. If the Applicant varies from the following Program Limits, mitigating factors must be provided by the Applicant, which factors will be subject to OHCS consideration in its sole discretion.

1. Operating Expenses

Operating expenses will be reviewed for reasonableness within the budgets submitted; Applicant may be required to submit documentation (including for example three years of audited financials for rehabilitation Projects) to substantiate that any or all of the Projects revenue or costs are reasonable. OHCS will review against its portfolio and take into consideration input from lenders and investors.

2. Minimum Debt Coverage Ratio

The minimum Debt Coverage Ratio (DCR) will be 1.15:1 for all hard amortizing debt through the initial 20-year pro forma period. Projects with debt coverage ratio that exceed 1.30:1 may be eligible for less Program Resources than applied for. Projects are underwritten on an individual basis in concert with the lenders to determine an appropriate DCR and perform subsidy layering.

3. Maximum Construction Contingencies

The maximum rehabilitation contingency amount is limited to ten percent (10%) of the total rehabilitation costs and the new construction contingency amount is limited to five percent (5%) of total new construction costs. Rehabilitation costs include rehabilitation hard costs, site work costs, and contractor profit and overhead. New construction costs include new construction hard costs, site work costs, and contractor profit and overhead.

4. Maximum Developer Fees

OHCS will consider Developer Fees, as specified in the table below; calculated as the Developer Fee plus Consultant Fees divided by the Total Project cost minus Acquisition, Developer Fee, Consultant Fees and Capitalized Reserves

$$\frac{\text{Developer Fee PLUS Consultant Fee}}{\text{Total Project Cost MINUS Acquisition, Developer Fee, Consultant Fee, Capitalized Reserves}}$$

Project Size	9% LIHTC New Construction	9% LIHTC Acquisition/ Rehab	4% LIHTC New Construction	4% LIHTC Acquisition/ Rehab
<31 Units	18%	20% + \$4,000/unit OR + \$5,500/unit for Preservation	20%	22% + \$4,000/unit OR + \$5,500/unit for Preservation
31-75 Units	16%	18% + \$4,000/unit OR + \$5,500/unit for Preservation	18%	20% + \$4,000/unit OR + \$5,500/unit for Preservation
76-100 Units	14%	16% + \$4,000/unit OR + \$5,500/unit for Preservation	16%	18% + \$4,000/unit OR + \$5,500/unit for Preservation
100+ Units	12%	14% + \$4,000/unit OR + \$5,500/unit for Preservation	14%	16% + \$4,000/unit OR + \$5,500/unit for Preservation

5. Maximum Contractor's Profit and Overhead

When the general contractor is a Principal, Related Party or otherwise has an Identity of Interest with the Applicant or Project Owner, OHCS will limit the general contractor's combined profit, general conditions and overhead to an amount up to ten percent (10%) of total rehabilitation/construction costs plus site work costs. All others will be limited to a combined profit, overhead and general conditions amount of up to fourteen percent (14%) of construction costs plus site work.

6. Cost Savings Clause

If a cost savings clause is included in the final, executed owner-contractor agreement, OHCS requires that the Loan Officer for OHCS be included in the distribution list for the submission of all contractor draw requests and change orders as submitted to the lender throughout the project. The information provided will be used for a final accounting of construction costs at final application. Any cost savings that result in an increase to the developer's fee or in the contractor profit and overhead exceeding the limitations set in section II (A)(4) above will not be allowed in eligible basis and may result in a reduction of tax credits.

B. PROGRAM THRESHOLDS:

OHCS has established the following Minimum Threshold Requirements (Thresholds) for evaluating Projects. The Applicant must demonstrate in the Request compliance with all the applicable Thresholds. Failure to pass any of these Thresholds will disqualify the Request from receiving any funding resources.

1. Asset Management Compliance

Applicant's current portfolio of Projects monitored by OHCS must be in compliance with required Program and OHCS regulations. Each Applicant will be evaluated using a standardized internal process reviewing asset management and compliance categories with portfolio thresholds and will be evaluated based on the size of the portfolio. Compliance categories evaluated will include the following:

- a. Most recent rating received for management reviews.
- b. Physical inspections.
- c. Tenant file reviews.
- d. REAC scores.
- e. Submission of required reporting including financial audits and certifications of program compliance (CCPC's).
- f. Owner and Management cooperation with reporting and communication.
- g. Need or outcome for a community evaluation within the last year.

