



OKLAHOMA HOUSING FINANCE AGENCY
Housing Trust Fund Program
Application Packet

100 N.W. 63rd St., Suite 200
P.O. Box 26720
Oklahoma City, OK 73126-0720

Table of Contents:

Introduction to the Oklahoma Housing Trust Fund Program 3
Funds Distribution 3
Housing Trust Fund Guidance 3
Loan Application Process 3
Time and Place of Loan Application Submissions 4
Technical Assistance 5
Loan Application Format and Supplemental Information 5
Specific Loan Application Information, Guidance and Documentation Requirements 5
Loan Application Questions 5
Contingent Commitment 6
Award Instrument 6
OHTF Compliance Monitoring 7
Forms of Assistance 8
Target Population 8
Periods of Affordability 8
Financial Assistance for Loan Application Preparation 8
Prohibited uses of OHTF Loan funds: 8
Eligible Entities 8
Eligible Activities 9
Developer Fees/Contractor Profit 9
Program Regulations 9
Match 9
Loan Application Analysis 10
Evaluation Criteria 10
OHFA Housing Trust Fund Applicant Information Form 16
Submission Checklist 18

Introduction to the Oklahoma Housing Trust Fund Program

In April 1998, the Governor of Oklahoma signed into law Senate Bill number 786, which established the Oklahoma Housing Trust Fund (OHTF), and assigned administration of the Oklahoma Housing Finance Agency (OHFA). This legislation was enacted as the result of State research into the affordability of housing for low and moderate-income persons. The Oklahoma Legislature found that current Oklahoma economic conditions, federal housing policies, and declining resources at the federal, state, and local level adversely affect the ability of low and moderate-income persons to obtain safe, decent, and affordable housing. The lack of affordable housing in rural communities of this state is an impediment to economic development and business expansion in these areas.

The primary goal of the OHTF Program is to increase the supply of decent, safe, sanitary, affordable housing based on proven market-driven demand. The intent is to provide a financial resource that will enable low and moderate-income citizens obtain safe and decent affordable housing. Priority will be given to housing for low-income citizens.

Funds Distribution

At least 65%, but no more than 75%, of available funding must be allocated within counties of less than 490,000 in population.

Housing Trust Fund Guidance

Applicants may access guidance and information relating to the OHTF Program from the Housing Development Team (HDT) at OHFA. The OHTF is a flexible financial tool for housing development, but it can be complicated to work with when layered with other public and private funds. Information is also available at the OHFA website:

- www.ohfa.org

Applicants must demonstrate a clear understanding of the rules and regulations that govern the housing activity to be undertaken, and clearly demonstrate their capacity to proficiently complete the housing development project.

Loan Application Process

All eligible applicants seeking financial assistance will be charged a one-time non-refundable application fee of \$250.00. A cashier's check or bank draft must accompany the application, made payable to the Oklahoma Housing Finance Agency. All application fees will be used by OHFA to pay for overall OHTF delivery and operation activities.

The OHTF program will operate on a continuous application basis effective with the release of these application materials. Loan determinations and/or contingent commitments will be issued generally within sixty (60) calendar days of the submission

of a completed loan application if the application has been approved by OHFA's Board of Trustees. The Board of Trustees may, in their discretion, after hearing the recommendations of staff and the Applicants, elect to approve or deny irrespective of the recommendation by OHFA Staff, if deemed in the best interest of OHFA and the needs of the State of Oklahoma. Awards of funds are subject to the availability of funds, satisfying all loan underwriting, and evaluation criteria

Applicants proposing to incorporate the use of HOME funds and Affordable Housing Tax Credits (AHTC) with OHTF must submit their application at or before the time of their HOME and/or AHTC application submission. Applicants are expected to submit a fully responsive application passing all evaluation criteria set forth in Chapter 60 – Oklahoma Housing Trust Fund Rules.

Loan applications that do not satisfy loan evaluation criteria will not be eligible for funding. Major application deficiencies will be clearly communicated in writing to the applicant and applicant will receive a rejection generally within sixty (60) days.

No funding wait lists shall be established, and **OHFA may cease accepting applications at anytime.**

Time and Place of Loan Application Submissions

Applications that are submitted by electronic means (e-mail or fax) will not be accepted.

