General Policy and Guideline Manual (GPGM)

Affordable Rental Housing Division

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Overview

The Affordable Rental Housing Division (ARH) of Oregon Housing and Community Services (OHCS) is responsible for allocating state and federal resources for the development and preservation of affordable multi-family housing (Projects) in Oregon. OHCS provides resources to partners through an application process, allowing the agency to evaluate each proposal based on standards, benchmarks, and criteria as put forward by ARH. State and federal resources generally have specific requirements tied to the individual resources and are governed by rules, manuals, and guidelines consolidated into an OHCS funding program (Program). ARH allows developers to apply for funding for these resources through the Oregon Centralized Application (ORCA) process and provides this General Policy and Guideline Manual (GPGM or Manual) to share relevant uniform policies and guidelines with respect to the allocation of these resources.

Purpose of the Policy

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

Approval and Effective Date of the General Policy and Guideline Manual

This Manual shall be effective upon its approval and shall remain in effect indefinitely or until modified or terminated. Upon adoption, the Manual requirements will apply to all Projects with applications dated July 13, 2026, or later.

Administration and Interpretation of the GPGM

OHCS staff are authorized to interpret and administer the GPGM. In addition, staff have the authority to interpret and administer any specific Program regulation, policy, related administrative rule, or other Project requirement subject to the limitations of law. OHCS regularly sends out information, including but not limited to funding offering information, regulatory changes, trainings, etc., to interested parties in the form of email communications referenced as Affordable Rental Housing Division/Technical Advisories. To receive Technical Advisories, sign up on OHCS' website.

Definition of Terms

The terms defined in this GPGM (including those provided in this subsection), as well as terms defined in other existing program documents, will have the following meanings unless the context clearly indicates otherwise.

Accessible: Units that comply with federal accessibility guidelines implementing the Fair Housing Amendments Act of 1988, as amended and in effect on Jan. 1, 2004.

Affordability Agreements: These are documents that contain the long-term affordability restrictions that Applicants agree to when receiving funding from affordable housing Programs. They are not exclusive of other required Project documents.

Application or Request: This means all the required Exhibits and Forms, if any, submitted by an Applicant for a Project.

Applicant: Any sponsor, developer, or other entity related to a Project applying for funding from OHCS through the ORCA process or otherwise on behalf of that Project.

Capital Needs Assessment (CNA): also known as a Physical Needs Assessment, is a property inspection report that estimates the future costs of property maintenance and determines the cost to repair any parts of a property that must be fixed urgently.

Co-Developer or Developer: An organization with a controlling interest in the proposed or funded Project and that is or will be compensated for that controlling interest.

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.

Contingency: A set-aside of funds to be used for construction or development, but may not be certain to occur, and if used, it must not exceed OHCS combined maximums with any Application submission.

Development Team: This means the Applicant, the sponsor/owner, the developer, the co-developer, the development consultant, the architect, the general contractor, the management entity, 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: The General Policy and Guideline Manual (this document).

Geographic Regions: Are as defined in the ORCA Manual.

Identity of Interest: Identity of Interest means a financial, familial, or business relationship that permits less than arm's length transactions. For example: Related Entities/Persons; 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 (also referred to as 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 nonmetropolitan areas for the current year and adjusts that amount for different family sizes.

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 a failure to meet any other requirements of a Program from which a Project received funding.

OHCS Affordable Rental Housing (ARH): The division of Oregon Housing and Community Services that is responsible for the funding and administration of the LIHTC, HOME, and related affordable rental housing Programs.

ORCA: The Oregon Centralized Application (ORCA) is a uniform set of requirements for Sponsors to apply for funding from OHCS through any and all of its Programs through a consolidated funding process.

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 for occupancy 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 HUD Housing Choice Voucher Program (Section 8) contracts are expiring; or the USDA Rural Development loans are maturing within seven years; or the USDA Rural Development restrictive use covenants have expired; or the OHCS funding source restrictions are expiring within seven years of the date of initial Application; or the Project needs recapitalization, per capital needs assessment, for issues arising from physical conditions such as health and safety repair needs, the need for substantial critical rehabilitation, and building condition as documented in a Capital Needs Assessment; 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 a Project owned by a closely held corporation, the shareholders.

Program Funds: The amount of grant funds, loan 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 an 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.

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), OHCS determines is not affiliated with or controlled by a for-profit organization, and a stated 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%) ownership interest; (5) two business entities, either corporations or partnerships, where a party has more than a fifty percent (50%) interest in each; (6) two corporations that are members of the same controlled group; and (7) two parties engaged in trades or businesses under common control.

Sponsor: means any person meeting the legal, financial, credit, and other qualifications to be the borrower on an OHCS loan and to own and operate a project as set forth in the applicable program rules, statutes, and OHCS orders.

Standards-Based Evaluation Criteria: These are the standards, benchmarks, and criteria by which OHCS will evaluate projects in the ORCA process to determine if they meet the requirements for funding.

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.

Public Records

Materials and information submitted to OHCS are subject to public disclosure unless otherwise exempt from disclosure under ORS 192.355(24) or any other provision of the Oregon Public Records Law.

As of the date of this Manual, ORS 192.355(24) exempts OHCS from releasing to the public certain records, communications, and information submitted to OHCS by Applicants and recipients of loans, grants, LIHTCs, or other financial assistance.

> <u>ORS 192.355</u>
>
> The following public records are exempt from disclosure under ORS 192.311 (Definitions for ORS 192.311 to 192.478) to 192.478 (Exemption for Judicial Department):
>
> (24) The following records, communications and information obtained by the Housing and Community Services Department in connection with the

department's monitoring or administration of financial assistance or of housing or other developments:

(a) Personal and corporate financial statements and information, including tax returns.

(b) Credit reports.

(c) 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.

(d) Market studies and analyses.

(e) Articles of incorporation, partnership agreements and operating agreements.

(f) Commitment letters.

(g) Project pro forma statements.

(h) Project cost certifications and cost data.

(i) Audits.

(j) Project tenant correspondence.

(k) Personal information about a tenant.

(l) Housing assistance payments.

OHCS provides no assurance that any materials provided to OHCS can be protected from public release.

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 an obligation of a Project, person, or other entity to comply with the provisions of the GPGM, other Project Requirements, or formal commitments made, or establish a precedent for any other Project, person or entity. 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.