The past performance of each Applicant will be evaluated internally by reviewing standard asset management and compliance categories against portfolio thresholds which are established based on the size of the portfolio.

2. Program Compliance

Applicants must satisfy all Program Requirements including, but not limited to, the Program Requirements for all applicable OHCS funding sources. Each OHCS funding source has separate requirements within the Request Application, including forms and exhibits that must be submitted simultaneously with the Request Application. These Requests, forms and exhibits are more particularly described and available in the Applications and Program Manuals.

3. Readiness to proceed

a. Site Control and Zoning

Site Control: The Applicant must have control of the land and other real property necessary for the Project by the Request deadline and submit evidence of that control with the Request

Acceptable evidence of site control is a document that has a complete and accurate legal description and is either:

- a valid recorded deed or conveyance showing the Applicant has Ownership,

- a valid purchase and sale agreement,
- a valid option to purchase,
- a valid option for a satisfactorily long-term lease; or
- other evidence satisfactory to OHCS.

In general, the Applicant must ensure the name on the evidence of site control and the Application is exactly the same. However, when the Applicant purchases the property through a nominee, such as an LLC, the Applicant must clearly explain and document to OHCS's satisfaction how it controls the entity that controls the site.

The site control document also must identify the exact same area as the Project site listed in the Application and the exact same cost for the land and/or existing buildings for the Project referenced in the development budget provided with the Application. If the site description in the Application and the site control document are not exactly the same, the Applicant must provide a narrative description and supporting documentation satisfactory to OHCS that clarifies how the area and cost for the Project were appropriately established.

Zoning: The Project must be properly zoned for the type of intended Project. The Applicant shall provide the Certification of Zoning executed by the appropriate zoning authority to verify appropriate zoning for the Project.

b. Additional Federal Project Resources Status

If the Applicant identifies additional federal resources to be used in financing the Project, such as rental or capital assistance from the U.S. Department of Housing and Urban Development (HUD), U.S. Department of Agriculture Rural Development (RD), or Veteran's Administration (VA), as part of the funding structure, the Applicant must provide evidence in the Request satisfactory to OHCS that an application for these federal resources has been submitted and remains active.

c. Adequacy of Development Schedule

The Applicant must submit a development schedule with its Request. The Applicant's development schedule must clearly demonstrate that funds will be invested and that the Project will be constructed, leased and stabilized within all required Program time frames. These Program time frames or deadlines are published in the appropriate Program Manuals.

d. Adequacy of the Environmental Checklist

The Applicant must submit a completed Environmental Checklist and a representative of OHCS must have completed a site visit prior to submitting the Request.

OHCS's Environmental checklist, *inter alia*, contains questions regarding:

- the suitability of the site,
- the distances to services,
- transportation and schools,
- the nature of existing structures,

- soil suitability,
- environmental hazards,
- safety concerns,
- noise problems,
- air quality issues,
- historic preservation,
- flood plain and wetlands issues, and finally,
- solid waste, waste water and storm water concerns.

The Applicant shall provide a mitigation plan satisfactory to OHCS for any material adverse information revealed in the Environmental Checklist.

III. Project Feasibility and Viability

OHCS evaluates all Projects for financial feasibility and viability, adequacy of construction, developer capacity and ownership integrity. Due to the wide variety of proposed Projects and the various mixes of Program resources requested, these guidelines are broadly designed to allow the Applicant the flexibility to describe the special characteristics of their Projects while providing OHCS with appropriate information to make its feasibility and viability, adequacy of construction, developer capacity and ownership integrity determinations. The following Guidelines are intended to provide guidance for OHCS staff and Applicants in preparing and reviewing relevant information.

A. FINANCIAL FEASIBILITY

1. Sources and Uses Statement:

The Applicant must submit the Sources and Uses statement with its Request or as otherwise required by OHCS. The Sources and Uses statement must describe all of the funds or Sources to be used to pay for all Project costs and the intended Uses of such funds. The statement must identify each separate source and use and the estimated timing of final approval for each. The Sources and Uses must balance fully and no Source may be unknown. If any sources or uses are identified as unknown at the time of review, the Request’s application may be deemed incomplete and removed from further processing.

