



# ADDENDUM V

## MODIFIED PASS THROUGH

Program Statement updated 11/19/2007

**NOTE: There are now separate checklists for each of the following programs:**

- **Addendum I - LIHTC Program**
- **Addendum III - Special Needs Rental**
- **Addendum IV - Multi-Family Housing Direct Lending**
- **Addendum V - Modified Pass Through Program**

**Please use the checklist applicable to the program for which you are applying.**

The following items **MUST** be submitted if applicable to the project and/or for points to be given to the project. To indicate each exhibit submitted, place a check mark in the box provided and return a copy of this checklist with your application. Each submitted exhibit must be tabbed with the appropriate corresponding number from the checklist. **APPLICANTS APPLYING FOR MORE THAN ONE TYPE OF FINANCING MUST INCLUDE ALL APPLICABLE CHECKLISTS' EXHIBITS. DUPLICATION OF EXHIBITS IS NOT NECESSARY.**

<b>EXHIBIT CHECKLIST</b>		
<b>Addendum I / Addendum V:</b>		
√	#	<b>LIHTC/Modified Pass-Through Program</b>
1	1	<b>A narrative description of the project</b> which includes the type of project; location; type of financing; tenants served, bedroom mix; local, federal or state subsidies; and other relevant information.
2	2	<b>Land Control</b> - Documentation, signed by all applicable parties, in the form of warranty deed, exclusive option to purchase, land contract, etc., which evidences ability to maintain site control for 120 days from the application due date, with extensions available, or until December 31 <sup>st</sup> .
3	3	<b>Zoning</b> – Original documentation from the appropriate local official on official letterhead, identifying the address of the project, the property's current zoning designation and an explanation of whether or not the project is permitted under the zoning ordinance. For rehabilitation projects a letter from the municipality stating that the zoning is compatible with the proposed use of the buildings is required. If the project is not currently properly zoned, what, if any, steps are in process to obtain proper zoning for the proposed development. The documentation must include a timetable for rezoning.
4	4	<b>Site Utility Availability</b> – Original documentation from the municipality and/or local utility companies on their letterhead regarding utility availability and adequacy to serve the site, including whether such is currently available or will be available. Points will be awarded to new construction projects that submit a letter from the local community or utility company verifying the existence of water and sewer lines to the property.
5	5	<b>Market Data</b> - See Tab C for specific guidelines. Two copies must be submitted and dated within six months of application due date. <b>TO TAKE ADVANTAGE OF THE PRE-REVIEW, SUBMIT A MINIMUM OF 30 DAYS PRIOR TO THE FUNDING ROUND.</b>
6	6	<b>Environmental Assessment</b> - Level 1 Environmental Assessment or, if necessary, a Level II with a remediation plan. Dated within six months of application due date. See Tab D for specific requirements. <b>TO TAKE ADVANTAGE OF THE PRE-REVIEW, SUBMIT A MINIMUM OF 30 DAYS PRIOR TO THE FUNDING ROUND.</b>

