



Revolving Loan Fund For Acquisitions

The mission of the Maine State Housing Authority is to assist Maine people to obtain and maintain decent, safe, affordable housing and services suitable to their unique housing needs.

In carrying out this mission, the Maine State Housing Authority will provide leadership, maximize resources, and promote partnerships to develop and implement sound housing policy.

Table of Contents

CHAPTER 1 INTRODUCTION

Section 1: Overview and Purpose	1
---------------------------------	---

CHAPTER 2 ELIGIBILITY

Section 1: Eligible Applicants	3
Section 2: Eligible Activities	4
Section 3: Affordability and Use Requirements	5
Section 4: Debt Financing and Loan Terms	5

CHAPTER 3 SUBMISSION REQUIREMENTS

Section 1: Application Requirements	7
-------------------------------------	---

CHAPTER 4 SUBMISSION AND REVIEW PROCEDURE

Section 1: General	8
Section 2: Application Review Procedure	8

CHAPTER 5 NON-DISCRIMINATION POLICY

Section 1: Fair Housing and Accessibility	9
---	---

ATTACHMENTS 10

Very High and High Need Market Areas

Applicant Conflict of Interest Disclosure Form

Application

Proforma #1: Estimated Development Costs

Proforma #2: Sources of Funds Schedule

Proforma #3: Estimated Operating Income and Expense Schedule

Proforma #4: Year One Rental Income

Introduction

Section 1: Overview and Purpose

The Maine State Housing Authority (MaineHousing) is pleased to announce the availability of \$700,000 which will be distributed to eligible applicants in the form of loans with principal and interest payments deferred. This \$700,000 is a resource drawn from MaineHousing's bond funds. The \$700,000 source will carry an interest rate of 3%. The purpose of this program is to address the competitiveness many of our housing partners encounter while competing to purchase real estate.

This financing can be used for either land acquisition or land and building acquisition, depending on the specific project type. Land containing structures that the developer intends to demolish to allow for new construction may also qualify as land acquisition at MaineHousing's discretion.

However, the cost of such demolition is not an eligible financing cost under this program.

The types of projects eligible for financing under this program for land acquisition are:

- Projects qualifying for 9% low income housing tax credits under the Rental Loan Program/Low Income Housing Tax Credit (RLP/LIHTC) program and which are located in either a Very High or High Need Market Area. Please refer to a listing of Very High and High Need Market Areas included as an attachment to this program. The applicant must have applied, or have the intention of applying, for financing under the RLP/LIHTC program.
- Projects qualifying for 4% automatic low income housing tax credits under a specific Rental Loan Program Tax-Exempt Financing Request for Proposals. The applicant must have applied, or have the intention of applying, for financing under an existing Rental Loan Program Tax-Exempt Financing Request for Proposals.
- Projects creating supportive housing units for persons with special needs. Eligible supportive housing projects include, but are not limited to, housing for the homeless, persons with special needs including frail elderly, persons with mental illness, special needs children, individuals with physical disabilities, persons with AIDS, persons with mental disabilities and survivors of domestic violence.

The types of projects eligible for financing under this program for land and building acquisition are:

- Projects creating supportive housing units for persons with special needs. Eligible supportive housing projects include, but are not limited to, housing for the homeless, persons with special needs including frail elderly, persons with mental illness, special needs children, individuals with physical disabilities, persons with AIDS, persons with mental disabilities and survivors of domestic violence.

Applications will be accepted on a “walk-in” basis. Depending upon the availability of funds, applicants may be committed funding when all the information requested by MaineHousing has been submitted and MaineHousing has determined initial feasibility. **A financing commitment under this program carries no entitlement or assurance of a permanent financing commitment for the same project through other MaineHousing financing programs.**

Eligibility

Section 1: Eligible Applicants

To be eligible, an applicant must:

1. Be a non-profit corporation duly organized in the State of Maine under Title 13-B of the Maine Revised Statutes Annotated or authorized to do business in the State of Maine, validly existing and in good standing under Maine law;
2. Qualify for tax exemption under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, (Code)*;
3. Provide evidence of legal existence and authority to incur the liability of financing;
4. Demonstrate capacity to deliver or ensure the delivery of appropriate services for the proposed resident population (if applicable);
5. Demonstrate financial, organizational and development capacity to undertake the proposed initiative; and
6. Provide evidence of a qualified development team.