Acquisition cost must be supported by an appraisal	Possible exception for HDGP and GHAP only project at the discretion of OHCS
Construction Inflation Factor / Cost Escalator (applies to separate line item above and beyond construction bid)	3% of total construction cost
Contingency - Target Percentages	5% New Construction 10% Rehabilitation

	5% Soft Cost Contingency
Contractor Profit and Overhead – non Identity of Interest (does not include general conditions)	14% of total construction cost or less
Contractor Profit and Overhead – Identity of Interest (does not include general conditions)	10% of total construction cost or less
Soft Costs	30% of Total Project Cost or less
Operating Reserve	Limited to six (6) months operating expenses + debt service
Lease Up Reserve	Submit cash flow analysis utilized to determine the amount
Reserve for Replacement (Capitalized)	Submit evidence of the partner lenders and/or investors to document their requirement
Consultant Contract	Submit a copy of each consultant contract that itemizes the services to be performed by each consultant and the amount of the consultant fee for each service or group of services.

2. Operating Pro Forma:

The Applicant must submit with its Application an operating pro forma for the Project satisfactory to OHCS demonstrating financial feasibility and viability of the Project for a typical twenty (20) year permanent loan period. Different Programs may have different compliance periods and OHCS may require that the operating pro forma address relevant compliance periods. In addition, the Applicant must demonstrate that the Project will continue to be economically feasible and have adequate replacement reserves for an extended use period of an additional fifteen (15) years after the initial compliance periods. The operating pro forma must list each of the compliance periods and extended use periods separately and include assumptions, notes and explanations regarding the respective income and expense projections. Absent a long-term commitment (in excess of ten (10) years), Projects with rental assistance must demonstrate financial feasibility excluding the rent subsidy.

If the Project includes commercial and/or other non-residential space, the Applicant must submit the following information and supporting documentation in addition to the residential pro forma requested above:

- A breakdown of the total residential and commercial project costs,
- A list of the financing sources for the commercial areas,
- Ownership entity and management agent of the commercial areas; and
- A thirty (30) year operating pro forma for both the residential and commercial areas.
- Such other information as OHCS may require.

The pro forma must contain the following data:

- Growth assumptions that are typically estimated at two percent (2%) per year for income and three percent (3%) per year for expenses.
- Estimates of income and expenses that are well documented by actual historical amounts, comparable income or expense studies, Applicant market assessment, a market study or an appraisal.
- Such other information as OHCS may require.

The pro forma also must address the following industry benchmarks:

- A vacancy ratio of not less than seven percent (7%), if a different rate is used, explanation must be provided in the Financial Description section of the application.
- An expense ratio and expenses per units properly scaled to the size and scope of the improvements, the cost of local utilities and taxes and the makeup of tenant population served.
- Replacement reserves properly scaled to the size and scope of the improvements and the age and condition of the property. Minimum guideline of \$350 per unit per year, \$300 for Senior Projects; amounts in excess will be allowed if reasonably justified by Capital Needs Assessment and / or lenders conditions.
- Operating Reserves that are limited to six (6) months or less of operating expenses + debt service and/or lender's conditions.

While using some benchmarks and industry best practices to evaluate the information, each pro forma will be separately assessed based on its reasonable and well-documented projection of income and expenses to determine if it effectively demonstrates the Project's financial feasibility and viability.

3. Debt Underwriting:

Many Projects require hard amortizing debt as one of the sources of funds. If there is hard amortizing debt, the proposed debt service coverage, and breakeven ratios must be in conformance with OHCS limits and industry norms noted previously. If there is no mortgage debt, then the pro forma must demonstrate a stable positive cash flow over 20 years.

B. ADEQUACY OF CONSTRUCTION

1. Project Development Manual; Architectural Guidance and Standards

The Department has established a set of design and construction standards to aid project stakeholders in the process of developing quality affordable housing in keeping the Department's mission and vision. These standards are presented in detail in the Department's Project Development Manual (PDM) which will be posted to the OHCS website in conjunction with any NOFA application. Principally, the standards encourage and direct project stakeholders in the use and integration of industry best practices in all aspects of the planning, design and construction process.

2. Design of Quality Affordable Housing

The design of quality affordable housing requires skillful integration of many disparate design factors and principles. The following list outlines some of the major design elements that will need to be carefully integrated during the design phase of the project to meet the design standards established by OHCS. The elements listed below are described in more detail in the OHCS Project Development Manual.