# EXHIBIT CHECKLIST

## Addendum I / Addendum V:

### LIHTC/Modified Pass-Through Program

√	#	LIHTC/Modified Pass-Through Program
	7	<b>Lease/Purchase:</b> See LIHTC Policy Bulletin #16 in Tab W.
	8	<b>Title Insurance Commitment</b> - dated within 6 months of the application due date, which sets forth all encumbrances on the property, together with copies of such encumbrances. For scattered sites, include a list of all properties and their addresses. For projects located on federally recognized American Indian Reservations, an attorney's opinion letter regarding the chain of title and land control may be accepted in lieu of the title insurance commitment.
FOR EXHIBITS 9A THROUGH 9F, DUPLICATION OF INFORMATION IS <u>NOT</u> NECESSARY		
	9a	<b>Construction Financing</b> - Evidence of application to construction lender showing that application is under serious consideration. <b>FOR BONUS POINTS, FIRM COMMITMENT MUST BE DATED WITHIN 30 DAYS OF APPLICATION DUE DATE.</b>
	9b	<b>Permanent Financing</b> - Evidence of submission of application to mortgage lender: <ul style="list-style-type: none"> <li>• RHS project - the completed AD 622 form (or an original letter signed by an official of RHS for Tax Credits).</li> <li>• Conventional financing - documentation from the lender(s) stating that a formal application for permanent financing has been submitted and is under serious consideration.</li> <li>• MSHDA financed project - evidence that the project has passed initial determination.</li> </ul> All documentation must include mortgage amount, interest rate and term of loan. <b>FOR BONUS POINTS, FIRM COMMITMENT MUST BE DATED WITHIN 30 DAYS OF APPLICATION DUE DATE.</b>
	9c	<b>Confirmation of Secondary Financing</b> - if applicable. Proposals which rely on some form of secondary financing to achieve feasibility must be accompanied by a detailed explanation and a confirmation from the source of that secondary financing that the additional funds have been applied for and are (or are expected to be) available. <b>FOR BONUS POINTS, FIRM COMMITMENT MUST BE DATED WITHIN 30 DAYS OF APPLICATION DUE DATE.</b>
	9d	<b>Federal, State or Local Government Financing</b> - <ul style="list-style-type: none"> <li>• Original letter from local municipality stating that application has been submitted and amount of request, terms and interest rate.</li> <li>• If applying for tax credit points for using federal, state, or local financing, the letter must state the amount of the financing, the terms, the interest rate, and that the financing has been approved. Points will be awarded only for long-term, permanent financing. To obtain points for CIP or AHP financing, a commitment letter from the FHLB must be submitted.</li> </ul> <b>FOR BONUS POINTS, FIRM COMMITMENT MUST BE DATED WITHIN 30 DAYS OF APPLICATION DUE DATE.</b>
	9e	<b>Grants/Other Subsidies</b> – Original letter from proposed grantor stating that application has been submitted and amount of request. If applying for points, the letter must state the amount of the grant/subsidy and that it has been approved. <b>FOR BONUS POINTS, FIRM COMMITMENT MUST BE DATED WITHIN 30 DAYS OF APPLICATION DUE DATE.</b>
	9f	<b>Existing Project Financing</b> (for acquisition/rehab projects only) - Copy of existing mortgage(s), if assumption. For acquisition/rehabilitation projects of existing low income units financed by HUD, RHS, or MSHDA, signed written evidence from the appropriate agency that the transfer of physical assets has been submitted to the financing agency <u>must</u> accompany the tax credit application.