Remedies

OHCS may exercise any remedy provided in the GPGM, in any Program, or in any Project requirement (including, but not limited to, any associated legal document), or any remedy otherwise available under law with respect to any violation of applicable Project or Application requirements. OHCS remedies may include, but are not limited to, rejection of an application, denial of an application, or termination of the processing of an application.

General Requirements

Owners must satisfy these general requirements in order to obtain a conditional commitment of resources and for the subsequent resource commitment and disbursement of OHCS resources. For any third-party reports that are required by OHCS, the date the report was conducted must be less than one year old at the time of financial closing.

Fair Housing & Civil Rights Compliance

OHCS requires all Applicants and Recipients of OHCS resources to:

- Comply with all applicable state and federal nondiscrimination laws,
- Act affirmatively (including the use of appropriate outreach) to ensure those who may be, or are at risk of being, underserved are provided with OHCS resources and appropriate accessibility,
- Comply with Equal Opportunity Employment standards in hiring and retaining personnel, and
- Satisfy any population-specific or service standards as required in Program Requirements or as set forth in Project agreements.

Equity in Contracting

In its Equity in Contracting Compliance Manual (February 2025), which is incorporated into this GPGM by this reference, OHCS has established targets for contracting with firms owned by minorities, women, and veterans as well as emerging small businesses. Regional percentage targets refer to the percentage of total contract dollars awarded to firms owned by minorities, women, and veterans, as well as emerging small businesses – both those certified by COBID and those that self-identify as such. These targets vary by Equity in Contracting Region: 30% for Region 1 (Portland Metro area, including Multnomah, Clackamas, Washington, Hood River, and Columbia counties), and 20% for Regions 2-5 (rest of Oregon).

These firms include those certified by the Certification Office for Business Inclusion and Diversity (COBID) as Minority Business Enterprise (MBE), Women Business Enterprise (WBE), Veteran Business Enterprise (VBE), and Emerging Small Business (ESB). In addition, the project team may include firms that are not yet certified by COBID if the firms meet the eligibility criteria for the relevant certification established by the COBID office and are encouraged to complete their certification with the COBID office by the end of construction.

Additional information is available on OHCS' Equity in Contracting webpage. Project teams can view their performance on past OHCS-funded projects on the Equity in Contracting Project Performance tracker.

Identity of Interest

Applicants must disclose and describe to OHCS all Identities of Interest that exist with respect to the Applicant. Such disclosures shall be made when the Application is submitted or at any point in the process where an Identity of Interest may be created if the relationship arises after the Application has been submitted. Identities of Interest that are not disclosed may result in disqualification, a cancellation of funding, a breach of contract, or other appropriate measure as determined by OHCS.

Misrepresentation and Fraud

OHCS may disqualify an Applicant or Project, or cancel funding, if the Applicant, a Co-Applicant, a Principal, or any representative of these entities makes a material misstatement, omission, or misrepresentation to OHCS, is currently under investigation by a public body for, has a pending claim, indictment, suit, action, or other proceeding against them for, or has been convicted of or been determined by an administrative or judicial (whether criminal or civil) order or judgment to have committed fraud, misrepresentation, theft, embezzlement, or any other act of moral turpitude (including, but not limited to any felony or malicious behavior) within the previous ten years. OHCS, in its sole discretion, may also exercise any and all other remedies available, or otherwise available by law.

Project Changes

Applicants must notify OHCS in writing of, and obtain its written consent to, any material change in a Project or an Applicant's financial position. Applicants must notify OHCS promptly when a material change is first identified at any time during Impact Assessment, Financial Eligibility, and up to the Commitment step of the ORCA process. OHCS may give or withhold its consent, or condition its consent, in its reasonable discretion. For the purposes of applicable funding requirements under grant or loan agreements, or within the framework of an OHCS funding offering, material change means a change in or relating to the business, operations or use of capital provided by OHCS that taken as a whole would reasonably be expected to have a significant effect on the Project budget, housing type and population served, and includes a decision to implement such a change made by the principal or board of directors of the Applicant, Project sponsor, or owner.

A "material change" includes, but is not limited to, the following:

- Expanding the scope of the Project, which includes, but is not limited to, adding or subtracting buildings, units, and design elements that impact the budget and livability of tenants,
- Changing Project type,
- Switching to a different intended tenant population,
- Replacing Sponsor and Project ownership that has a financial impact on the Project or on any Co-developers,
- Adding or removing a financing source,
- A change to an Applicant's, Developer, or co-Developer's financial condition that OHCS determines could impair the Applicant's ability to complete the Project,
- Showing a funding gap, after funding approval and prior to closing and construction start, of more than ten percent (10%) of OHCS investment (exclusive of Tax Credits) or changing the number of units by ten percent (10%) or more is a substantial material change. In the case of a funding gap, Applicant must either locate additional funding to reduce the gap or forfeit the funding reservation.

OHCS will determine whether a change in a Project is material and that determination is final. If OHCS determines that a change in a Project is material, the Project will no longer be in compliance with any conditional commitments made by the Applicant, and the Applicant must repeat the Application process.

Feasibility and Viability Analysis

OHCS will only allocate such Program resources to a Project as it determines are necessary for the financial feasibility and viability of the Project. OHCS will evaluate each proposed Project based on relevant factors, including but not limited to the following items:

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

Feasibility limits may be used in the determination of the amount of funding OHCS reserves for each Project. If Projects fall outside the limits, OHCS may request Projects be brought in line with OHCS maximums and other limits prior to moving forward with consideration of an award. They may include but are not limited to the following:

- AMI and/or Rent levels per funding source requirements including the number of units needed and unit mix per funding source required.
- Verification and reasonableness of other income projected in income projections.
- Replacement Reserves of $450 per unit.
- Maximum per unit expenses are reasonable and supported by historical, third-party, or industry standard analysis.
- If using OAHTC, the Project demonstrates the ability to meet annual passthrough requirements where Project is not exempt.
- If applicable, tenant relocation plan and tenant survey must be submitted for approval and included in the Project budget and Uses of Funds.

Based on this evaluation, OHCS will determine which Program resources are to be reserved for the Project and estimate the amount of each resource assigned. Projects exceeding the maximums may be underwritten to these standards for determination of resources awarded.

