

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

Initial Equity Determination HFA 115

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Initial Equity Determination

HFA 115

HFA 115 PART ONE: Overview, Purpose, Applicability

HFA 115.01 Overview and Purpose

- (a) The purpose of these Initial Equity Determination Rules is to establish procedures by which the Authority shall implement the requirements of RSA 204-C:16, V in order to determine the initial equity for rental housing projects financed in full or in part by the Authority, and the circumstances under which and the criteria by which the initial equity will be recalculated.
- (b) Once determined, the initial equity amount or, if applicable, the amount thereof as recalculated, is to be used to calculate the maximum allowed distribution that can be received by a project annually.

HFA 115.02 Applicability

- (a) These rules only apply to the Authority's Initial Equity Determination.
- (b) The provisions of HFA 101 are incorporated into these HFA 115 rules. Whenever there is a conflict between these rules and the rules for a specific Authority program, the stricter requirement, as determined by the Authority, shall apply.
- (c) If another equity determination applies from another funding source, the stricter requirement, as determined by the Authority, shall apply.

HFA 115.03 Rulemaking

- (a) These Initial Equity Determination Rules are generally adopted pursuant to RSA 204-C:9, which empowers the Authority to adopt rules relative to programs and operations.
- (b) In addition, these Initial Equity Determination Rules are specifically adopted pursuant to RSA 204-C:16, V.

HFA 115 PART TWO: Definitions

HFA 115.04 Definitions

The terms defined in HFA 101 are incorporated into these HFA 115 rules.

HFA PART THREE: General Rules

HFA 115.05 Calculation

The initial equity will be calculated using the following formula: total development cost of the project less all funding sources requiring a security position on the property. The Authority, in its sole discretion, shall determine the development cost and funding sources.

HFA 115.06 Equity Constant

Once calculated, the initial equity amount shall remain constant as long as any Authority mortgage loans on the property remain outstanding, except as otherwise provided herein.

HFA 115.07 Sale of Property

In the event that a property is sold to an unrelated ownership entity involving new Authority financing and all original Authority mortgage loans are paid in full, the Authority will recalculate initial equity as provided in HFA 115.08 using the formula in HFA 115.05 and based on the new financing structure.

HFA 115.08 Refinancing

- (a) Generally, the Authority does not refinance existing mortgage loans unless it determines that such action will have a public benefit pursuant to RSA 204-C:8. If the Authority determines that a refinancing will have a public benefit and that a recalculation of initial equity is appropriate to encourage the project owner to refinance with the Authority rather than to seek refinancing elsewhere, then the Authority may recalculate initial equity provided all existing Authority mortgage loans are paid in full.
- (b) In the case of refinancing, the current appraised value, as determined by the Authority, of the subject property shall be substituted for total development cost in the initial equity calculation formula.

HFA 115.09 Timing

- (a) Initial equity shall be calculated prior to the end of the fiscal year of the applicable project in which the closing of the Authority's loan(s) for such project occurred.
- (b) In the case of an HFA 115.07 sale or HFA 115.08 refinancing, initial equity shall be recalculated prior to the end of the fiscal year of the applicable project in which the sale or refinancing of such project occurred.
- (c) If the final development cost of a project or the final amount of any loans used in the calculation of initial equity for a specific project are unknown at the time of the calculation or recalculation, then such calculation or recalculation shall be preliminary. Final calculation or recalculation of initial equity shall be made prior to the end of the fiscal year of the specific project that the final development cost and final amount of loans for the specific project are determined by the Authority.

HFA 115.10 Materials Submitted

- (a) Without limiting the Authority's discretion under any other provisions of these rules or RSA 204-C, the Authority will not calculate or recalculate initial equity until the project owner has submitted all information and materials requested by the Authority with respect to such calculation or recalculation.
- (b) The owner is responsible for paying all applicable fees including, but not limited to, an appraisal of the specific property.