# EXHIBIT CHECKLIST

## Addendum I / Addendum V:

### LIHTC/Modified Pass-Through Program

√	#	
	9g	<b>Syndication</b> – If available.
	10	<b>Walkable Community Map</b> – A local map highlighting the project location and features of the surrounding area must be included with an application claiming any of the Walkable Communities points. Maps must be legible and to scale, and specific distances to local features must be indicated.
	11a	<b>Owner Experience</b> - MUST COMPLETE OWNER/GENERAL PARTNER EXPERIENCE FORM PROVIDED IN THE PRIMARY APPLICATION. Do not send Previous Participation Certification, FmHA 1944-37, or HUD 2530.
	11b	<b>Management Entity Experience</b> - MUST COMPLETE MANAGEMENT EXPERIENCE FORM PROVIDED IN THE PRIMARY APPLICATION. Previous Participation Certification, FmHA 1944-37, or HUD 2530 will not be considered for management experience points.
	12	<b>Affirmative Fair Housing Marketing Plan</b> - See Tab P for AFHMP guidelines.
	13	<p><b>Nonprofit Documentation</b> - A through J are ALL required if applying under the tax-credit nonprofit set-aside and/or for nonprofit points.</p> <ul style="list-style-type: none"> <li>a) Documentation of Federal 501(c)(3) or (4) status from the IRS</li> <li>b) A certified copy of the Articles of Incorporation dated within 30 days of application due date</li> <li>c) Copy of by-laws</li> <li>d) List of the board of directors, if applicable - To receive points, the list must include the address of each board member</li> <li>e) An executed agreement between the sponsor and the non-profit if the project is a joint venture.</li> <li>f) Description of the nonprofits previous experience in housing. Must complete Management Experience form provided in the Primary Application.</li> <li>g) Current Certificate of Good Standing dated within 30 days of application due date</li> <li>h) Map outlining service area of nonprofit, including specific location(s) and name(s) of affiliated or proposed developments</li> <li>i) Narrative describing the nonprofit's involvement in the local community</li> <li>j) Proof of CHDO approval (if applicable)</li> </ul> <p><b>NOTE:</b> Must be more than 50% nonprofit, general partnership ownership</p>
	14	<b>Ownership Entity Formation</b> - Certified copy (dated within 30 days of application due date) of the certificate of limited partnership and any amendments on file with the Department of Labor & Economic Growth, Bureau of Commercial Services, if applying for tax-credit readiness points. Out-of-state entities must submit a copy of an endorsed application for certificate of authority to transact business or conduct affairs in Michigan, along with the supporting documentation submitted with the application.
	15	<b>Tax Abatement</b> - Proof of tax abatement or a letter of tax abatement support from local taxing jurisdiction. Certified Copy. See Addendum I, Selection Criteria, Section B Project Financing, for specific filing requirements.)

# EXHIBIT CHECKLIST

## Addendum I / Addendum V:

### LIHTC/Modified Pass-Through Program

√	#	LIHTC/Modified Pass-Through Program
	16	<p><b>Site Plan Approval</b> - A letter signed by the appropriate official of the municipality on its letterhead which identifies the project's name and address and states that final site plan approval has been granted; or, if site plan approval has been granted with contingencies, a Statement in the letter stating that the contingencies do not have to be approved by the planning board but may be approved at a staff level. Failure to provide a clear letter which addresses final site plan approval and how contingencies are handled may result in the loss of points for this category. (For rehabilitation projects, a letter from the municipality indicating that the relevant board or commission of the municipality has reviewed the proposal, including the level of rehabilitation work to be completed, the site, and that no further plan approvals are necessary.)</p>
	17	<p><b>Proof of Local Taxation Rate (if no tax abatement)</b> For acquisition/ rehabilitation a tax bill will meet requirement.</p>
	18a	<p><b>Locality / Neighborhood</b> - Letter on official letterhead and signed by an official of the local municipality which verifies that the property is in a Cool City, a Renaissance Zone, or on a Federally Recognized American Indian Reservation.</p>
	18b	<p><b>LIHTC Location Points Report (MANDATORY)</b> – Print and include the point report generated using the LIHTC Point Score System on MSHDA's Web Site. (See footnote on Page I-17 for further instructions on using the LIHTC Point Score System) The LIHTC Location Points Report will reflect the Census Tract Needs Score, and also whether the project is in an Empowerment Zone (Tab L), Enterprise Community (Tab L), Renaissance Zone (Tab M), Core Community (Tab Y), Renewal Community (Tab L), Principal City (Tab S) or Federally Recognized American Indian Reservation.</p>
	19	<p><b>Special Needs</b> - Points will be awarded to experienced organizations* that agree to commit 10% or more of a development's units to serving persons with special needs who receive substantial support services.</p> <p><b><u>To receive points, the documentation and exhibits listed below must be provided:</u></b></p> <p><b>*Experienced organizations must demonstrate and document:</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> At least 5 years' experience developing, owning, or managing Low Income Housing Tax Credit properties <b>and/or</b></li> <li><input type="checkbox"/> At least 5 years' experience providing special needs services;</li> <li><input type="checkbox"/> No outstanding/unresolved compliance issues;</li> <li><input type="checkbox"/> No instances of credit being returned to the Authority;</li> <li><input type="checkbox"/> Qualification for nonprofit participation points under Section D(6) of this Scoring Summary if organization is nonprofit.</li> </ul> <p><b>The following exhibits A through H are required:</b> See Addendum III for instructions.</p> <ol style="list-style-type: none"> <li>a. Table of contents</li> <li>b. Project description</li> <li>c. Proposed rents</li> <li>d. Service partner</li> <li>e. Supportive Services Plan</li> <li>f. Memorandum of Understandings (MOU)/Contracts</li> <li>g. Summary of Collaborative Effort</li> <li>h. Other</li> </ol> <p><b>Exhibits 1-33b listed in Addendum III (Special Needs Rental) are <u>NOT</u> required).</b></p>
	20	<p><b>Community Revitalization Plan (if applicable)</b> – Original documentation from the appropriate local official, on official letterhead, identifying the address of the property, stating that the property is located in an area for which a community revitalization plan is in place, and demonstrating that the proposed housing project contributes to the plan.</p>