Appraisal Review Process

Prior to OHCS' reliance on any appraisal or market study for underwriting, funding recommendation, commitment, reservation, closing, or acquisition-value limitation, OHCS will complete and retain an internal appraisal/market study review. The review will determine whether the report is credible, complete, consistent with the approved scope of work, applicable USPAP requirements, FIRREA requirements where applicable, and OHCS program requirements.

Acceptance of an appraisal or market study by OHCS does not require agreement with every analysis, opinion, or conclusion contained in the report. OHCS may accept, conditionally accept, request revision of, or reject a report based on its intended use and program requirements. The review shall be documented in a written review report, review memorandum, or review summary maintained in the project file.

OHCS may establish a Reliance Value for program purposes following completion of the appraisal review process. The reliance Value may be equal to, less than, or otherwise different from the appraiser's concluded value when supported by documented review findings, affordability restrictions, market evidence, program requirements, or risk considerations. The reliance value shall be documented in the review report or review memorandum.

For acquisition transactions, OHCS shall not rely upon an acquisition value greater than the approved OHCS Reliance Value established through the appraisal review process unless specifically authorized through a documented exception approved by OHCS.

Following review, OHCS may:

- Accept the report.
- Accept the report subject to conditions.
- Request clarification or revision.
- Require a Reliance Value different from the concluded value.
- Reject the report for program purposes.

Appraisal Requirements

OHCS requires an appraisal for every Project as part of the required documentation for an Application, either in combination with a Market Study or as a stand-alone appraisal prepared in conformance with Oregon Statutes, FIRREA standards, and OHCS policy.

1. FIRREA standards require that appraisals must be ordered by the lender or other financial institution. The bank or financial institution must engage the appraiser, who cannot have an identity of interest to the lender, borrower, seller or buyer. The bank or financial institution must define the purpose of the appraisal and provide guidance to the appraiser as to the bank or financial institution's requirements.
    - For Projects that currently have restricted rents, the appraisal must include an "As is" Restricted Rent Value.
2. For Projects currently receiving or will receive at time of sale a project-based subsidy, the appraisal must include an "as is" restricted rent value taking into consideration the subsidy is generally marked to market.

- For Projects that do not currently have restricted rents, the appraisal must include an "as is" Market Rent Value.
- In all appraisals an "as is" Market Value for land must be included, which reflects the value of the land without an restrictions.
- In all appraisals an "as is" Land Value as Restricted, which reflects - the market value of the land considering the existing covenants and restrictions including rent and income levels.
- OHCS must be named as an intended user of the appraisal and OHCS must be provided an opportunity to discuss the report with its preparer.
- OHCS does not waive requirements for appraisals.

Deadlines for delivery of appraisal to OHCS:

- Standard ORCA process – Acceptable appraisal must be received at or before the Commitment step to receive approval to move past that step.
- 9% LIHTC programs – Acceptable appraisal must be received within ninety (90) days of award.
- 4% LIHTC program – Acceptable appraisal must be received as soon as available, but not later than 30 days prior to construction close.

Development Team Insurance Requirements

The Project Owner is responsible for ensuring that all Development Team entities maintain required insurance coverage. Development Team members are responsible for confirming with the Project Owner that all coverages appropriate to the project's funding source are in place. Insurance requirements with more restrictive requirements may supersede this Section.

This policy applies to all projects receiving new Department funding. The requirements in this subsection apply to all projects subsidized through any Department-administered funding program. In addition, rehabilitation or new construction projects on assets currently within the Department's Asset Management Portfolio that are not receiving new Department funding may be subject to some or all provisions of this Section, as determined by the Department.

Commercial General Liability Insurance

Project Owner Carried Insurance (During the Construction Contract Term)

Coverage must meet the following minimum requirements:

- Minimum limits of $1,000,000 per occurrence and $2,000,000 aggregate for bodily injury and property damage.
- Oregon Housing & Community Services (OHCS) must be named as both Certificate Holder and Additional Insured.
- Coverage must include Products and Completed Operations and must remain in effect for at least twelve months after Substantial Completion.
- The insurer must provide OHCS with at least 30 days prior written notice of cancellation, non-renewal, or material change.

Architect of Record and Other Licensed Professionals (Excluding Construction Contractors)

- Requirements contained in the Project-Owner/OHCS Legal Documents or the Reservation & Conditions Letter supersede this Section.
- Although OHCS may not require insurance from certain professional entities, the Project Owner is strongly encouraged to evaluate and secure appropriate coverage to mitigate Project risk.
- Minimum limits of $1,000,000 per occurrence and $2,000,000 aggregate.
- OHCS named as Certificate Holder and Additional Insured.

- Coverage for Products and Completed Operations through at least twelve months after Substantial Completion.
- Thirty days prior written notice of cancellation, non-renewal, or material change.

Prime Construction Contractor (General Contractor)

- Requirements in the Project-Owner/OHCS Legal Documents or the Reservation & Conditions Letter supersede this Section.
- OHCS may not require insurance in all circumstances; however, the Project Owner should secure coverage appropriate to the Project's needs.

Additional Insurance Requirements

The requirements in this subsection apply to all projects when Department-administered program funding is provided in the form of a grant or loan, or as otherwise directed by the Department. Requirements include, but are not limited to:

- Though some projects may not be required by the Department to carry the insurance required under this (such as projects with funding limited only to Low Income Housing Tax Credits (LIHTC) and/or Oregon Affordable Housing Tax Credits (OAHTC), entities other than OHCS with a financial interest in the Project may require insurance similar to and/or in addition to coverages listed in this Section.

Project Owner Carried Insurance

1. "All Risk" Builder's Risk Insurance (provided by either the General Contractor or the Project Owner during the Construction Phase):
    - Coverage equal to the greater of the Construction Contract amount or 100% of the insurable replacement value.
    - OHCS named as Loss Payee.
    - Replacement Cost valuation basis.
    - Inclusion of an Agreed Value Clause (no co-insurance).
    - Flood insurance for properties located in FEMA Zone A, in an amount equal to the lesser of the OHCS funding amount, or the maximum FEMA limit.

- Insurer must provide 30 days prior written notice to OHCS for cancellation, non-renewal, or material change.