Hand delivered applications must be submitted to one of the HDT members listed on page 7 of the Application Packet at the address below. Applications cannot be left with receptionist. Persons delivering the application should ensure that their application is date-stamped, and obtain a receipt. Applications delivered after 4:30 pm will be date-stamped with the date of the next normal business day.

OKLAHOMA HOUSING FINANCE AGENCY
Attn: Housing Development Team
100 NW 63rd Street, Suite 200
Oklahoma City, OK 73116

Applications can be mailed to the following address:

OKLAHOMA HOUSING FINANCE AGENCY
Attention: Housing Development Team
P.O. Box 26720
Oklahoma City, OK 73126-0720

Technical Assistance

HDT Staff are available to provide technical assistance regarding a variety of housing and community development issues as they relate to individual project applications.

Applicants seeking technical assistance regarding the submission of an application are encouraged to make formal, written requests for technical assistance citing the specific topics of interest. Upon receipt of written requests for technical assistance, staff will contact applicants to establish a mutually agreeable date and time for technical assistance meetings that will include all relevant parties to the application. **Drop-in requests are strongly discouraged.**

Loan Application Format and Supplemental Information

The application must be typed single-spaced, with 12-point font, unreduced in size, on 8 ½ X 11 paper. All pages will be sequentially numbered and tabbed according to the criteria checklist attached to the loan application packet. HDT prefers the use of side or top mount ACCO type binders.

Loan applicants are required to submit **one original and one copy** of each application.

Supplemental data or information submitted at the request of OHFA Staff, should be sent as a separate volume, **one original copy**, clearly labeled, and bound in a manner that distinguishes it from the body of the primary loan application submission materials.

Specific Loan Application Information, Guidance and Documentation Requirements

Applicants for OHTF financial assistance are required to provide specific loan information, data, and support documentation that relates directly to the project. This information will be used by HDT to determine whether loan applications meet the underwriting criteria.

Applicants should prepare their loan submissions as though they are providing a loan application to their bank.

Loan Application Questions

Questions regarding OHTF loan applications may be directed in writing to:

Oklahoma Housing Finance Agency
Housing Development Team
P.O. Box 26720
Oklahoma City, OK 73126-0720

All Housing Development Team staff can be accessed by e-mail or phone. The individual fax number for each staff member is 405.419.9 plus the last three digits of that person's phone number.

john.marshall@ohfa.org	HDT Leader	405.419.8263
darrell.beavers@ohfa.org	HDT Manager	405.419.8261
jody.jenkins@ohfa.org	HDT Secretary	405.419.8133

Program Planners:

andre.blakley@ohfa.org	Program Planner	405.419.8135
darcy.green@ohfa.org	Program Planner	405.419.8201
pamela.miller@ohfa.org	Program Planner	405.419.8134
rory.pietsch@ohfa.org	Program Planner	405.419.8280
martha.reddout@ohfa.org	Program Planner	405.419.8269
shawn.smith@ohfa.org	Program Planner	405.419.8136

Program Finance:

chevelle.galbreath@ohfa.org	HOME Finance	405.419.8130
ronda.boles@ohfa.org	HOME Finance	405.419.8214

Program Compliance:

rick.reich@ohfa.org	Contract Admn. Manager	405.419.8145
donna.roberts@ohfa.org	Contract Admn. Supervisor	405.419.8148
sandra.worley@ohfa.org	HOME Compliance Officer	405.419.8131
elaine.bulmer@ohfa.org	HOME Compliance Officer	405.419.8132
sandra.rother@ohfa.org	AHTC Compliance Officer	405.419.8271
emmit.grayson@ohfa.org	AHTC Compliance Officer	405.419.8272

Contingent Commitment

Projects selected for funding that involve pending applications submitted to other public and private entities for other types of financing, will receive contingent OHTF loan commitments only. Contingent loan commitments will be withdrawn from applications that do not receive an award from other funding entities, such as Low Income Housing Tax Credits, HOME, Federal Home Loan Bank, private debt capital providers, and foundations.

The HDT reserves the right to adjust contingent loan commitment amounts based on the actual award from other financial participants, public and private.