# EXHIBIT CHECKLIST

## Addendum I / Addendum V:

### LIHTC/Modified Pass-Through Program

√	#	
	21	<b>Trade Payment Breakdown</b> – For acquisition/rehabilitation projects only.
	22	<b>U.S. Department of Treasury Waiver (if applicable for tax-credit acquisition only)</b>
	23	<b>Projects Serving the Elderly</b> - Must submit a drawing of building in which community space is located to receive points. The total square footage of the community space must be indicated in the drawing. The drawing must be small enough to fit in a binder, but can be a fold-out. To receive the points, it must also clearly indicate the location and size of the community room. See Selection Criteria, Section C(1).
	24	<p><b>Preservation Holdback</b> – In addition to applicable exhibits 1 - 31, the following must be submitted:</p> <ol style="list-style-type: none"> <li>a. A current (within 1 year) independently prepared Capital Needs Assessment</li> <li>b. A copy of the project's latest financial audit.</li> <li>c. An income and expense analysis that must include a provision for Replacement Reserve funding that is acceptable to the lender and equity partner, and is not less than the amount stipulated for the Low Income Housing Tax Credit Program.</li> <li>d. Documentation demonstrating a less than 10% increase in gross rent over previous levels following rehabilitation.</li> <li>e. Documentation demonstrating the preserving of existing project-based subsidies.</li> </ol>
	25	<b>High-Speed Internet</b> – New construction projects will be required to provide certification from the architect that all units will be equipped for high-speed internet capability. This may be accomplished by wiring each unit with at least one Category 5 network wall socket or by installing a wireless Local Area Network server and providing each unit with at least one wireless LAN card.
	26	<b>Verification of use of Michigan Products</b> – To demonstrate the use of products and goods that are manufactured by Michigan-based corporations in the proposed development, an Architects Certificate must be submitted. See Tab HH for certification language requirements.
	27	<p><b>Cool Cities Holdback</b> – In addition to applicable exhibits 1 - 30, the following must be submitted:</p> <ol style="list-style-type: none"> <li>1. Provide a map outlining the entire Cool Cities neighborhood showing where the development is located within the Cool Cities neighborhood boundaries. The map must also outline the Cool Cities neighborhood relative to its:               <ol style="list-style-type: none"> <li>a. Arts and culture;</li> <li>b. Pedestrian-friendly environment/pedestrian activity;</li> <li>c. Residential and commercial density;</li> <li>d. Historic district, if applicable; and</li> <li>e. Recreational opportunities/parks</li> </ol> </li> <li>2. Support from the local unit of government:               <ol style="list-style-type: none"> <li>a. Provide an executed letter of support from the local government on official letterhead that shows support for the project.</li> </ol> </li> <li>3. Provide a letter on official letterhead executed by a representative of the Cool Cities neighborhood (Catalyst grantee) entity verifying that you have discussed the development with him/her. In this correspondence the grantee must outline the following:               <ol style="list-style-type: none"> <li>a. How the development blends with the goals of the Cool Cities neighborhood plan.</li> <li>b. How the development will improve or enhance successful revitalization in the neighborhood.</li> <li>c. The various sources of financing that have been committed within the boundaries of the Cool Cities designation, i.e., federal, state, or local monies, grants, philanthropic donations, conventional financing.</li> </ol> </li> </ol>