2. Worker's Compensation Insurance
    - Coverage meeting Oregon statutory limits.
    - OHCS must be named a Certificate Holder.
    - Entities without employees must provide a written statement issued to OHCS stating that they do not have employees.
3. Automobile Liability Insurance
    - Coverage including limits for bodily injury and property damage of not less than $1,000,000 per occurrence.
    - OHCS must be named as both additional insured (provide endorsement) and as a certificate holder.
    - Entities without autos must provide written proof to OHCS of having "non-owned and hired" coverage.
4. Title Insurance (applicable to OHCS-issued Loans only)
    - ALTA Extended Lender's Policy.
    - Required endorsements include:
        - OTIRO 209.1-06(Private Rights, Minerals)
        - OTIRO 209.7-06 (Restrictions, Encroachments, Minerals Land Under Development (ALTA 9.7-06))
        - OTIRO 208.2-06 (Commercial Environmental Protection Lien Endorsement)
    - Additional endorsements may be required based on project-specific considerations.

<u>Architect of Record and Other Licensed Professionals</u> (Excluding Construction Contractors)

Professional Liability or Errors & Omissions Insurance

Minimum limit of $1,000,000 per occurrence.

- Worker's Compensation Insurance
- Coverage meeting Oregon statutory limits.
- OHCS must be named as Certificate Holder.

- Entities without employees must provide a written statement issued to OHCS stating that they do not have employees.

Automobile Liability Insurance

- Coverage including limits for bodily injury and property damage of not less than $1,000,000 per occurrence.
- OHCS must be named as both additional insured (provide endorsement) and as a certificate holder.
- Entities without autos must provide written proof to OHCS of having "non-owned and hired" coverage.

<u>Prime Construction Contractor</u> (General Contractor)

"All Risk" Builder's Risk Insurance

- Either the GC or the Project Owner must provide this coverage during the Construction Phase of the Project.

Comprehensive General Liability Insurance

- Minimum limits of $1,000,000 per occurrence and $2,000,000 aggregate.
- OHCS is named as Certificate Holder and Additional Insured.
- Coverage for Products and Completed Operations through at least twelve months after Substantial Completion.
- Thirty days prior written notice of cancellation, non-renewal, or material change.

Worker's Compensation Insurance

- Coverage meeting Oregon statutory limits.
- OHCS must be named as Certificate Holder.
- Entities without employees must provide a written statement issued to OHCS stating that they do not have employees.

Automobile Liability Insurance

- Coverage including limits for bodily injury and property damage of not less than $1,000,000 per occurrence.

- OHCS must be named as both additional insured (provide endorsement) and as a certificate holder.
- Entities without autos must provide written proof to OHCS of having "non-owned and hired" coverage.

Construction Closing

For standard ORCA applications, the Applicant must provide OHCS a completed and signed Closing Date Commitment Letter formally scheduling their Construction Closing, a final development budget, final sources of funds, and documents to substantiate the final budget to receive a Reservation Letter and begin the closing process.

For 9% LIHTC transactions, Applicant(s) must give OHCS at least 90 days written notice of the scheduled Construction Closing. At least 30 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 submit to OHCS the Project's final development budget, final sources of funds, and documentation to substantiate the final budget items at least 30 days prior to OHCS staff submission to OHCS Finance Committee for approval.

Construction Draw Requirements

All draw request packages and change orders, regardless of funder/funding source, are to be submitted monthly to the Project's assigned Production Analyst. This includes draws on private construction debt sources or subsidy capital sources provided by other governmental entities.

Construction Monitoring

OHCS may perform at least one on-site visit during construction. In addition to OHCS staff site visits, OHCS may contract with a third-party construction inspector to perform milestone inspections, with additional visits if deficiencies or potential issues with the construction are observed. Inspections will occur at 50%, 90%, and 100% construction completion. While construction monitoring is most applicable to the Multifamily Rental Financing: Permanent Loan Program, OHCS may, at its own discretion, conduct site visits for construction inspection at other projects not involving the Permanent Loan Program.

Program Affordability Agreements

Any Program funding is subject to the execution and, as appropriate, recording of legal documents satisfactory to OHCS. Certain documents (such as Operating Agreements and Declarations of Restrictive Covenants) 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, will result in the termination of Application processing, loss of funding, and recoupment of disbursed funding.

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.

For a Project that includes unrestricted units, OHCS has several standards that must be adhered to in order to be eligible for and receive funding.

- Project must have affordability restrictions placed on a minimum of 10 units or 10% of total units, whichever is greater.
- Funding may not be used for the acquisition, construction, or rehabilitation of, or for any other costs relating to unrestricted units.
- Shared costs, including but not limited to, roof, parking, or infrastructure costs, may be financed in part using OHCS resources in the manner described in OAR 813.380
- The allocable cost of tenant facilities, such as swimming pools, other recreational facilities, and parking areas, may be included provided there is no separate fee for the use of the facilities, and they are made available on a comparable basis to all tenants in the Project.

Architectural Guidance and Standards

OHCS has established design and construction standards as included in the Architectural Index (the index) and the OHCS Architectural Standards (OAS). [Oregon Housing and Community Services : Affordable Rental Housing Architectural Standards : Oregon Centralized Application : State of Oregon]

These standards include accessibility requirements, climate resilience recommendations, energy efficiency guidelines and other architectural instructions supporting affordable housing development. Additional checklists are provided in applicant Workcenters for program specific requirements. Review OHCS architectural standards on the OHCS webpage and in the assigned Procorem workcenter.

Department of State Lands (DSL) Wetlands Policy and Review

Applicants must provide tax lot numbers of every parcel for submission to DSL. If a Project has its Impact Assessment application approved and receives a Comfort Letter and Conditional Hold of resources, OHCS will conduct an initial review for wetlands. If OHCS believes that there are wetlands present on site, it will send the information to DSL to verify the presence of regulated wetlands. If DSL determines wetlands are present or likely to be present, the Applicants must hire a qualified wetland consultant to conduct a wetlands compliance verification and boundary delineation for submission to DSL. DSL may require additional site and/or design requirements for the Project.

Bureau of Labor and Industries (BOLI) Requirements

Applicants must contact BOLI for a determination of whether prevailing wage laws apply to the proposed Project. A BOLI determination letter is required for every Project as part of the required documentation for an application to be approved at the Financial Eligibility step of an application. Although BOLI is the only body that can make a determination regarding the applicability of prevailing wage requirements, as a general matter the Project may be subject to state prevailing requirements if the Applicant receives $750,000 or more in public funds and does not meet the following criteria:

- Sixty percent (60%) or more of the occupants have incomes less than or equal to 60% of area median income (AMI);
- The Project is not more than 4 stories in height; or
- No portion of the Project, even if not constructed or contracted for construction by the Applicant, constitutes public works.