Award Instrument

Loan Agreements and Promissory Notes will be used to contract with funded applicants in order to implement proposed affordable housing development activities issued through OHFA. Appropriate general and special conditions will be contained within the written

agreements. The maximum loan/contract period will be negotiable, but will generally not exceed eighteen (18) months.

OHFA will regularly assess the performance of its borrowers. In cases of non-performance and/or poor performance, OHFA may, where necessary, request the note be called. Poor performance and non-performance will include but not limited to:

- Actual progress varies substantially from the progress updates received.
- Proposed components of the project have failed to be included in the project. (e.g. funds were allocated to develop a three bedroom single family house, developer modifies the proposed idea and begins construction on a two bedroom single family home.)
- Developer must comply with compliance guidelines which are described further.

Funded loan applications and supplemental information are incorporated and made a part of the loan agreements. As such, they will be used to monitor project activities, implementation schedules, and performance. Requests for consideration of modifications and extensions must be made in writing prior to any changes and/or modifications. OHFA reserves the right to reject the request for consideration. Modifications and extensions may be considered only in extreme cases, and may be denied. Each circumstance will be examined on an individual basis, allowing staff to consider unforeseen events that would justify request for consideration.

OHTF Compliance Monitoring

These compliance-monitoring procedures apply to all buildings placed in service in Oklahoma, which have received allocations of OHTF funds. The compliance monitoring procedures and requirements are as follows:

- OHFA will verify that the owner of the affordable housing project is maintaining records for each qualified affordable housing unit in the project.
- OHFA will inspect 100% of the OHTF projects according to HUD standards and will inspect the Copy of the HUD income limits used for selection of the occupant/buyer, copy of the deed restrictions, covenant running with land or other forms approved by an OHFA trustee signifying the five (5) year affordability period, documentation recognizing occupant/buyer income at time of selection, and copy of certificate of occupancy.
- **For rental projects only**, the owner must allow OHFA to perform an on-site inspection of any low-income building in the project through the end of the compliance period. OHFA will promptly notify the owner in writing if OHFA is not permitted to inspect and review, or if staff discovers that the project does not comply with the OHTF Rules. In such event, the owner will be allowed a correction period to supply missing documentation or to correct noncompliance

Forms of Assistance

OHTF loans are intended to provide construction financing, with a maximum contract/loan term that is negotiable, but generally not exceed eighteen (18) months.

Funds are loaned in the form of collateralized loans. The maximum loan amount provided to any one multi-family application and/or project proposal will not exceed twenty-five percent (25%) of the total development costs, or five hundred thousand dollars (\$500,000), whichever is less. In a home ownership project, the OHTF may provide up to one hundred percent 100% (**maximum \$500,000**) of the total development costs of the project, however, OHFA and/or its Board of Trustees further reserves the right to adjust loan maximums based on the most efficient, and practical utilization of available resources.

Target Population

For multi-family projects, units assisted with an OHTF loan must serve target populations at or below 80% of the HUD's published area median family income for the county in which the project is located. For home ownership projects, assisted units must serve target populations at or below 100% of the area median family income for the county in which the project is located.

Periods of Affordability

All housing units receiving financial assistance from the OHTF program must remain affordable to target populations for a period of not less than five (5) years. Affordability periods must be assured by deed restrictions, covenants running with the land, or other forms approved by OHFA/HDT.

Financial Assistance for Loan Application Preparation

OHFA assumes no responsibility for any costs associated with loan application preparation or submittal of application.

Prohibited uses of OHTF Loan funds:

- Loans cannot be used to pay for project costs outside stated loan/contract periods
- Loans cannot be used to pay for existing indebtedness

Eligible Entities

Three eligible types of entities may apply directly for assistance.

- Political subdivisions (including, but not limited to, incorporated towns, cities, and counties, their trusts and authorities, and state trusts).

- Nonprofit organizations
- For-profit developers
- Native American Tribes

Eligible Activities

The primary eligible affordable housing activities under the OHTF Program include:

- New construction of rental and home ownership units.
- Conversion of non-residential buildings or structures into rental or home-ownership units.
- Acquisition and/or rehabilitation.
- Infrastructure development, when it is an essential element of a total affordable housing development project.