- Site, Building, and Dwelling Unit Design Standards
- Indoor and Outdoor Environments
- Land-Use and Building Code Requirements
- Sustainable "Green" Design and Construction Standards*
- Accessibility Standards and "Visitability"
- Material Selection and Building Envelope Best Practices
- Durability & Maintenance
- Health & Safety

*Applicants may choose from the Enterprise Green Community, Earth Advantage Homes, or LEED Certification in addition to other OHCS identified paths.

3. Rehabilitation Requirements

All Requests for rehabilitation Projects must include a professional, independent, third party Capital Needs Assessment (CNA).

For NOFA Projects, unless stated otherwise, the CNA must be less than twelve (12) months old at the time of application, so that if the Project is awarded funds the CNA will be within eighteen (18) months at the time of closing.

For 4% LIHTC Projects, the CNA must have been completed prior to eighteen (18) months of construction closing.

The CNA must address all of the components required by the Project Development Manual.

4. Inspections

OHCS, or its third-party representative, may perform inspections prior to, during and following an initial Reservation of resources by OHCS. OHCS, based on such inspections or otherwise, may disqualify an Applicant from advancing its Request, terminate or revoke a Reservation or Allocation, or exercise other remedies including, but not limited to, requiring changes to the Request, Project scope of work, or budget. OHCS may verify if work has been performed to its satisfaction. OHCS may require remediation of unsatisfactory work or conditions among other remedies.

Regarding LIHTC Projects receiving HOME, HUD regulations now require OHCS to implement a higher degree of construction and rehabilitation oversight of HOME-funded projects. OHCS will review and approve all construction-related documents prior to construction and monitor construction progress. OHCS will review and approve work write-ups (i.e., plans and specifications) and written costs estimates. Based on this review, OHCS will determine whether or not the work write-up or plans are in compliance with OHCS architectural standards, and if the construction and rehabilitation costs are reasonable.

OHCS will review construction contract(s) and construction documents to determine if they describe the work to be undertaken in adequate detail, including so that meaningful inspections can be conducted. The written scope of work to be performed must be in sufficient detail to establish the basis for a uniform inspection of the housing to determine compliance with OHCS Architectural Requirements. OHCS will review and approve written cost estimates for construction and/or rehabilitation in order to determine that costs are reasonable.

OHCS will conduct an initial property inspection and progress inspections to monitor construction progress. OHCS will conduct progress inspections during construction and/or rehabilitation in order to ascertain whether or not work is completed within established standards. Progress payments must be consistent with the amount of work performed. A final inspection will be conducted to determine if work was done in accordance with the Project's approved work write-ups or plans, and final payment will not occur until construction is satisfactorily completed in accordance with the applicable codes, the construction contract, and construction documents. OHCS may utilize in-house staff or qualified third-parties to accomplish the foregoing review.

C. DEVELOPMENT TEAM CAPACITY

1. Previous Experience

- The Applicant must demonstrate to the satisfaction of OHCS that the Applicant, the developer, the project management consultant, the general contractor, the development consultant under contract and/or other persons or organizations

materially involved in the acquisition, construction, rehabilitation, development, or improvement of the Project has:

- successfully completed a multi-family housing project of a comparable number of housing units, of similar complexity, and for a similar target population as the proposed Project;
- the necessary level of staffing and financial capacity to successfully manage development and operations of its current Project portfolio including, but not limited to, all current and pending projects and Applications; and
- successfully completed previous Projects for which a similar Program allocation was received in Oregon or other states.

If the Applicant is using a development consultant to show this capacity, the Applicant must also submit a copy of the executed contract detailing terms, conditions, and responsibilities between the Applicant and the development consultant.

2. Property Management Capacity

If the Applicant is going to employ a property manager with respect to the Project, the Applicant must provide a document detailing the experience level of the proposed property management firm that demonstrates they have successfully managed:

- a multi-family housing project of a comparable number of housing units and/or of a similar complexity as the proposed project; and
- a multi-family assisted or subsidized housing project with local, state, and/or federal operating requirements comparable to those of the requested Program.