At any time during development, any change in the Project could cause the BOLI determination of prevailing wage exception to be void. Applicants should request updated determinations from BOLI if there are changes to the Project after receiving a determination letter.

This notice does not constitute legal advice. OHCS is not responsible for the determination of prevailing wages status on projects. OHCS will not increase funding to fill gaps resulting from the Applicant’s failure to budget for prevailing wage requirements and may instead rescind such reservation or recoup allocated resources. Applicants may be required to acknowledge in writing BOLI's coverage determination for their Project.

For projects subject to prevailing wage requirements in ORS 279C.800 to 279C.870, sponsors (on behalf of their contractor) must submit certified statements confirming payment of prevailing wages, as described in ORS 279C.845. These certified statements must be submitted monthly throughout the construction monitoring phase of development.

Historic Preservation

Buildings 50 years old or older may have historical significance. If the Project involves a building 50 years old or older, the Applicant must contact the State Historic Preservation Office (SHPO) to determine if the development will impact a building of historical significance and to understand SHPO requirements. State Historic Preservation Office information can be found on their website.

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 Impact Assessment application is submitted.

Environmental Assurance

OHCS expects that Projects will be developed and operated in an environmentally safe and sound manner. Applicants and owners of Projects must comply with all applicable environmental laws. They must obtain appropriate environmental studies with respect to Project development and show they are mitigating any negative conditions found through those studies to OHCS' satisfaction. They also must design, develop, and operate the Project to ensure it provides 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.

General Underwriting

Program Limits

OHCS has established program limits (Program Limits) for evaluating Projects. The Application should demonstrate compliance with all Program Limits. OHCS may reduce a Project's budget and funding amounts to reflect the Program Limits listed below. Applicants must explain and provide evidence of mitigating factors for any variations. Using one funding source to pay for an ineligible item with another funding source is not allowed. Additional requirements for Multifamily Rental Financing: Permanent Loan Program are included in the manual for that program.

Operating Expenses

Operating expenses will be reviewed for reasonableness and OHCS may require Applicants to submit documentation to support the long-term Operating Budget. OHCS will require a minimum and a maximum that are supported by historical, third-party, and industry standard analysis. Projects that exceed OHCS maximum expenses per unit may be either rejected or have funding restricted by feasibility limits. Projects below the OHCS minimum may be required to resubmit with adequate amounts reflected in their budget to meet minimum standards or similarly be rejected.

Operating expenses are between $6,500 and $8,500 per unit per annum (PUPA), excluding property taxes and resident services expenses. Programs may require a higher limit (depending on project location or funding source). Operating costs must be supported by an appraisal.

Projects with Permanent Supportive Housing (PSH) funds must show a minimum of $8,000 per unit per year for PSH unit operating expenses in the project application operating proforma. This amount cannot include the cost of PSH services funding but can include the cost of general resident services. If less than $8,000, a clear explanation must be provided and approved.

Minimum Debt Coverage Ratio

Pro forma must model a minimum debt service coverage ratio of 1.15 to 1.30 (depending on funding) on all "must-pay" primary debt. OHCS may reduce Program Resources for any Project with a debt coverage ratio that exceeds 1.30:1. OHCS reserves the right to provide exceptions consistent with the requirements of other funders or the underwriting results of OHCS' Permanent Loan Program.

The project maintains a positive cash flow through the 30-year proforma period, unless paired with 4% LIHTC. If paired with 4% LIHTC, positive cash flow through a minimum of 20 years is required.

If a Project does not have any permanent debt, the Project must meet a 30-year positive cash flow requirement.

Maximum Construction Contingences

The maximum construction contingency is 10% for rehabilitation Projects and 5% for new construction Projects. The percentages apply to hard costs, site work, and contractor profit and overhead. The contingency maximum is evaluated using all construction contingencies combined, i.e. owner, contractor, other.

Maximum Developer Fees

OHCS allowable developer fees are specified in the tables below; calculated as:

> (Developer fee plus consultant fees) divided by (total Project cost minus acquisition cost, developer fee, consultant fees, and capitalized reserves).

Table A: Maximum Developer Fees for Non-LIHTC Projects

Project Size	New Construction	Acquisition/Rehab	LIFT Acquisition Only
<31 units	16%	16% +$4,000/unit OR +$5,500/unit for Preservation	5%
31-75 units	14%	14% +$4,000/unit OR +$5,500/unit for Preservation	5%
76-100 units	12%	12% +$4,000/unit OR +$5,500/unit for Preservation	5%
100+ units	10%	10% +$4,000/unit OR +$5,500/unit for Preservation	5%

Table B: Maximum Developer Fees for Projects using 9% LIHTC

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

Table C: Maximum Developer Fees for Projects using 4% LIHTC

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

Deferred Development Fees

Projects seeking LIHTC/PAB allocations must demonstrate deferred developer fee repayment by year 15. All other projects must demonstrate deferred developer fee repayment by year 30.

Maximum Contractor Profit and Overhead

When the general contractor is a Principal, Related Entity/Person or otherwise has an Identity of Interest with the Applicant or Project owner, the general contractor's maximum combined profit, general conditions and overhead is limited to 10% of total rehabilitation/construction costs plus site work costs. All other contractors will be limited to 14% of total rehabilitation/construction costs plus site work costs.

Close Out/Final Application Requirement

OHCS requires submission of a final close out application, these details will vary from Project to Project and are shared with the Sponsor as the Project moves toward lease up.

Retainage Policy

Ten percent (10%) of the largest OHCS-funded capital resource in a housing Project is held as retainage on all OHCS funded multifamily Projects until all the conditions for release listed below are met to OHCS' satisfaction (unless there is HOME and/or HTF funding in the Project).

When HOME or HTF is a resource in a Project, the retainage will apply and based on the larger of either the HOME or HTF amount in the Project even when it is not the largest capital resource in the Project.