# EXHIBIT CHECKLIST

## Addendum I / Addendum V:

### LIHTC/Modified Pass-Through Program

√	#	
	28	<b>Financial Capacity and Creditworthiness (MANDATORY)</b> – Financial Statements of sponsors list on page 5 and contractors listed on page 8 <u>must</u> be submitted for all projects. See LIHTC Policy #20 in Tab W.
	29	A Description of the proposed credit enhancement and a statement as to the amount of tax-exempt bonds (and taxable bonds when appropriate) that is necessary. <b>SUBMIT WITH MODIFIED PASS-THROUGH FINANCING ONLY</b>
	30	An agreement to pay all costs of issuing the bonds and to compensate the professional team for the issue, including the underwriter, trustee, and bond counsel, at no cost to the Authority. <b>SUBMIT WITH MODIFIED PASS-THROUGH FINANCING ONLY</b>
	31	For acquisition/rehabilitation of existing properties, a third party "Comprehensive Needs Analysis" identifying and substantiating the scope of rehabilitation and estimated costs. <b>SUBMIT WITH MODIFIED PASS-THROUGH FINANCING ONLY</b>



MSHDA's Office of Legal Affairs – Tax Credit Section, will also review the application to assure that required threshold requirements for participation in the LIHTC Program are met if LIHTC are being used to finance the development.

MSHDA staff will not and does not underwrite these loans.

### **III. Application Requirements:**

- A. If the sponsor/developer plans on utilizing LIHTC as part of its overall financing, the sponsor/developer must submit a complete application under the LIHTC Program, including its market study and environmental site assessment. The sponsor/developer must follow the checklist for LIHTC application.
- B. In order to be considered complete, an application for an allocation of bond cap under this program must include:
  - i. Description of the proposed credit enhancement and a statement as to the amount of the tax-exempt bonds (and taxable bonds, if appropriate). The proposed credit enhancement may be in the form of an unconditional irrevocable letter of credit, guarantee, bonding, mortgage insurance, or other security as MSDHA deems appropriate that assures MSHDA that repayment of the bonds is reasonably secured.
  - ii. An agreement to pay all bond issuance costs and to compensate the professional team (bond underwriter, bond trustee, bond counsel, etc.) for services rendered in issuing the bonds. All bond issuance costs are the responsibility of the sponsor/developer and are not the responsibility of MSHDA.
  - iii. To the extent not identified in the LIHTC Program application, the sponsor/developer shall identify the full development team, including the bond underwriter, bond trustee, bond counsel, equity partner, and rating agency.
  - iv. For proposals involving the acquisition and rehabilitation of existing property, the rehabilitation expenditures must be at least 30% of the portion of the cost of acquiring the building(s) and equipment financed with the proceeds of the proposed bond issue.
  - v. If applicable, a tenant relocation plan must also be submitted.
  - vi. An application fee equal to the greater of \$4,000 or .0005 times the amount of the bonds to be issued must be submitted with the application.

- C. Applications will be accepted at any time on a first-come, first-serve basis. MSHDA will, upon request, advise prospective sponsors/developers of the number of proposals in process and the total bond cap represented by those proposals and the bond cap allocated for the program.
- D. Applications which do not secure a reservation of bond cap due to the then current unavailability of inadequacy of bond cap must re-apply once bond cap is again available.