OHCS will review the change of/or initial implementation of all Management Agents including Owners who are proposing to manage properties as Owner. OHCS policy requires 60 days' notice prior to any change. The owner must submit the proposed new agent plan and qualifications to Asset Management & Compliance section of OHCS. OHCS will review the materials and approve, conditionally approve, or disapprove the proposed agent. Management agents and/or Owners responsible for LIHTC compliance must attend LIHTC training and receive a certification from a nationally recognized LIHTC compliance trainer. Any exceptions to this policy will be made solely at the discretion of OHCS.

3. Financial Capacity:

As disclosed in the Request or other required information, Applicant's financial condition must not contain any adverse conditions that might materially impair the Applicant's ability to perform its financial obligations as sponsor during the construction or stabilization of the Project.

D. OWNERSHIP INTEGRITY:

- Neither Applicant nor any member or principal within the Project ownership or management will be currently under investigation for, indicted for or have been convicted of fraud or moral turpitude within the previous ten (10) years.
- Neither Applicant nor any member or principal within the Project ownership or management will be involved in a bankruptcy proceeding within the previous five (5) years.
- Neither Applicant nor any member or principal within the Project ownership or management will have been debarred or otherwise sanctioned by Agency or any other Federal Program.

IV. ADMINISTRATIVE GUIDELINES

A. RESERVATION OF AWARD AND RESERVATION LETTERS

When a Project is selected to receive a reservation of resources (Reservation) from one or more OHCS Program, a conditional commitment known as a Reservation Letter is issued. The Reservation Letter contains the significant terms and conditions and timeframes that must be satisfied in order for the Award to be funded, understanding that such satisfaction must be in compliance with all Project Requirements. Failure to satisfy any conditions in the Reservation Letter, any Program Requirements (including the execution and recording of related Affordability Agreements and other documents satisfactory to OHCS) may result in the revocation of the Reservation, recoupment of any allocation of resources, and the exercise of other available remedies.

B. INAPPROPRIATE USE OF RESOURCES

1. Debt Reduction

Program resources may not be used to buy down existing debt.

2. Reimbursement for Prior Construction

Program resources may not be used to reimburse construction or rehabilitation work started or completed within six (6) months before a Request is received by OHCS.

C. LEASEHOLD INTERESTS

If the Applicant proposes a long-term lease in lieu of fee ownership of the real property of any part of the Project or related land, then the Owner of the land and such other real property and holders of any liens or encumbrances with respect to the land or such other real property, must execute and record such additional documents as are satisfactory to OHCS, including, *inter alia*, to subordinate their interests in the land, such other real property and Project to the Affordability Agreements and other Project documents and otherwise to ensure, *inter alia*, OHCS's ability to enforce Project Requirements and recover provided resources throughout the applicable compliance and extend use periods and reasonably thereafter.

D. USE OF OHCS'S LEGAL DOCUMENTS

Applicant must execute and (if requested) record all documents required by OHCS (in form and substance satisfactory to OHCS), including but not limited to the Regulatory Agreement, binding the ownership entity and the Project to comply with Program Requirements.

Most required documents have been approved in template form by the Oregon Department of Justice (DOJ). No changes to the template language will be accepted. In addition, no side letters will be accepted.

OHCS will only consider project specific changes when it can be demonstrated that they are necessary for the project to move forward. Any proposed changes must be submitted in writing to OHCS staff. Any changes are subject to OHCS's sole discretion. Applicants must allow adequate time for review and comment by OHCS. All changes must be expressly approved by OHCS, in consultation with DOJ, prior to execution and recording. No entity or their representatives (borrowers, partners, or attorneys) should contact the DOJ directly. Applicant is responsible for legal and administrative costs of OHCS in negotiating required documents.

E. PROGRAM CHARGES

When applying for any Program funds, the Applicant must pay each applicable charge. These charges are as follows:

Charges required with the Notice of Funding Availability (NOFA) for the 9% Low Income Housing Tax Credit Program (LIHTC), the HOME Investment Partnership Program (unless prohibited by Program), and associated resources, include:

Application Charge: The lesser of \$25 per unit or (.5%) of the total funds requested;
Minimum \$100.