*An applicant may apply while in the process of applying for its 501(c)(3) exemption. The applicant must have applied for the exemption at the time the applicant submits this application. By loan closing, the applicant must provide a valid Internal Revenue Service (IRS) determination, which may be in the form of an advance ruling, that the applicant is exempt from taxation under Section 501(c)(3) of the Code and is not a private foundation under Section 509(a) of the Code.

Developers must not be presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in federal housing programs.

No application will be accepted, processed, approved, or funded by MaineHousing if the applicant or any entity controlled by the applicant or its affiliate or principal (i) in the last six months has been declared in default or has been 60 days or more delinquent on any loan with MaineHousing unless an approved payment or workout plan is in place and in good standing or (ii) has ever been the owner of a MaineHousing-financed project upon which MaineHousing has foreclosed a mortgage interest..

State and federal law and MaineHousing's policy on conflicts of interest prohibit current employees or commissioners from working on certain transactions with applicants with whom they have a financial or personal relationship, prohibit past MaineHousing employees from working on certain transactions, and prohibit persons who exercised responsibilities in connection with certain federal funds from benefiting from those funds. Accordingly, applicants for funding under MaineHousing's programs must complete a conflict of interest disclosure form and comply

with the law and policy and any requests by MaineHousing to ameliorate potential or perceived conflicts of interest.

Section 2: Eligible Activities

9% Low Income Housing Tax Credit Projects:

- Must be located in either a Very High or High Need Market Area. Please refer to a listing of Very High and High Need Market Areas included as an attachment to this program.
- Must be for the acquisition of land where the applicant has applied or intends to apply for 9% tax credits through the RLP/LIHTC program. Land containing structures that the developer intends to demolish to allow for new construction may also qualify as land acquisition at MaineHousing's discretion. **However, the cost of such demolition is not an eligible financing cost under this program.**

4% Automatic Low Income Housing Tax Credit Projects:

- Must be for the acquisition of land where the applicant has applied, or intends to apply, for financing under an existing Rental Loan Program Tax-Exempt Financing Request for Proposals. Land containing structures that the developer intends to demolish to allow for new construction may also qualify as land acquisition at MaineHousing's discretion. **However, the cost of such demolition is not an eligible financing cost under this program.**

Supportive Housing Projects:

- Must be for the acquisition of land or land and buildings where the applicant intends to create supportive housing units for persons with special needs. Eligible supportive housing projects include, but are not limited to, housing for the homeless, persons with special needs including frail elderly, persons with mental illness, special needs children, individuals with physical disabilities, persons with AIDS, persons with mental disabilities and survivors of domestic violence.

Refinancing and/or rehabilitation of existing MaineHousing projects is prohibited.

Eligible financing costs include acquisition costs only, and do not include related costs such as land preparation, demolition, survey, legal, appraisal, or other related costs. Some of these related costs could be covered by MaineHousing's Pre-Development Loan. Please refer to the Pre-Development Loan Program for further details.

Section 3: Affordability and Use Requirements

Low Income Housing Tax Credit Projects (includes both 9% projects and 4% automatic tax credit projects):

The applicant will enter into an agreement with MaineHousing that obligates the applicant to comply with the affordability requirement and to maintain the proposed use for the project as designated in the Rental Loan Program guide.

The agreement will contain restrictive covenants that run with the land and bind all subsequent owners. The agreement will be recorded in the applicable registry of deeds upon the closing of this loan. The agreement will be discharged once the applicant has received permanent financing through the Rental Loan Program.

Supportive Housing Projects:

The applicant will enter into an agreement with MaineHousing that obligates the applicant to comply with the affordability requirement and to maintain the proposed use for the project. At a minimum, the applicant must make twenty (20%) of the beds/units available for individuals or families that are earning low income as determined by MaineHousing. Individuals that are under the guardianship of the State of Maine will be determined to be earning low income.

The agreement will contain restrictive covenants that run with the land. The agreement will be recorded in the applicable registry of deeds upon the closing of this loan. The term of this agreement will be 40 years regardless of the source of permanent financing.

Section 4: Debt Financing and Loan Terms

Interest Rate	3%			
Loan Amount	Minimum	\$15,000	Maximum	\$300,000
Term	Repayment of principal and interest (simple interest calculated based upon the number of days the loan is outstanding over 365 days per year) is deferred until the earlier of the end of the loan term or the initial project loan closing (construction loan closing or permanent loan closing as determined by MaineHousing). Loan term is 24 months. Loan Limitations Each applicant will be limited to a maximum of two loans outstanding or \$500,000 in total loans outstanding, whichever is less.			
Security	MaineHousing will generally require a first lien mortgage and security interest on the land or land and building. However, MaineHousing may consider sharing a first lien mortgage and security interest or subordinating its lien position.			
Loan to Value	Projects may receive up to 100% of the purchase price.			