#### **IV. MSHDA Staff Processing Sequence:**

- A. Staff will review and evaluate applications and make a recommendation to the MSHDA Board that the use of the State's bond cap for the proposed project will not impair the ability of MSHDA to carry out programs or finance housing developments or housing units which are targeted to lower income persons. This process includes:
  - i. A review and evaluation of the market the market study to determine the extent, if any, to which the proposed project may adversely affect a project or projects (a) financed with MSHDA loans, or (b) to which MSHDA has extended a loan commitment which has not been terminated.,
  - ii. A review of the environmental site assessment to confirm that no environmental problems exist.
  - iii. A review and evaluation of the proposed credit enhancement and the proposed credit enhancement provider.
  - iv. Preparation of an Inducement Report and Resolution for MSHDA Board consideration. This represents MSHDA's formal action for purposes of Section 103 of the IRS Code. It does not constitute a commitment to loan funds.
  - v. Publication of a TEFRA Notice and conduct of a TEFRA hearing.
  - vi. Prepare a Commitment Report and Resolution for Board consideration. Typically prepared and submitted to the MSHDA Board once evidence of a firm commitment for credit enhancement is received, reviewed and evaluated by staff. Occurs approximately 30 days before bond closing.
  - vii. Preparation of a Bond Resolution for Board consideration. Occurs simultaneously with Commitment Resolution and when principal bond documents are in substantially final form.
- B. MSHDA will use its best efforts to complete the processing sequence identified in IV (A) (i) – (iv) within 60 days of receipt of a complete application. Sponsor/developer will be advised

in writing by the, Director of Legal Affairs whether the proposal is acceptable and whether bond cap is available.

- C. Within 30 days of receipt, the Director of Legal Affairs shall notify the sponsor/developer as to whether (i) the application is not complete (in which case, absent correction and completion by the sponsor/developer, the application will be deemed terminated in 30 days, or (ii) the application is complete and is under review.
- D. Proposals that are found unacceptable shall be terminated.
- E. Proposals that which are modified during the review process will be deemed re-submitted (and the timeline for MSHDA's response and the related evaluation of the sufficiency of bond cap and other considerations will begin anew as of the date of the modification).

**V. Eligible Projects:**

Projects must satisfy the eligibility requirements of Section 44c of the MSHDA Act. Either new construction or acquisition and substantial rehabilitation of multi-family affordable housing units will be considered. Proposals conditioned upon the receipt of LIHTC must meet the threshold requirements of the LIHTC Program.

Refunding projects (existing projects presently financed with the proceeds of bonds issued under the pass-through program) are not addressed under this program statement and will be considered on a case-by-case basis under the requirements of Section 44c of the MSHDA Act.

**VI. Evaluation of Credit Enhancement:**

MSHDA's legal and finance staff will review and evaluate the proposed form of credit enhancement and the proposed credit enhancement. Based upon their review, evaluation and recommendation, the MSHDA Board shall determine whether repayment of the bonds is "reasonably secure" under the MSHDA Act.

**VII. Eligible Borrowers:**

Borrowers must be eligible entities under MSHDA's Act (e.g. limited dividend housing association organized as a limited partnership, a corporation, or a limited liability corporation). A non-profit housing

corporation borrower or an entity treated as a Section 501(c) (3) organization is not subject to the unified bond cap or LIHTC requirements.

**VIII. Return on Equity:**

A borrower is entitled to a cash distribution equal to a 12% return on equity for the first 12-month period following the substantial completion of the development. Thereafter, the allowable return on equity is increased by 1% annually up to 25% (except for developments in eligible distressed areas where this is no cap) and is fully cumulative. The borrower shall be required to submit to MSHDA an annual certified audit evidencing its eligibility for return on equity no later than 90 days following the close of the borrower's fiscal year. Borrower's investment is defined pursuant to MSHDA Board Resolution dated March 13, 1985.

