

**NEW HAMPSHIRE HOUSING FINANCE AUTHORITY
PREDEVELOPMENT LOAN PROGRAM RULES
HFA 108**

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**NEW HAMPSHIRE HOUSING FINANCE AUTHORITY
PREDEVELOPMENT LOAN PROGRAM RULES
HFA 108**

HFA 108 PART ONE: Overview, Purpose, Applicability

HFA 108.01 Overview and Purpose

The purpose of the Predevelopment Loan Program is to provide pre-development funds to certain types of non-profit organizations to assist in their efforts to develop affordable housing in partnership with the Authority. Applicants who do not intend to apply for Authority financing are not eligible for the Predevelopment Loan Program.

HFA 108.02 Applicability

- (a) These rules only apply to specific housing proposals that use Predevelopment Loan Program funds. General housing studies are not eligible.

- (b) The provisions of HFA 101 are incorporated into these HFA 108 rules.

HFA 108.03 Rulemaking

These Predevelopment Loan Program Rules are generally adopted pursuant to RSA 204-C:9 which empowers the Authority to adopt rules relative to the administration of Authority programs.

HFA 108 PART TWO: Definitions

HFA 108.04 Definitions

In addition to the terms defined in HFA 101, the following words or terms shall have the following meanings in these HFA 108 Rules:

“Applicant” means any entity that is seeking the Authority’s approval to participate in the Predevelopment Loan Program.

“Application” means the application form and all Authority required supporting documents.

“Development Consultant” means any individual, entity, or individual member of an entity that is contracted to assess the feasibility of a proposed project and is preparing pre-development materials for an eventual funding application for a proposed project.

“Borrower” means any Applicant that has been awarded a Predevelopment Loan Program loan by the Authority.

HFA 108 PART THREE: General Rules

HFA 108.05 Eligible Applicants

The following are the types of affordable housing developers eligible to apply for assistance under the Predevelopment Loan Program:

- (1) 501(c)(3) non-profit corporations or entities that either have, or have applied for, a 501(c)(3) letter of determination from the Internal Revenue Service;
- (2) Community Housing Development Organizations (CHDOs) as defined by HUD;
- (3) Public housing authorities; and,
- (4) County, city, and town governments.

HFA 108.06 Sources of Predevelopment Loan Funds

- (a) Predevelopment Loan Program funds are only available when the Authority has allocated funds to the Predevelopment Loan Program.
- (b) The Authority may use various sources of funds for the Predevelopment Loan Program, which may affect the eligibility requirements and other loan terms, depending on the source. Whenever there is a conflict between these rules and the rules for a specific funding source, the stricter requirement, as determined by the Authority, shall apply.

HFA 108.07 Predevelopment Loan Amounts Available

- (a) The amount of Predevelopment Loan Program funds available shall be determined as part of the Authority's regular program planning process.
- (b) The amount of Predevelopment Loan Program funds awarded shall not exceed \$45,000 per project.
- (c) No interest shall be charged on Predevelopment Loan Program funds.

HFA 108.08 Application and Approval

- (a) All Applications shall be submitted on the Predevelopment Loan Program application form provided by the Authority along with all required attachments. Applications will be accepted on a continuous basis, while funds are available.
- (b) The Multi-Family Housing Committee of the Authority's Board of Directors is authorized to approve applications for Predevelopment Loan Program funds and to waive any requirements of these rules as necessary to ensure appropriate implementation of this program.
- (c) Predevelopment Loan Program funds are expected to be spent or committed within 180 days of the notice of approval. The Authority will require at least monthly communication to ensure that this timeline is met. Unless a written extension is granted by the Authority, any uncommitted balance shall be recaptured and put back into the Predevelopment Loan Program. Extensions of Predevelopment Loans may be approved by the Authority's Executive Director.

HFA 108.09 Feasibility and Capacity

- (a) In evaluating a request, the Authority shall make a preliminary determination of the appropriateness of the proposed project and of the likelihood that the project will proceed to the financing stage. Consideration shall also be given to the capacity of the Applicant to complete the proposed project.
- (b) The Authority reserves the right to reject any request for Predevelopment Loan Program funds that, in the Authority's sole discretion, does not meet the conditions of HFA 108.

HFA 108.10 Use of Predevelopment Loan Proceeds

- (a) Predevelopment Loan Program funds are only available for costs incurred after the Application is received by the Authority.
- (b) Eligible uses of Predevelopment Loan Program funds include:
 - (1) Architectural and engineering fees;
 - (2) Costs of evaluating building systems and structures;
 - (3) Costs of preparing plans, specifications, and cost estimates;
 - (4) Environmental studies, market studies, and appraisals;
 - (5) Legal expenses related to acquisition and approvals;
 - (6) Costs of a contracted development consultant with the following condition; development consultants cannot receive more than 33% of the total Predevelopment Loan amount.
 - (7) Other activities as approved by the Authority related to the predevelopment of a housing project.
- (c) All services must be undertaken by qualified independent contractors. The Authority, in its sole discretion will determine whether an independent contractor is qualified.

HFA 108.11 Scope of Work, Payment Terms and Cost Reasonableness

- (a) A detailed scope of work and cost estimates for each activity for which Predevelopment Loan Program funds have been requested must be included with the Application.
- (b) All costs shall be evaluated for eligibility as defined under 108.10(b) by the Authority. The Authority may refuse to make payment for costs that the Authority, in its sole discretion, deems ineligible. Costs that appear to be unreasonably high for the services provided may be rejected.
- (c) The Borrower should submit invoices directly to the Authority. Generally, the Authority will reimburse the Borrower for payments to their independent contractors based on documented eligible expenses incurred. Invoices must detail the person or entity performing the work; explanation of the work performed; date services were rendered; and the cost of the services. If requested by the Borrower, payment for eligible activities may be made directly by the Authority to the independent contractor based on invoices and W-9's supplied by the Borrower.

HFA 108.12 Predevelopment Loan Repayment

- (a) For projects that proceed to financing, the Predevelopment Loan funds expended shall be repaid at

construction loan closing or at permanent loan closing if there is no construction loan. In instances where the project does not require any additional Authority funding sources, the Applicant must repay the Authority for all expended Predevelopment Loan Program funds upon close of the project with other funding sources and if it is not repaid, the Applicant will be barred from future Program funding.

- (b) For projects that do not proceed to financing, the Authority may forgive repayment of Predevelopment Loan Program funds if, at the Authority's sole discretion, the project was not implemented because of infeasibility beyond the control of the Borrower. A request to forgive repayment must be submitted in writing by a person with authority to execute contracts, with a detailed explanation of why the project cannot move forward.

HFA 108.13 Frequency of Application

- (a) No Borrower may have more than two Predevelopment Loans outstanding at any one time.
- (b) A Borrower that has a project determined infeasible is ineligible to apply for other Predevelopment Loan Program funding for 12 months from the date of that determination. However, if the Authority receives full repayment of the outstanding balance then the Borrower may reapply.
- (c) A development consultant who has received compensation from the Predevelopment Loan Program on two projects deemed infeasible within a 24-month period cannot receive payment from the Predevelopment Loan Program for 12 months from the date of the most recent project infeasibility determination.