Developer Fees/Contractor Profit

OHFA allows for developer fees where appropriate, and will be based on total project development costs. Total development costs should be based on size, type of project, number of units involved, hard costs and project soft costs. Builder's profit and developer fees collectively should not exceed twenty-four (24%) of the total development cost (**less developer fees and builder's profit**). Staff will thoroughly review proposed fees; therefore, providing documentation to justify the requested developer fee is **required**. OHFA reserves the right to adjust/reduce proposed developer fees. Circumstances that would encourage staff to adjust:

- Location of project
- Size of the development
- Accessibility to materials

Note: Layering funding sources will restrict total developer fees and builder's profit to the source that provides the maximum amount of developer fees/contractor profit.

Program Regulations

OHTF is not a federal program. However, any application combining resources from a program such as HOME, Tax Credit, or CDBG must follow applicable federal regulations for each of the Federal sources of funding in addition to any other laws and regulation that may be applicable.

Match

The OHTF program has no match requirements.

Loan Application Analysis

Loan Applications will be analyzed using evaluation criteria. Only loan applications that are responsive to all criteria will be eligible for funding. Fully responsive loan applications are defined as loan applications that provide full and complete project documentation at the time of submission.

OHFA/HDT will assume that each application submitted is complete and correct. However, additional information or clarification may be requested from an applicant after loan application submission.

Evaluation Criteria

An applicant must meet **all** evaluation criteria listed below at the time of loan application submission. Applicant must be an eligible entity and must provide a fully responsive loan application.

- 1) **Project Description** - Applicant to provide a detailed project description that describes project activities and states the essential characteristics of the proposed project. Project description should contain the following:

Essential characteristics of the project are clearly stated:

- Nature of project
 - Project activities
 - Location of project
 - Number and type of units
 - Floor plans and elevations
 - Describes all non-financial aspects of project
 - ◆ Role of Applicant
 - ◆ Administrators or consultants
 - ◆ Partners in the project
 - Describes all financial aspects of project
 - ◆ HOME funds
 - ◆ Private lending sources
 - ◆ Grants and other government sources
 - ◆ Leverage
- 2) **Organizational Structure/Capacity** – Applicants must demonstrate both staff and organizational expertise directly related to the type of proposed housing activity. Application should provide at a minimum:

- Organizational chart that describes how each project responsible staff/position is structured within the organization.
 - Description of number and type of personnel responsible for implementing project activities
 - Narrative describing the experience of organization and staff in the use of OHTF funds and other federally assisted housing activities over the past 24 months
 - If the project involves other parties – Narrative describing applicants role as general partner, co-manager, or co-developer etc.
- 2) **Financial Management** - The application at a minimum fully provides the following:
- Executed Current Financial Statement
 - Applicant’s financial policies and internal controls and their compliance with GAAP.
 - Requests for funds, disbursement of funds, payment of subcontractors, and similar financial processes.
- 3) **Market Study** – A market analysis is required for all types of activities. Proposed projects of twenty-one (21) units or more must provide an independent third party market analysis. Projects less than twenty-one (21) units can provide a locally produced market study that supports demand for the proposed project. All market studies must be dated no later than 12 months prior to the date of the application. Loan applicants are required to demonstrate and document their familiarity with the market they propose to serve. Proposed projects must be clearly market-driven. The study, at a minimum, must satisfy the following:
- Area map that clearly identifies the location of the project in relation to transportation, shopping, schools, hospitals, employment centers, and other amenities
 - Analysis must include a site evaluation, including such items as physical features and characteristics of the site and adjacent parcels, site attributes, surrounding land uses, site proximity to public services and transportation. (must include photos of site)
 - Analysis must include community demographic data such as population by age, households by income group and size, and population growth patterns.
 - Analysis must include project-specific absorption information using supply and demand data that considers projected household growth, rent burden data, current occupancy/vacancy data for both renter-occupied and owner-occupied units, current project development data, and projected or planned development data and other relevant information.
 - Analysis must include sound evidence that the market place indicators fully support the economic feasibility of the proposed project that will attract private investment and debt capital.
 - All data sources used to develop the study must be identified