1. After a funding Reservation is issued, the following charges apply:

- Recipient Charge: Assessed on the cumulative total of NOFA resources:
 - <\$300K = \$1,000
 - >\$300K = \$2,000
 - LIHTC = \$2,500
- Farmworker Tax Credits: \$200 for each development that receives credits.
- Construction Analyst: \$2,200 per Project (HOME only)
- Document Preparation: \$100 per recorded document (normally assessed in escrow)

2. The following charges are associated with the 9% Low Income Housing Tax Credit Program:

- LIHTC Reservation: 5.5% <30 units or 6.5% >=30 units

- Late Carryover: If carryover application is received after December 1st: \$1,000 plus \$200 per business day, plus \$100 per hour for re-evaluation.
- Late Final Application: \$1,000 if final application is received more than six (6) months past placed-in-service date, plus \$100 per month, plus \$100 per hour for re-evaluation.
- Monitoring: \$35 per unit per year for first fifteen (15) years.
\$25 per unit per year for each year in the extend use period.

3. The following charges are associated with the 4% Low Income Housing Tax Credit Program:

- Application Charge: \$25 per unit + \$1,500 per additional site (scattered site properties)
- LIHTC Reservation: Twelve percent (12%) of annual allocation
- Recipient Charge: \$2,500
- Late Final Application: \$1,000 if final application is received more than six (6) months past placed-in-service date, plus \$100 per month, plus \$100 per hour for re-evaluation.
- Monitoring: \$35 per unit per year for first fifteen (15) years.
\$25 per unit per year for each year in the extend use period.

4. The following charges are associated with the tax-exempt conduit bond program (does not apply to bond refundings):

- Application Charge: \$1,500
- Issuance Charge:
 - <\$10,000,000 = One point five percent (1.5%) of aggregate bond amount
 - >\$10,000,000 = One percent (1.0%) of aggregate bond amount
 - Issuance charge is capped at \$100,000
 - Draw Downs are allowed only on an exception basis (\$10,000,000 minimum, additional (.5%) issuance charge)
 - DOJ: Included in issuance
 - Treasury: Included in issuance
 - Monitoring: \$10 per unit per year (this is in addition to any applicable LIHTC monitoring charges)

Fees and charges for negotiation of documents: Legal and administrative costs related to such negotiation.

Such other fees and charges that OHCS may assess under applicable Program Requirements or administrative rules.

Submit payment with the Charge Transmittal form.

Charges are non-refundable.

If awarded, OHCS grant resources may be requested for reimbursement of OHCS charges, excluding the application charge.

V. RIGHTS AND RESPONSIBILITIES

A. PROJECT DISQUALIFICATION/CANCELLATION

In addition to other available remedies, OHCS may disqualify the Project and Request, cancel any Reservation or Allocation of resources, and recoup any allocated or otherwise disbursed resources if:

1. The Applicant or Owner, or any of their agents, fail to comply with the requirements and policies of OHCS, including those outlined in this Manual; or
2. The Applicant or Owner, or any of their agents, fail to comply with the terms, conditions, obligations, and restrictions in the Request, the Reservation Letter, or other legal documents for the Project; or
3. The Applicant or Owner, or any of their agents, fail to timely satisfy any or all Project Requirements.

B. PROJECT/REQUEST DENIAL

OHCS may reject a Request where the Applicant, Owner, Principal, or other Participant with respect to the proposed Project, previously has:

1. Failed to complete projects in accordance with requests or certified plans presented to OHCS or other public or private allocating agencies.
2. Failed to complete a project within the time schedule required or budget indicated in the request.
3. Failed to effectively utilize previously allocated program funds and notified of such failure to meet appropriate utilization in advance of request NOFA closing date.
4. Been found to be in non-compliance with program rules as evidenced by OHCS or other public or private allocating agency project monitoring and missed the cure time deadline given in writing.
5. Been debarred by OHCS or other state, federal or local governmental agency.
6. Is currently under investigation or has been convicted within the last ten (10) years of criminal fraud, misrepresentation, misuse of funds, or moral turpitude or currently is indicted for such an offense.
7. Been subject to a bankruptcy proceeding within the last five (5) years.
8. Otherwise displayed an unwillingness or inability to comply with OHCS requirements.

OHCS reserves the right to disapprove any Request if, in its judgment, the proposed Project is not consistent with the goals of providing decent, safe and sanitary housing for low-income persons. OHCS may impose additional conditions on Project sponsors for any Project as part of the Request, Reservation or Allocation processes.