**IX. Compliance Monitoring and Reporting Requirements:**

On or before September 1 of each year, the borrower must provide MSHDA with a *report* either on paper or electronically via a web-link as MSHDA deems appropriate and on a form MSHDA will provide to the borrower. The report shall include the following statutorily required information: incomes of tenants, estimated economic and social benefits of the housing to the immediate neighborhood, the estimated economic and social benefits to the community, information with respect to displacement of lower income persons to the extent such occurs, together with steps taken by governmental or private parties to ameliorate the displacement and the results of such efforts, any additional information MSHDA needs to report the extent of reinvestment by private lenders in the neighborhood resulting from the housing or is required to provide to the Legislature and Governor, the age, race, family size and average income of tenants and the estimated economic impact of the project, including the number of construction jobs created, wages paid, and taxes and payments in lieu of taxes paid.

**X. Bond Cap and Project Limits:**

All proposals are subject to available bond cap as made available by the Michigan Treasury Department and as determined appropriate by MSHDA.

For proposals that are acceptable and where there is available bond cap, the sponsor/developer will be required to sign, date, and return a reservation letter within 20 days of receipt acknowledging, among other things, an obligation to close the loan within 180 days of the date of the sponsor/developer's signature. The sponsor/developer shall be required to also acknowledge the risk that a proposal that does not close under the

current year allocation of bond cap may not be able to proceed if MSHDA does not allocate bond cap to the program in the next year.

Additionally, to preserve bond cap resources and assure that it is not lost to the State of Michigan, a proposal must close no later than December 1. A proposal that fails to meet this deadline but has time remaining within the 180 day bond closing requirement may be carried forward to the next year, with the time remaining to close on bonds again commencing on January 1 of the following calendar year.

A borrower may request one 60-day extension to the 180-day closing deadline which MSHDA shall grant upon payment of a \$5,000 extension fee. A failure to close on the bond sale within 240 days of the date of the sponsor/developer's signature on the reservation letter may result in the termination of the bond cap reservation, *unless* waived by the Executive Director for good cause shown.

A proposal that has been terminated may only be submitted as a "new" proposal.

The bond limit on any one project is \$9.5 million, subject to increases as described below. Individual sponsors are prohibited from any ownership or participation on a fee basis in multiple project applications that have a combined bond amount of more than \$9.5 million/year unless bond cap is not fully subscribed as described below.

The per project and sponsor bond limit for rehabilitation projects with more than 150 units may be increased up to 125% of \$9.5 million with the approval of the Executive Director for good cause shown.

In the event that the bond cap allocated to the Program is not fully subscribed by July 1, sponsor/developers will be permitted to submit additional applications for consideration by MSHDA.

#### **XI. Commitment Fee and Closing Fee and Other Fees:**

Concurrent with the issuance of a loan commitment, the sponsor/developer shall pay a commitment fee of 0.1% of the principal amount of the bonds to be issued. The application fee shall be credited to the commitment fee due.

Upon issuance of the bonds to finance the project, the borrower shall pay MSHDA an additional fee of not more than 0.9% of the principal amount of the bonds for projects located in eligible distressed areas or 1.9% for projects located in non-distressed areas.

For each year that the bonds remain outstanding, commencing the first calendar year following closing, the borrower shall remit to MSHDA an amount equal to .50% of the outstanding principal amount of the bonds as of January 1 of such year. This fee shall be paid in two equal semi-annual installments on the interest payment dates established for the bond issue (if interest on the bonds is paid semi-annually) or on each March 1 and September 1 (if interest on the bonds is paid other than semi-annually). Such fee payment shall be remitted to MSHDA through the bond trustee.

In the event of any refunding of the bonds outstanding, the borrower shall remit to MSHDA on or before the refunding date a fee equal to .25% of the outstanding principal amount of the bonds to be redeemed.

MSHDA reserves the right to charge additional fees to accommodate such other transactions (such as substitution of credit enhancements) as it deems appropriate from time to time upon notice to the public.