- Analysis must include a local economic assessment
 - Analyst must perform a site visit
- 3) **Project Management Control** – Applicants are required to describe at a minimum, their processes associated with project management. Specifically, the description must provide at a minimum:
- The applicant’s role in the project
 - The processes that will be used to provide daily project oversight activities
 - The process that will be used to provide production oversight to the point of project completion
 - Project management descriptions must provide the names and job titles of all staff persons responsible for project management and their area(s) of responsibility
- 4) **Financial Feasibility and Viability** – Applicants must detail the exact activities and costs to be paid using HTF funds. The application, should fully provide at a minimum:
- Project Development Budget
 - ◆ Raw land costs
 - ◆ Soft costs
 - ◆ Delineates labor and material
 - ◆ Detail cost of construction
 - Profit & Loss Statement
 - Cash flow Statement
 - Rent and Expense Proforma
 - Source and Use of Funds Statement
 - Permanent Mortgage Financing, Syndicators, Purchase Contracts, Public Financing (e.g.HOME, Tax Credit, CDBG, and Federal Home Loan Bank), Pre-qualified Buyers (**single family only**)
 - Detailed explanation:
 - ◆ Collateral for the OHTF loan
 - ◆ Method of OHTF loan Repayment
 - ◆ Draw schedule anticipated for project

HTF Underwriting Standards

Sources & Uses of Funds Statement:

- All proposed sources (private and public) and dollar amounts for each source. All uses of funds associated with the project.

Documentation necessary for Sources of Funds, as a minimum:

- Commitment letters with all terms and conditions for all mortgages, grants, subordination agreements, bridge/interim loans, investment tax credits (historical and low income).
- If applicant is in a development partnership, a copy of the partnership agreement, which indicates the cash contribution by the general partner(s) and/or limited partner(s).

Documentation necessary for Uses of Funds, as a minimum:

- Option, closing statement, earnest money agreement, deed for land and/or building.
- Construction cost estimate
- Construction contract or preliminary bid(s).
- If raw land development is involved, cost estimate of infrastructure and committed source of infrastructure funding.
- Agreements governing various reserves, which are capitalized at closing to verify that, the reserves cannot be withdrawn later as fees or distributions.
- If Affordable Housing Tax Credits are utilized, documentation regarding the rate the syndicator is willing to pay for tax credits.

Development Budget must include all costs associated with the development of the project, such as:

- Construction “hard” costs
- Soft costs (architectural, engineering, legal, appraisal, etc.)
- Marketing costs
- Construction loan interest and all loan fees
- Developer’s fees
- Contractor profit
- Insurance costs
- Contractors Requirements - detailed breakdown of all costs.
- Real estate taxes
- Insurance costs
- Consultant fees
- All other projected costs

HDT will review all costs to ensure that they are customary, reasonable and necessary. This will be based on the type of development activity and comparable costs in the market area of the proposed project.

*NOTE: If documentation is not adequate and does not support the costs, HDT may request additional documentation.

For multi-family projects, the proforma should reflect the following, as a minimum:

- Commercial Income (stabilized)
- Proforma should be a 5 year projection for OHTF; if OHTF is used with AHTC 15 year projection
- Achievable rent levels
- Market vacancies
- Operating Expenses (detailed)
- Stabilized Net Operating Income (NOI)
- Debt Service to private and public loans
- All fees such as incentive management, partnership management, asset management, etc.
- Debt coverage ratio - HDT accepts at a minimum a 1.15 DCR

Proforma should not be unduly conservative or overly optimistic.

For single-family project, the cash flow analysis should reflect the following, as a minimum:

- Project Expenses – Land acquisition, site planning, Architectural & Engineering, site improvement, utilities, construction, construction interest, fees and other soft costs
- Estimated number of housing closings
- Project Revenue – Sales, cost of sales
- Cash Flow – Net monthly project revenue, total monthly project expense
- Use of Cash Flow – Debt Repayment, Equity Repayment
- Sources of Investment – Debt, Owner Equity

5) **Partnerships** – If applicable, loan applications should describe all partners both financial and non-financial. Partnership documentation should clearly identify who the partners are, contribution to the project, and the nature of those contributions. Examples of the kind of information needed include:

- Whether the contribution is cash, professional services, volunteer labor, or other types of contribution
- The anticipated return on investment for the partners
- How the partner's contribution will be used to enhance the affordability of the project, and reduce the cost of production and/or construction
- The timing of the partner's contribution
- The length of time associated with the contribution commitment