Conditions for Release of Retainage

Projects with LIHTC as a Resource:

For Projects that have federal tax credits (LIHTC), the retainage can be released at Certificate of Occupancy (CO) or, if agreed to by OHCS, Temporary Certificate of Occupancy (TCO). In order to release retainage at CO/TCO for project with LIHTC resources, the following requirements must be met:

- The Sponsor must provide the CO for all sites and buildings or Certificate of Substantial Completion. TCO may be acceptable at OHCS' discretion.
- Monthly reporting must be up to date.

- OHCS must have received an updated Application.

OHCS retains the right to release holdbacks on construction closing if these funds are needed as a cash collateral account for a public bond offering.

Projects Using State HOME or HTF:

For projects using HOME and HTF resources the following steps are necessary in order to release retainage:

- The Sponsor must provide the CO for all sites and buildings or Certificate of Substantial Completion. TCO may be acceptable at OHCS' discretion.
- The final construction inspection must have occurred, and any identified outstanding items satisfactorily resolved.
- HOME and HTF units must be occupied, and final tenant income, rent, and demographic information must be reported to OHCS.
- The criteria listed above is not applicable to HUD related sources offered through other participating jurisdictions.

Projects using state funding without any OHCS federal resources:

For Projects without LIHTC, additional documentation is required and Projects must be further in the completion process before retainage can be released. For these Projects, the following items must be met prior to release of retainage.

- All close-out materials and items listed in the Procorem Workcenter have been received and are satisfactory to OHCS.
- All Core Development Manual (CDM) and OHCS Architectural Standards (OAS) requirements applicable to the project have been completed to the satisfaction of OHCS.
- All construction draws have been processed.
- The CO has been received.

Cost Savings Clause

Any discussion about cost savings clause included in the final, executed owner-contractor agreement must include the OHCS Production Analyst assigned to the Project in the distribution list for the submission of all contractor draw requests and change orders as submitted to the lender throughout the Project. Any cost savings may result in a reduction of Program Resources

Additional PSH Specific Requirements

PSH projects funded with OHCS resources must utilize project-based rental assistance from a sustainable source (five-year commitment or more).

Utilities for PSH units must be owner-paid, unless another funding source requires an alternative, or if a project is an integrated PSH project and requires a portion of utilities to be tenant-paid. If so, PSH services budgets need to be able to support tenants when they are unable to pay for these utilities. PSH Projects must serve households with incomes at or below 60% Area Median Income (AMI).

Program Threshold Requirements

The Applicant must demonstrate it is in compliance with all applicable Threshold Requirements. Failure to do so will disqualify the Applicant from receiving any Program Resources.

Portfolio Management & Compliance

Applicant's current portfolio of Projects monitored by OHCS must be in compliance with required Program and OHCS regulations. OHCS will evaluate each Applicant using a standardized internal process reviewing asset management and compliance categories, including the following:

- Most recent rating received for management reviews.
- Physical inspections.
- Tenant file reviews.
- Real Estate Assessment Center (REAC) scores, if applicable.
- Submission of required reporting including financial audits and certifications of continuing program compliance (CCPC's).
- Owner and management cooperation with reporting and communication.
- Need or outcome for a community evaluation within the last year.

Readiness to Proceed

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

Acceptable evidence of site control is a document evidencing legal site control with a complete and accurate legal description of the property. The documentation must be valid. The following are examples of acceptable evidence for these purposes:

- recorded deed or conveyance showing the Applicant has ownership,
- purchase and sale agreement,
- option to purchase, or
- option for a long-term lease with a duration satisfactory to OHCS

OHCS may accept other evidence at its sole discretion.

Applicants must either ensure the name on the evidence of site control and the name on the Application are exactly the same or, when purchasing or leasing through a nominee, clearly explain and document how the Applicant 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 Application's development budget. If either is not exactly the same, the Applicant must provide a narrative description and supporting documentation adequately explaining the variation.

If your Project will be phased, the tax lots must already be parceled by submission of the Impact Assessment application of the ORCA.

Zoning: The Project Request must include the Certification of Zoning executed by the appropriate zoning authority indicating the real estate is properly zoned for the type of intended Project.

Additional Federal Project Resources Status

Requests must provide evidence that an application for any federal resources identified (rental or capital) has been submitted and remains active.

Adequacy of Development Schedule

Request must include a development schedule clearly demonstrating that the Project will meet all required ORCA time frames.

Adequacy of the Environmental Checklist

The Applicant must submit a complete Environmental Checklist. The Environmental Checklist must include all of the following information:

- 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
- solid waste, wastewater and storm water concerns.

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

Project Feasibility and Viability

OHCS evaluates all Projects for financial feasibility and viability, adequacy of construction, developer capacity and ownership integrity. The following Guidelines provide guidance for OHCS staff and Applicants in preparing and reviewing relevant information.

Financial Feasibility

The Applicant must submit the Sources and Uses statement and a completed proforma with its Request or as otherwise required by OHCS. The Sources and Uses statement must describe all sources to be used to pay for all uses. 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. OHCS may remove a request if any sources or uses are identified as unknown at the time of review.

There are several critical factors and standards that all Projects' sources and uses must adhere to. Failure to adhere to these factors and standards may result in removal of the Project from consideration for funding until the deficiency can be further addressed or a waiver is provided by OHCS staff, at its discretion. These factors and standards requirements are listed below in Table D.

Table D: Sources and Uses Requirements

Sources	**Use Requirements**
Construction Inflation Factor / Cost Escalator (applies to separate line item above and beyond construction bid)	The percentage of total construction cost not to exceed the Consumer Price Index as calculated by the Department of Administrative Services for the year in which the Financial Eligibility application proforma is submitted.
Soft Costs Inflation Factor / Cost Escalator	5% Soft Cost Contingency
Contractor Profit, General Conditions, and Overhead – Non-Identity of Interest	14% of total construction cost or less
Contractor Profit, General Conditions, and Overhead – Identity of Interest	10% of total construction cost or less
Soft Costs	30% of Total Project Cost or less
Operating Reserve	Minimum of 3 months and maximum of 12 months of 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 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.

Operating Pro Forma

The Applicant must submit an operating pro forma for the Project satisfactory to OHCS at each step of the ORCA (Impact Assessment, Financial Eligibility, and Commitment). Each pro forma must demonstrate the financial feasibility and viability of the Project for a typical 30-year permanent loan period, with more rigor and strictures placed on each pro forma received, with the pro forma submitted at the Commitment step of the ORCA being the final pro forma on which resources will be awarded.