Verification of Value	MaineHousing shall review the Purchase and Sales Agreement or an Option to Purchase Agreement. MaineHousing may require an appraisal. An appraisal will be completed on behalf of MaineHousing and will be paid by the developer.
Verification of Use	MaineHousing may require wetland delineation and a soil investigation. Additionally, MaineHousing may require an environmental site assessment conducted by a qualified professional. Decisions on whether such reviews are necessary will be made on a case by case basis depending on the project.
Fees	<p>A \$1000 fee will be collected with the application. This fee will be refunded at loan closing. The fee will be forfeited if the borrower does not accept an approved loan.</p> <p>MaineHousing reserves the right to assess up to a 10% fee on the loan amount if, at the end of the 24 month loan term, an eligible project as defined in Chapter 2, Section 2 of this Program Guide is not generated.</p>
Assumption	The loans are not freely assumable and shall prohibit transfers of title to the real property, changes in the intended ownership of the real property, and changes in the intended use of the real property without the prior written consent of MaineHousing. Any transfer of title or change in the intended ownership entity shall comply with MaineHousing's Ownership Transfer Rule.
Non-Recourse	Debt is non-recourse to the applicant.
Review	MaineHousing will review applications for feasibility of the proposed project and may reject any applications to finance projects which MaineHousing deems in its sole discretion are infeasible.

Recipients will be required to provide title insurance, a letter from the municipality's code enforcement officer concerning land use, evidence of authority to borrow from MaineHousing, and to satisfy all relevant requirements contained in Chapter 29 of MaineHousing's Rules, Multifamily Development and Supportive Housing Loans and Grants.

Applicants who intend to seek financing from MaineHousing from the U.S. Department of Housing and Urban Development, HOME Investment Partnerships Program authorized under Title II of the Cranston-Gonzales National Affordable Housing Act ("FedHOME") shall comply with FedHOME environmental requirements prior to receiving a revolving loan for acquisition.

Submission Requirements

Section 1: Application Requirements

Please enclose the following with your loan application:

- a current Certificate of Good Standing from the Secretary of State's office
- a copy of the IRS 501(c)(3) determination letter
- evidence of site control acceptable to MaineHousing
- preliminary and/or final project financing commitments, if available
- preliminary and/or final acquisition financing commitments, if available (only applicable if other lenders/funders are involved in funding the acquisition)
- current photos of the site
- Executive Summary describing the project, location and site, development team, services and amenities, sources of funds, and other pertinent information
- most recent financial statements of the organization
- a letter from the municipality's code enforcement officer concerning land use
- completed Applicant Conflict of Interest Disclosure Form (included as an attachment to this Program Guide)

Submission and Review Procedure

Section 1: General

Mail applications to the Maine State Housing Authority, 353 Water Street, Augusta, Maine 04330-4633 or hand deliver to MaineHousing, Attention: Development Division. Direct inquiries and requests for further information to any Multifamily or Supportive Housing Loan Officer by telephone at 1-800-452-4668.

Recipients of funds must execute and return a commitment to MaineHousing. The commitment will be subject to several conditions relating to the recipient's use of funds for the ownership, development, or sponsorship of the intended project, including continued feasibility. Recipients will be required to execute loan documents, such as a note, a mortgage, and use restrictions running with the land, as may be required by MaineHousing to secure the recipient's performance of its proposed activities.

MaineHousing RESERVES THE RIGHT TO REJECT OR CEASE PROCESSING ANY OR ALL SUBMISSIONS OR APPLICATIONS PRIOR TO ISSUANCE OF A COMMITMENT. MAINEHOUSING ACCEPTS NO OBLIGATION TO FINANCE ANY PROPOSAL UNTIL A COMMITMENT HAS BEEN ISSUED AND ACCEPTED BY THE DEVELOPER IN ACCORDANCE WITH ITS TERMS.

Section 2: Application Review Procedure

MaineHousing will review applications on a “walk-in” basis for completeness, accuracy and feasibility. Applications will be rejected prior to processing if they do not respond to the submission requirements or are inconsistent with program eligibility requirements.