C. OHCS SOLE DISCRETION

OHCS reserves the right to determine, in its sole discretion, whether the Third-Party Letters of Interest or Intent, Award Letters, or Commitment Letters are satisfactory, and whether a lender or investor possesses the financial or other capacity to make a specific loan or investment. A change in the Project's financing structure or financing terms after Reservation of OHCS funds must be brought to the attention of OHCS. OHCS may in its sole discretion re-underwrite the Project, which may result in all or a part of OHCS resources being recaptured or reduced by, or returned to, OHCS.

D. NO REPRESENTATION OR WARRANTY

Issuance of a OHCS funding resource Reservation shall not constitute or be construed as a representation or warranty as to the feasibility or viability of the Project, or the Project's ongoing capacity for success, or any conclusions with respect to any matter of federal or state law. All OHCS resources are subject to various state and federal regulations governing the specific program from which they are obtained, and Applicants are responsible for the determination of their Project's eligibility and compliance consistent with all Project Requirements.

E. DECISIONS AND REVIEWS

Reservations, Allocations or Awards (collectively, Determinations) subject to State Housing Council review under ORS 456.561, and Determinations where additional OHCS funding supporting such Determinations are subject to Council review, are contingent, *inter alia*, upon Council approval of those Determinations or supporting funding. The Council may approve, reject, modify, or further condition funding awards submitted for its review, thereby directly or indirectly impacting OHCS Determinations.

GENERAL GLOSSARY OF TERMS

Affordability Agreements:	These are documents that contain the long term affordability restrictions Applicants agree to when receiving funding from affordable housing Programs. They are not exclusive of other required Project Documents.
Allocation Criteria:	These are the standards by which OHCS will competitively rank projects in a NOFA funding round.
Application or Request:	This means the all required Exhibits and Forms, if any, submitted by an Applicant for a Project.
CNA:	Capital Needs Assessment.
Construction Closing:	Typically, this is the stage in the funding process when all conditions of the Reservation Letter are satisfied and the Project is ready to commence construction.
Development Team:	This means the Applicant, the developer, the project management consultant, the general contractor, and all persons or organizations materially involved in the acquisition, construction, rehabilitation, development, or improvement of the Project.
Federally Subsidized Building:	A building is federally subsidized if it is financed by federal tax-exempt bonds or federal funds.
GPGM or Manual:	This means the General Policy and Guideline Manual.
Geographic Regions:	These are the three (3) areas of the state (Metro, non-Metro HUD HOME Participating Jurisdictions, Balance of State) that are grouped for the purpose of identifying needs and allocating funds to Projects through the NOFA Process.
Identity of Interests:	Identity of Interest means a financial, familial, or business relationship that permits less than arm's length transactions. For example: Related Parties; persons, entities, or organizations Affiliated With or Controlled By or In Control Of another; existence of a reimbursement program or exchange of funds; common financial interests; common officers, directors, stockholders, or managers; or family relationships between officers, directors, or stockholders.
LIHTC:	Low Income Housing Tax Credits (aka LIHTC, LIHC or Tax Credits).
Median Family Income:	Refers to the applicable published program income limits, also known as Area Median Income (AMI). HUD establishes the median income for

families in metropolitan and non-metropolitan areas for the current year and adjusts that amount for different family sizes.

NOFA: The Notice of Funding Availability (NOFA) is a uniform set of requirements for Sponsors to apply and compete for Program funds in a specific funding cycle.

NOFA Funds: The collective name of the amounts of tax credits, grants or loans requested in a NOFA from various Programs to finance a project.

Noncompliance: Noncompliance means a failure to meet any covenant, condition or term of any agreement between the Applicant or Project owner (including their officers, employees, agents, and assignees) and OHCS, a failure to meet the requirements of Section 42 of the Code, or failure to meet any other Program requirements from which a Project received funding.

OHCS: The section of Oregon Housing and Community Services that is responsible for the funding and administration of the LIHTC, Home and related affordable housing Programs.

Oregon Administrative Rules: The Oregon Administrative Rules (OARs) are the principles by which OHCS administers affordable housing Programs that are approved from time to time through the State Administrative rule process.

Placed-In-Service: This is the date for a new or existing building on which the building is ready and available for its specifically-assigned function. This is usually the date the first unit in the building is certified as being suitable for occupancy under state or local law. Substantial rehabilitation expenditures are treated as Placed-In-Service at the close of any twenty-four (24) month period over which the expenditures are aggregated, or a shorter timeline when appropriate.