Different Programs may have different compliance periods and OHCS may require that the operating pro forma address relevant compliance periods as resources are recommended after initial Impact Assessment Application. If other public capital or operating subsidies are used in financing the project, relevant requirements of those subsidy sources will also apply. In addition, the Applicant must demonstrate that the Project will continue to be economically feasible and have adequate replacement reserves for at least the first 30 years or as approved by OHCS.

Absent a long-term commitment (in excess of 10 years), Projects with rental assistance must demonstrate financial feasibility excluding the rent subsidy.

If other public capital or operating subsidies are used in financing the project, the relevant requirements of those subsidy sources will also apply.

If the Project includes commercial and/or other non-residential space, Applicant(s) must submit the following additional information and supporting documentation with both their Financial Eligibility pro forma and their pro forma submitted at the Commitment step 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,
- A 30-year operating pro forma for both the residential and commercial areas
- A breakdown of total unrestricted/market rate units and rent restricted units in compliance with OAR 813.380 and OHCS minimum restricted unit requirement, and
- Such other information as OHCS may require.

Every pro forma for each step in the ORCA process also must reflect the following:

- Either a vacancy ratio of not less than 5% - 7% or an explanation in the Financial Description for a different assumption.
- Annual growth assumptions for income of 2%.
- Annual growth assumptions for expenses of 3%.
- 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.
- Capitalize replacement reserves with an amount that is either justified by a 30-year replacement reserve analysis, or approved by OHCS.
- Replacement reserves of $450 per unit per year.
- Operating Reserves of six (6) months or less of operating expenses + debt service and/or lender's conditions.
- By the Financial Eligibility step in the ORCA process, construction costs must be supported with contractor prepared report aligned with Uniformat standards i.e. Construction Cost Estimate.
- Proformas for PSH projects:
    - 100% PSH projects must reflect a 7% to 10% vacancy rate for PSH units in their application's operating proforma. Integrated PSH projects must reflect a 7% vacancy rate to align with OHCS standards and accommodate PSH requirements. If the operating proforma provides vacancy rates that are less than 7% or more than 10%, a clear explanation must be provided and approved by OHCS.
    - Proformas for PSH projects must include a minimum $500 per unit per year replacement reserve for PSH units.

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 hard amortizing debt, then the pro forma must demonstrate a stable positive cash flow over 30 years.

Development Team: General Requirements and Capacity

Confirmation of the Development Team Entity

Co-Developers identified in the Application must be confirmed in all references to the Development Team at every step of the ORCA process, including in the proformas.

Contract Requirements

Contract & Scope of Work Requirements with Architects are as follows:

- The contract between Owner and Architect must be developed using standard AIA contract forms.
- The scope of the Architect's services must be clearly delineated.
- The Architect's fee must be for a fixed amount.
- The Architect's scope of services must incorporate standard Construction Phase support including, but not necessarily limited to, periodic Construction Observation site visits and associated architect prepared Construction Observation reports.

Contract Between Owner and General Contractor requirements are as follows:

- The contract must be developed using standard AIA contract forms.
- The contract must incorporate by reference the most current edition of form AIA A201, General Conditions of the Contract for Construction. Any modifications or additions to AIA A201 must be delineated in a Supplementary Conditions section of the contract.
- The Owner-GC contract amount must be for a stipulated sum (fixed price).
- The contract must comply with all requirements that may be stipulated in legal documents executed between the Department and the Project Owner and any requirements that may be stipulated within the project specific LOI and Legal Documents issued by the Department to the Project Owner.

General Requirements

The Sponsor/owner must obtain all insurance certificates from all Development Team members and submit them to the Department prior to Finance Closing.

Project Architects and General Contractors have appropriate licensures. Architects must be licensed in Oregon, General Contractor (GC) and all sub-contractors must carry and maintain in good standing, for the full duration of their involvement in the project, the appropriate CCB endorsements for the work being undertaken.

Contractors listed as Suspended or Debarred on the US General Services Administration's (GSA) System for Award Management (SAM) website are ineligible to participate in any project receiving any form of funding from an OHCS administered program.

Development Team members successfully complete and maintain OHCS prequalified status.

Previous Experience

The Applicant must demonstrate that the persons or organizations materially involved in the acquisition, construction, rehabilitation, development, or improvement of the Project have:

- 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 operation of its current project portfolio including all current and pending projects and Applications;
- Successfully completed previous Projects with a similar Program allocation.
- If using a development consultant to show this capacity, the Applicant must also submit a copy of the executed contract detailing terms, conditions, and responsibilities, and
- Completed and met minimum expectations in the Development Team Capacity standards based evaluation criteria in the ORCA, as well as Prequalification standards around experience prior to applying.

Property Management Capacity

The Request must include a document detailing the experience level of the proposed property management firm that demonstrates it has 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
- An assisted or subsidized multi-family housing project with local, state, and/or federal operating requirements comparable to those of the requested Program.

An owner must submit a proposed new agent plan and qualifications to OHCS Asset Management & Compliance at least 60 days prior to any change. OHCS will 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.

Financial Capacity

Applicant's financial condition must not contain any adverse conditions that might materially impair its ability to perform its financial obligations as sponsor.

Ownership Integrity

In order to qualify for funding, neither Applicant nor any member or principal within the Project ownership or management groups may meet any of the following criteria:

- Is currently under investigation for, indicted for or have been convicted of fraud or moral turpitude within the previous ten years;
- Is or has been involved in a bankruptcy proceeding within the previous five years;
- Has been debarred or otherwise sanctioned by agency or any other federal program, or
- Has outstanding charges owed to OHCS from previous applications or Projects.

Applicants must attest to compliance with this requirement through the Prequalification process to be eligible to apply for the ORCA.

Administrative Guidelines

Conditional Commitment / Commitment Letters

Failure to satisfy any conditions in the Comfort Letter, OHCS Letter of Intent, or Reservation and Conditions Letter may result in the revocation of the Funding commitment and the exercise of other available remedies.

Inappropriate Use of Resources

Utilization of resources outside of approved parameters may result in funding recapture, breach of contract and or any and all other remedies as available to OHCS.

Leasehold Interests

If the Applicant proposes a lease instead of fee ownership for any part of the Project, then the Owner of the land and holders of any liens or encumbrances must subordinate their interests to the Affordability Agreements.