- 6) **Project Readiness** – Project readiness will be considered in the evaluation of the loan applications. Loan applicants should provide production/implementation schedules that clearly identify all major phases of the proposed project. Loan applicants are reminded that approved project designs that are subsequently funded are incorporated as part of the loan agreement. Therefore, loan applicants should keep in mind that project readiness, as stated within funded loan applications, would become a factor in staff's basis for measuring performance. Projects must be ready to begin construction within one hundred and eighty (180) days of loan closing. The application should also provide at a minimum:
- Site control evidenced by deed, purchase contract, option to purchase, or lease for term longer than affordability, and not revocable by the seller
 - Land preparation, including plans or specifications for activities commonly necessary to make a site ready for building (e.g. clearing, grading, and infrastructure)
 - Proper zoning in place with documentation including type and authorization date

Note: Applicant must demonstrate to OHFA's satisfaction that the application has either firm permanent financing for 100% of the development's total estimated construction costs, purchase contracts, pre-qualified buyers, or public subsidy that will substitute as permanent financing for the project. However, please note that projects selected for funding involving pending applications submitted to other public and private entities for other types of financing, **will receive contingent HTF loan commitments only.**

- 7) **Prior Contract Performance** – Prior performance with OHFA Funds: poor and slow performers that have received prior awards of OHFA funds (HOME, AHTC, and OHTF) may be denied funding based on an assessment of the applicant's current capacity to administer OHTF resources in a timely and efficient manner. An applicant with a history of contract extensions, program design modifications, poor performance, cost overruns, change orders, delays, de-obligated funds, and/or improper uses of funds may not be considered for funding. Applicant should identify previously funded OHFA assisted projects received over a 24 month period. Information should include applicant name, contract number, assisted activity, contract amount, original contract term, number of contract extensions, and the status of each contract.

OHFA Housing Trust Fund Applicant Information Form

Date: _____

Applicant Name: _____

Address: _____

Phone: _____ Fax: _____

E-mail address: _____

Federal Employer Identification Number: _____

Name of Applicant's Authorized Representative: _____
(Official authorized signatory)

Name of primary contact person: _____

Phone: _____ Fax: _____

Address: _____

E-mail address: _____

Political Subdivision: _____ Town _____ City _____ County

_____ Public Trust

_____ Non-profit organization

_____ For-profit developer

_____ Tribes

_____ Other-Describe _____

(A) Project funds request: \$ _____

(B) Total leverage to be provided, if applicable \$ _____

Total project cost (sum of lines A & B above): \$ _____

Total Number of Units Developed _____

Project Activity (ies): (Check all that apply)

Single Family

_____ New construction -Rental
_____ New construction -Homeownership
_____ Acquisition
_____ Rehabilitation
_____ Infrastructure Development

Multi-Family

_____ New construction - Rental
_____ New construction-Homeownership
_____ Acquisition
_____ Rehabilitation
_____ Infrastructure Development

County location of project: _____

Congressional District: _____

Oklahoma House District Number(s): _____

Oklahoma Senate District Number: _____

Submission Checklist

The following is designed to serve as a general guide to loan applicants regarding primary and supporting documents to be included in a loan application for Housing Trust Funds. The list is not intended to be comprehensive. Loan applicants should carefully review all submission requirements within the application to insure it is complete. Please submit this list and indicate Tab number where information is located and if not applicable so indicate with N/A.

One Original Application
One Application Copy

Application Fee: \$250.00

Evaluation Criteria

Tab # _____	Applicant Information Form
Tab # _____	Detailed Project Description
Tab # _____	Organizational Structure
Tab # _____	Financial Management
Tab# _____	Executed Current Financial Statement
Tab # _____	Market Analysis
Tab # _____	Project Management Control
Tab # _____	Financial Feasibility and Viability
Tab# _____	Development Budget
Tab# _____	Profit & Loss Statement
Tab# _____	Cash Flow Statement
Tab# _____	Rent and Expense Proforma
Tab# _____	Source and Use of Funds Statement
Tab# _____	Perm Financing, Syndicators
Tab # _____	Partnerships
Tab # _____	Project Readiness
Tab# _____	Deed, Purchase Contracts, Option to Purchase etc.
Tab# _____	Land Preparation
Tab# _____	Zoning
Tab # _____	Prior Contract Performance