Preservation Projects where at least twenty-five percent (25%) of the units have federal Project-based rent subsidies, and the Section 8 contracts are expiring; or the USDA Rural Development loans are maturing within 7 years; or the USDA Rural Development restrictive use covenants have expired; or the Project needs recapitalization, per capital needs assessment, of at least \$30,000 per unit; or Projects with public housing units undergoing a preservation transaction involving a comprehensive recapitalization.

Preservation (Developer fee) Projects where at least twenty-five percent (25%) of the units have federal Project-based rent subsidies; or the Project needs recapitalization, per capital needs assessment, of at least \$30,000 per unit; or Projects with public housing units undergoing a preservation transaction involving a comprehensive recapitalization.

Principal(s):	This means: (1) with respect to a Project owned by a partnership, the partners; (2) with respect to a Project owned by a limited liability company, the members and managers; and (3) with respect to Project owned by a closely-held corporation, the shareholders.
Program Funds:	The amount of grant funds or tax credit allocation identified in a specific Program to finance a Project or Projects.
Program Limits:	These are the financial limits set by regulation and OHCS on the amount of debt service, LIHTCs, loan amounts, construction contingency, developer fee, contractor's profit and overhead that apply in general to all Programs; and to the per Project basis boost allowed in the LIHTC Program.
Program(s):	A Program is a specific source of state or federal funds subject to a set of required codes or statutes that provide a methodology to award funds to the public for the development of affordable housing Projects.
Program Requirements:	All terms, conditions, covenants, or other obligations of a Applicant or Owner (including through their officers, employees, contractors, agents, and assignees) with respect to a Program from which funding is sought or provided with respect to a Project, including as contained in relevant statutes, regulations, administrative rules, manuals, codes, OHCS directives, policies, applicable documents, or otherwise.
Project:	A low-income multifamily housing development for which funding, in whole or in part, is sought from or obtained from OHCS, normally including related land and amenities.
Project Need Severity:	This is the need for a Project in a community as measured by evaluating the affordable housing gap in the county or city, the rate of population growth in the county comparison to the state, the age of the rental housing in the county, the rate of severe rent burden in the county or city in comparison to the state.
Qualified Nonprofit Organization:	This is an organization described in IRC Section 501(c)(3) or 501(c)(4) that is exempt from federal income tax under IRC Section 501(a) if OHCS determines the organization is not affiliated with or controlled by a for profit organization and an exempt purpose of such organization includes fostering low-income housing.
Related Entity/Person:	These include, but are not limited to; (1) members of a family; (2) a fiduciary and either a grantor or a beneficiary of a trust; (3) a party and a federally tax-exempt organization that the party, or members of the party's family, controls; (4) a party and either a corporation or a partnership in which the party has more than a fifty percent(50%) interest; (5) two(2)

business entities, either corporations or partnerships, where a party has more than a fifty percent (50%) interest in each; (6) two (2) corporations that are members of the same controlled group; and (7) two (2) parties engaged in trades or businesses under common control.

- Reservation Letter: When a project is selected to receive a reservation of Program Funds, it is documented in a Reservation Letter aka the “Reservation”. The Reservation Letter is a form of conditional commitment whereby the state agrees to fund an award when a sponsor has completed all the requirements listed in the Reservation Letter.
- Reservation and Extended Use Agreement (REUA): This is a legal document for the LIHTC program that contains the terms and conditions of the obligatory period of affordability, which is incorporated by reference into the recorded Declaration of Land Use Restrictive Covenants. The Declaration is recorded after Project completion.
- Reservation Period: The maximum time frame allowed for fulfilling all the terms and conditions of the Reservation Letter.
- Regulatory Agreement: This is any and all documents establishing Project operating obligations and standards including, but not limited to, restrictive covenants and equitable servitudes. It is commonly called a “Declaration” or “LURA” (Land Use Restrictive Agreement).
- Sponsor: The organization or entity that applies for funding for a Project from OHCS.
- Underserved Area: This is a Region, county, city whose existing affordable housing is identified as underfunded relative to its affordable housing need.
- Visitable: This means that a Project is able to be approached, entered and used by individuals with mobility impairments including, but not limited to, individuals using wheelchairs