Use of OHCS Legal Documents

Applicant must execute and (if requested) record all documents required by OHCS.

OHCS will not accept changes to the template language or side letters unless OHCS is satisfied that it is necessary for the Project to move forward and receives approval from the Department of Justice (DOJ). Applicants must allow adequate time for OHCS and DOJ to review. No entity or their representatives (borrowers, partners, or attorneys) should contact DOJ directly. Applicant is responsible for all legal and administrative costs to complete and negotiate required documents.

Program Charges

The following is a list of OHCS charges and is not intended to be exhaustive. Please check Program Manuals for any additional program-specific charges, and more details on the charges.

Table E: General Charges (Assessed during ORCA and Underwriting steps)

Type	Amount	Description/ Comments
General Application	$2,500	Charged for submission of a complete impact assessment application.

Type	Amount	Description/ Comments
Reservation- Grant	1% of reservation	Not applicable when paired with 9% LIHTC
Reservation- Loan	1.5% of reservation amount	Not applicable when paired with 9% LIHTC.
Document Preparation and Recording	$750 per recorded document	
Packet Review	$300 per review	Applies to Management Agent Packet reviews only outside of initial project financing
Recipient Charge	≤$300k = $1,000 >$300k = $2,000 >$300k with LIHTC = $2,500	After a funding reservation is issued, invoiced at closing. Applies to all capital resources.
Scattered Site Charge	$1,500 per additional site	

Table F: 9% LIHTC Charges

Type	Amount	Description/ Comments
9% Application	$1,000	In addition to the General Application charge
9% Reservation	9.5% of annual allocation	Charged at closing.
9% Late Carryover	$1,000 plus $200 per business day. $100/hour for re-evaluation	If carryover application is received after December 1st.
LIHTC Late Submittal Final Application	$1,000 plus $100 per month. $100 per hour for re-evaluation	More than 120 days after placed in service.

Table G: 4% LIHTC Charges

Type	Amount	Description/ Comments
4% Application	$2,500	In addition to the General Application charge

Type	Amount	Description/ Comments
4% Reservation	12% of annual allocation	Charged at closing.
Average Income	Either $450/unit one time charge at closing OR $15 per unit per year monitoring during compliance period	LIFT is not eligible for Average Income.
LIHTC Late Submittal Final Application	$1,000 plus $100 per month. $100 per hour for re-evaluation	More than 120 days after placed in service.

Table H: Tax-Exempt Conduit Bonds Charges

Type	Amount	Description/ Comments
Conduit Bond Application	$1,500	In addition to the General Application charge
Issuance Charge	1.5%	Charged up front on the full tax-exempt portion of the bond.
Annual Charge on Balance	0.25%	Charged annually on the remaining outstanding balance of the full bond (tax-exempt and taxable if there is a taxable tail).

Table I: Multifamily Rental Financing: Permanent Loan Program Charges

Type	Amount	Description/ Comments
Permanent Loan Program Application	$1,500	In addition to the ORCA application charge
Issuance Charge	1.5%	Charged at closing on the full loan amount
Good Faith Deposit	$10,000	Nonrefundable, due at the start of loan working group calls and credited towards the OHCS issuance charge at permanent loan closing.
Project's share of third-party costs	$500	Including but not limited to bond council, financial advisors, appraisal, market study and on-site construction inspectors.

Table J: Other Program-Specific Application Charges

Type	Amount	Description/ Comments
Agricultural Workforce Housing Tax Credit (AWHTC)	$200	For on-farm Developments
Predevelopment	$500	N/A
Land Acquisition	$500	N/A
Portfolio Stabilization Investment (PSI)	$500	N/A

Table K: Monitoring Charges

Monitoring charges are not stacked. If funded by more than one source, the largest eligible monitoring charge applies.

Type	Amount	Description/ Comments
Non-LIHTC Monitoring	$25/unit/year	N/A
LIHTC Monitoring	$ 40/unit/year for the first 15 years, $30/unit/year after 15 years	For 4% and 9% projects.
Conduit Bond Monitoring	$10/unit/year	For conduit bonds if there is no other OHCS funding source.
Utility Consumption Monitoring	$100 plus $3/unit	Applies to Utility Consumption Modeling used when standard models are not adopted.
Permanent Loan Program Monitoring	$45/unit per year	For Permanent Loan Program loans (including Elderly and Disabled and Risk Share)

Project Disqualification / Cancellation

In addition to other available remedies, OHCS may disqualify a Project and Application, cancel any conditional commitment or allocation of resources, and recoup any allocated or otherwise disbursed resources if the Applicant or Owner, or any of their agents, fails to meet any of the following criteria:

- Comply with the requirements and policies of OHCS, including those outlined in this Manual,
- Comply with the terms, conditions, obligations, and restrictions in the ORCA,
- the Application, the Reservation Letter, or other legal documents for the Project, or
- Timely satisfy any or all Project or ORCA requirements.

Project / Application Denial

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

- Failed to complete projects in accordance with requests or certified plans presented to OHCS or other public or private allocating agencies.
- Failed to complete a project within the time schedule required or budget indicated in the request.
- Failed to effectively utilize previously allocated program funds and notified of such failure to meet appropriate utilization in advance of ORCA application submittal.
- 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.
- Been debarred by OHCS or other state, federal or local governmental agency.
- 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.
- Been subject to a bankruptcy proceeding within the last five (5) years.
- Otherwise displayed an unwillingness or inability to comply with OHCS requirements.

OHCS may disapprove any Application 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 Application, review, evaluation, or allocation processes.

OHCS Sole Discretion

OHCS may determine, in its sole discretion, whether the third-party letters of interest or intent, award, conditional commitment 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 conditional commitment 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 reduced by or returned to OHCS.

No Representation or Warranty

Issuance of an OHCS funding resource conditional commitment 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.

Decisions and Reviews

Conditional commitments, commitments, allocations, or awards (collectively, Determinations) subject to Oregon Housing Stability Council review under ORS 456.561 are contingent, among other things, upon Council approval of those Determinations or supporting funding and OHCS receipt of funding from funding partners (including state and federal sources). The Council may approve, reject, modify, or further condition funding awards submitted for its review, thereby directly or indirectly impacting OHCS Determinations.