

**PRESERVATION OPPORTUNITIES
WITH TAX-EXEMPT BOND
FINANCING & THE GREENER
HOMES PROGRAM**



June 27, 2011

HISTORICAL OVERVIEW

- ❑ New Hampshire Housing has financed 30 properties (2,059 units).
- ❑ Tax-exempt debt, LIHTC equity, capital subsidy and other resources.
- ❑ The average project carried slightly over \$50,000 in debt per unit.
- ❑ Two-thirds of the projects used LIHTC equity (\$25,000 in equity per unit).
- ❑ The average rehabilitation costs approximately \$25,000 per unit.

GOALS

- ❑ Preservation of Affordable Housing stock
- ❑ Improve Energy efficiency
- ❑ Reduce operating costs
- ❑ Address Immediate and Long Term Capital Needs

AVAILABLE RESOURCES

- ❑ Tax-exempt Bonds
- ❑ 501 c 3 Bonds
- ❑ FHA Risk Sharing Insurance
- ❑ LIHTC Equity
- ❑ Greener Homes
- ❑ Technical Assistance
- ❑ Residual Receipts

PRIORITY OF USES

- ❑ Prepayment of the mortgage
- ❑ Capital needs
- ❑ Capitalized Reserves
- ❑ Transaction costs
- ❑ Back-owed distribution
- ❑ Equity take-out to owners

UNDERWRITING CRITERIA & LOAN TERMS

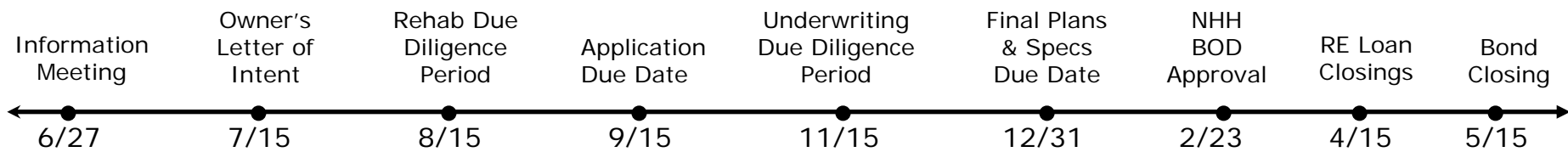
- ❑ No minimum loan amount
- ❑ Non-recourse debt
- ❑ 40 year term and amortization
- ❑ 90% LTV
- ❑ 1.15 DCR
- ❑ Assuming the S8 contract is renewed for a 20-year term, the Authority will underwrite to the S8 contract rents
- ❑ Deferred payment loans are non-amortizing
- ❑ Interest rate set at the conclusion of project review and financial underwriting
- ❑ 90-day rate lock after BOD approval
- ❑ The actual mortgage interest rate will be set at the time tax-exempt bonds are sold at 1.75% above the bond yield

OTHER AUTHORITY POLICIES AND BUSINESS TERMS

- ❑ Involuntary permanent displacement of tenants is strongly discouraged
- ❑ Relocation plan must be acceptable to the Authority and meet URA
- ❑ Annual distributions to a for-profit borrower are limited to 12% of the initial equity in the project, subject to any other HUD limitations
- ❑ Any Authority deferred payment loans (excluding Greener Home loans) will be repaid with 50% of available surplus cash
- ❑ Authority will not allow interest rates to be charged on Developer Fee loans and any other Owner or Sponsor loans when there is an Authority deferred payment loan made to the project (excluding Greener Home loans)
- ❑ Authority must approve all Investor Servicing Fees as reasonable
- ❑ For projects using tax credit equity, the Authority will require that at least 20% of the LP equity be made available during the construction period
- ❑ 99-year land use restriction agreement (LURA)

FEES AND CHARGES

- ❑ \$500 non-refundable application fee
- ❑ Third party report fees
- ❑ Commitment fee is 1% of the bond financed mortgage amount up to a maximum fee of \$25,000.
- ❑ Origination fee is 1.25% of the mortgage amount less the amount of the commitment fee already paid.
- ❑ LIHTC fee is 7% of anticipated LIHTC dollar amount
- ❑ LIHTC monitoring fee of \$600 per LIHTC unit



PROCESS

- ❑ Notify Authority with intent to participate no later than July 15th.
- ❑ Coordinate CNA , Energy Audits, and NHH Construction Analysts site visits to address the level of rehabilitation that is required and to see if the project is financially feasible. Should be completed no later than mid-August.
- ❑ Submit application to Authority no later than September 15th.
- ❑ Simultaneously work with architect, engineer and GH Program Partner to develop plans for the scope of work.
- ❑ Authority's due diligence and underwriting period and submission of Risk Sharing applications to HUD for approval no later than November 15th.
- ❑ All underwriting issues need to be resolved no later than December 31st
- ❑ Submit final plans to the Authority for a plan review no later than December 31st
- ❑ NHH Board approval no later than February 23, 2012.
- ❑ Project bidding no later than February 15, 2012.
- ❑ Real estate loan closings no later than April 15, 2012.
- ❑ Bond closing no later than May 15, 2012.