All applicants must submit a completed application. Applicants are asked to be as thorough as possible. **A financing commitment under this program carries no entitlement or assurance of a permanent financing commitment for the same project through other MaineHousing financing programs.**

Non-Discrimination Policy

Section 1: Fair Housing and Accessibility

Maine State Housing Authority (“MaineHousing”) does not discriminate on the basis of race, color, religion, sex, sexual orientation, national origin, ancestry, age, physical or mental disability, or familial status in the admission or access to, or treatment or employment in, its programs, and activities. MaineHousing will provide appropriate communication auxiliary aids and services upon sufficient notice. MaineHousing will also provide this document in alternative formats upon sufficient notice. MaineHousing has designated the following person responsible for coordinating compliance with applicable federal and state nondiscrimination requirements and addressing grievances:

Louise Patenaude
Maine State Housing Authority
353 Water Street
Augusta, Maine 04330-4633
Telephone Number 1-800-452-4668 (voice in state only),(207) 626-4600 (voice),
1-800-452-4603 (TTY in state only), or (207) 623-2985 (TTY)

Applicants are cautioned to be aware of the potential applicability of provisions of the Americans with Disabilities Act, the Maine Human Rights Act, federal Fair Housing legislation and Section 504 of the Rehabilitation Act of 1973 to any housing proposed for funding. Procedures for selection of residents, conditions of residency, and rules regarding termination may fall within the scope of this legislation. Providers must make reasonable accommodations of rules, policies, and procedures and may be required to allow reasonable structural modifications of buildings to be made, if necessary, to allow an individual with disabilities equal access to housing.

Attachments:

Very High and High Need Market Areas

Applicant Conflict of Interest Disclosure Form

Loan Application

Proforma #1: Estimated Development Costs

Proforma #2: Sources of Funds Schedule

Proforma #3: Estimated Operating Income and Expense Schedule

Proforma #4: Year One Rental Income

Very High and High Need Market Areas

Labor Markets

Augusta
Bangor
Bath-Brunswick
Belfast
Biddeford
Ellsworth-Bar Harbor
Kittery-York
Lewiston-Auburn
Portland
Rockland
Sanford
Sebago Lakes
Waterville

Seniors Ranking

high
very high
very high
high
very high
high
very high
very high
very high
high
very high
high
high

Labor Markets

Augusta
Bangor
Bath-Brunswick
Belfast
Biddeford
Ellsworth-Bar Harbor
Farmington
Kittery-York
Lewiston-Auburn
Portland
Rockland
Sebago Lakes
Waterville

Family Ranking

high
very high
high
very high
very high
very high
high
very high
very high
very high
high
high

Labor Markets

Augusta
Bangor
Bath-Brunswick
Biddeford
Kittery-York
Lewiston-Auburn
Portland
Sanford

SRO Ranking

high
very high
high
high
high
high
very high
high

Applicant Conflict of Interest Disclosure Form

State and federal law and MaineHousing's policy on conflicts of interest (I) prohibit current employees or commissioners from working on certain transactions with applicants with whom they have a financial or personal relationship, (ii) prohibit past MaineHousing employees from working on certain transactions, and (iii) prohibit parties who administer HOME Investment Partnership Program funds from benefiting from them for a year. Applicants must comply with the law and policy and any requests by MaineHousing to ameliorate potential conflicts of interest.

To the best of your knowledge:

1. Will any MaineHousing employee or commissioner have a direct or indirect interest in any business or association which may be financially interested in the project?

(please circle) YES NO

2. Does the applicant, it affiliates, or any parties who will work on the project have familial or other close relations with a MaineHousing employee or commissioner?

(please circle) YES NO

3. Will any party who is a MaineHousing commissioner or employee or was one within the last two years work on or have a financial interest in the project?

(please circle) YES NO

4. Has the applicant or any party who will work on the project exercised any functions or responsibilities under HUD's HOME Investment Partnerships Program ("HOME") on behalf of MaineHousing, another participating jurisdiction, or a sub-recipient of HOME funds within the last year?

(please circle) YES NO

5. Does the applicant, its affiliates, or any party who will work on the project have any other relationship with MaineHousing, a MaineHousing employee, or a MaineHousing commissioner that may be construed as a conflict of interest?

(please circle) YES NO

If you answered yes to any of the above questions, please describe below (or on back). If you have questions regarding this form, consult Linda Grotton, MaineHousing's Internal Auditor.

Signed: _____

Date: _____

Printed Name: _____

Title: _____